



Woodrow Wilson
International
Center
for Scholars
Africa Program



global witness



Honorary co-hosts:

The Honorable Senator Richard Lugar
and The Honorable Senator Russ Feingold

Presentations made at a conference held at
the Woodrow Wilson International Center for
Scholars on March 21, 2007

U.S. ENERGY SECURITY AND OIL REVENUE TRANSPARENCY

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Center for Scholars

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FOREWORD

This is a report on a half-day conference, co-sponsored by the Wilson Center and Global Witness, and with the support of the Offices of Senator Richard Lugar and Senator Russell Feingold, on the implications of poor governance and a lack of transparency in global energy transactions both for the economic development and political stability of oil producing countries, and for long-term US energy security. The conference brought together a very diverse set of experts from diverse sectors—from the oil industry, from the financial sector, from investors, from civil society, and from the US government. The resulting exchange was exceptionally rich and productive, both in generating an in-depth understanding of the dimensions of the related issues of energy transaction transparency and energy security, and in suggesting ways and means of strengthening energy transparency regimes and in building more constructive relationships between energy suppliers and energy consumers. We believe the conference deliberations were worthy of dissemination to a broader public audience—hence, this publication.

We of course would welcome any questions or reactions this document might stimulate.

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AGENDA

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PANEL I: OIL REVENUE TRANSPARENCY AND ITS LINK TO ENERGY SECURITY

Honorary co-hosts: Senators Richard Lugar (R-IN) and Russ Feingold (D-WI)

“U.S. ENERGY SECURITY AND OIL REVENUE TRANSPARENCY”

Wednesday, March 21, 2007,
Wilson Center 6th Floor Auditorium

2:30 – 2:45 P.M.

WELCOME

Howard Wolpe, Director, Africa Program and Project on Leadership and Building State Capacity

2:45 – 4:00 P.M.

PANEL I: REVENUE TRANSPARENCY AND ITS LINK TO ENERGY SECURITY

Moderator: Princeton N. Lyman, Adjunct Senior Fellow for Africa Policy Studies, Council on Foreign Relations

Panelists:

Charles McPherson, Fiscal Affairs Department, IMF
Karin Lissakers, Director, Revenue Watch Institute
Nick Welch, Manager of International Government Relations, Shell Corp.

4:00 – 5:15 P.M.

PANEL II: POLICY OPTIONS ON OIL REVENUE TRANSPARENCY

Moderator: Robert G. Houdek, Advisor to Deputy Director of National Intelligence for Analysis, Office of the Director of National Intelligence

Panelists:

Bennett Freeman, Senior Vice President for Social Research and Policy, Calvert Group
Stephen Krasner, Director of Policy Planning, U.S. Department of State
Simon Taylor, Director, Global Witness

5:15 – 6:00 P.M.

RECEPTION



EVENT SUMMARY

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EVENT SUMMARY

A diverse set of panelists addressed the challenges and opportunities presented by the growing importance of energy security as a central element of the U.S. foreign policy debate. The first panel featured speakers from the non-profit, private and financial sectors discussing the links between U.S. energy security and oil revenue transparency. All panelists focused on how a lack of transparency in energy transactions can contribute to both national instability in oil-rich nations and energy insecurity in oil-importing countries. Revenue transparency was seen by all as a critical first step in combating corruption. Panelists also noted the importance of conceiving of transparency in the broadest terms, to encompass budget transparency, contract transparency, reserves transparency, and transparency of concessions.

A second panel of non-profit and government experts considered alternative policy options for strengthening oil revenue transparency. All panelists emphasized the importance of supporting and strengthening the British-inspired Extractive Industries Transparency Initiative (EITI), with some experts calling for a broader policy agenda to develop additional, but equally important, mandatory disclosure mechanisms that would reinforce the EITI. There was no consensus on the latter proposal, with at least one panelist arguing that mandatory disclosure would, in the end, be counter-productive.

PANEL I: REVENUE TRANSPARENCY AND ITS LINK TO ENERGY SECURITY

- The increased and growing dependency on oil supplies from fragile states is jeopardizing supply security. Good governance is critical to long-term stability for oil-exporting countries and dependable access for oil-importing countries. Lack of transparency hurts citizens of resource-rich developing countries as well as consumers in oil-importing developed nations.
- Governments accountable to their own citizens are the foundation for stable and secure access to and supply of oil. Thus, transparency should be part of a broader U.S. democracy and human rights agenda as well as integrated into energy security policy.

- Transparency is a key cornerstone of good governance. Transparency has many dimensions, including transparency of revenues, expenditures, contracts, and reserves and holdings. EITI currently focuses on revenue transparency, one reason being that access to information is critical for citizen empowerment. Some panelists felt that while this may be a good start, transparency must be broadened to include other dimensions.

PANEL II: POLICY OPTIONS ON OIL REVENUE TRANSPARENCY

- It was noted that the U.S. Government (USG) is actively supporting EITI. However, some panelists stressed that the U.S. should increase its diplomatic support, funding, and bilateral assistance to EITI to engage more countries, strengthen the commitments of engaged countries, and ensure that pilot countries become fully compliant by 2008.
- EITI's voluntary nature was seen as a critical component by some panelists while others thought that additional regulatory mechanisms are needed to achieve revenue transparency. These panelists called for the USG to pass mandatory disclosure legislation for companies to publish what they pay to individual governments.
- New incentives must be identified and high-level diplomatic pressure must be deployed to engage China and other countries in EITI. U.S. pressure and leverage were particularly important in times of high prices, high demand, and competition with new Asian players.
- According to some panelists, the USG must continue to push for new policies that address current gaps, including greater support for monitoring of energy transactions through increased funding for the building of civil society capacity. Additionally, it was urged that policymakers take account of the role of banks in fueling corruption and consider new bank disclosure mechanisms.

ENERGY AND TRANSPARENCY: A VIEW FROM CONGRESS

Neil Brown, Special Advisor, Office of U.S. Senator Lugar

Senator Lugar is heavily engaged on transparency and other energy security issues, and this discussion is taking place at a crucial moment for continued discussion and renewed action.

ENERGY AND POLITICS

Energy is shifting global geopolitics, and poses a number of risks:

- **There has been a fundamental change in global oil markets**, demand is surging and supply is just barely keeping up. If there is a terrorist attack or an insurgency, it can have dramatic effects on the price of oil, which in turn can have dramatic effects on politics in Washington. Another thing that is changing is the politicization of oil supplies. There is a rising level of government control over production and investment decisions and the blatant use of supplies for political ends, if not all out aggression that can lead to conflict. The effect is that we are seeing geo-politics change dramatically. Our humanitarian ideals are slowed and our development agenda is weakened.
- **Energy now is a focus of widespread political attention.** There is now growing awareness that energy is not just about gas prices, it is a national security problem. Transparency should be an important piece of that conversation. Senator Lugar is working to raise awareness, and has held many hearings as well as introduced legislation to address energy security.

OPPORTUNITIES FOR PROGRESS

There are several options to make this unique moment an opportunity rather than a risk.

- **The first opportunity is to recognize the problem**, the extent of it, and how it touches on different security, environmental and developmental issues that are sometimes disconnected. Senator Lugar is leading that effort with his colleagues in Congress, and organizations like the Woodrow Wilson Center and Global Witness are incredibly valuable to that effort.



- **A second aspect that is missing is bringing together constituencies** that traditionally have not worked together. Development constituencies interested in transparency issues have a real overlapping interest with traditionally domestic constituencies in the energy, agriculture, national security, business entrepreneurship, and environmental areas.
- **Third, we need to strengthen institutions.** The Senator is working very hard with the Secretary of State and multilateral development banks for strengthened transparency initiatives. Last year legislation authored by Senator Lugar on this topic was passed. There are other institutions we need to support, such as EITI.
- **Finally, we need to build international will and coalitions.** That is why this morning the Senator joined with the Development Minister of Norway, Erik Solheim, to launch the Lugar-Solheim Initiative to promote our shared ideals. We have a lot of parts working in the system that we need to bring together to push this issue up much higher on the agenda. We will have maximum impact through cooperation, and integration with our wider foreign policy agendas.

PANEL I: OIL REVENUE TRANSPARENCY AND ITS LINK TO ENERGY SECURITY

Charles McPherson, Technical Assistance Advisor, Fiscal Affairs Department, International Monetary Fund

I have been asked to speak to the role of International Financial Institutions (IFIs) in promoting transparency and our perception of the linkages between transparency and energy security. I will begin with a bit of context, then identify some critical linkages, summarize the expected benefits of transparency and the challenges to achieving transparency, and close briefly with the role of the IFIs in addressing these challenges..

CONTEXT: GROWING DEPENDENCY JEOPARDIZING ENERGY SECURITY

Developing countries and economies in transition hold 94% of the world's reserves and account for 88% of world exports of oil. Similar numbers apply to natural gas. Dependable access to these oil and gas supplies is critical to the energy, and indeed the economic security of major oil and gas importing countries, the U.S. foremost among them. Dependable access, in turn, is inextricably linked with the stability of exporting countries and their progress on paths toward sustainable development. Unfortunately, progress has proven elusive and many oil-rich developing countries have records of serious economic underperformance and social and political unrest. Further, evidence suggests that the presence of oil increases the likelihood of violent conflict. More often than not, one finds these countries clustered in the bottom third of the various rankings of countries



by governance and human development indicators prepared by the World Bank and others. Quite simply, the sought-after stability and sustainable development have not materialized.

LINKAGES: ENERGY SECURITY AND TRANSPARENCY

Successfully addressing the so-called “resource curse” depends fundamentally on good governance. Good governance has several dimensions. It includes clear and stable laws, high levels of government capacity, fiscal monetary and budgetary discipline, open dialogue between government and society, a competitive private sector, and low levels of corruption. One of the cornerstones of good governance is transparency. Like governance itself, transparency has many dimensions, among them: transparency of revenues, transparency of expenditure, of policies, laws and regulations, and administration. This broad concept of transparency is needed to effectively tackle the resource curse and ultimately the threat it poses to energy security.

BENEFITS OF TRANSPARENCY

Transparency brings a number of benefits. First, transparency encourages inclusion, bringing in stakeholders by providing information and fostering democratic debate. Second, it increases accountability and reduces the risk of waste and corruption. Third, it enhances access to loan and equity finance. Lenders and investors look to a country's record in governance and transparency before committing large sums. Fourth, transparency improves macro-economic management. All of these benefits can be expected to contribute to the goals of greater stability and sustainable development.

CHALLENGES TO ACHIEVING TRANSPARENCY

The challenges to achieving transparency are considerable. They include:

- **Vested interests;** Vested interests opposed to governance reform and transparency are very powerful and well financed. Rooting out corruption and installing transparency in countries where these conditions exist is exceptionally difficult, even dangerous.

- **Importing country ambivalence:** Sustained high-level, high-profile commitment from both oil-rich exporting countries and developed countries importers is extremely important to success. Too often the effectiveness of campaigns to introduce good governance and transparency in oil-rich developing countries has been undermined by oil-importing countries looking the other way when they see a failure of governance or corruption out of concern over obtaining secure supplies. They do not want to jeopardize supply security by overly criticizing the country supplying that oil.
- **The sovereignty defense.** Sovereignty is a word very often evoked and misused by governments to mask resistance to governance and transparency reforms.
- **Oil wealth independence.** Oil wealth itself can be a challenge to reform. Why tackle painful reforms if you can afford to ignore them?
- **“Rogue aid”** “Rogue aid” refers to the no-strings-attached aid provided to oil-rich exporters by importing countries anxious to access that oil, thus undercutting governance and transparency dialogues initiated by other sources of development aid, among them the World Bank and International Monetary Fund (IMF).
- **Institutional capacity.** Weak institutional capacity is always a challenge to the implementation of reform programs and may be especially so in oil-rich countries where ruling elites benefiting from oil wealth see stronger institutions as a possible threat to their positions. And then there is the issue of funding. The technical assistance resources needed to build capacity are seldom available at the level required.
- **Context.** Finally, sector-based reforms will stand a much better chance of succeeding if they are part of a broader countrywide program for promoting good governance and transparency, as was the case in Nigeria when its oil sector transparency campaign was introduced.

IFI RESPONSES

The IFIs have unequivocally recognized the central importance of governance and transparency in resource rich, resource revenue dependent countries. We have to

get this right if we are going to be of help in turning around performance in these countries. The Extractive Industries Review conducted by the World Bank, a thorough review of all its policies and practices in the extractive industry sectors, was instructive. The Review increased the Bank’s focus on policies and programs supporting good governance, revenue management and transparency in resource rich countries. Also as a result of the Review, the International Finance Cooperation, the Bank’s private sector arm, introduced policies favorable to transparency at the company level. Programs and policies at the IMF all now reflect an emphasis on transparency. Both the Bank and the IMF actively support the global Extractive Industries Transparency Initiative (EITI). The World Bank administration and management of the EITI Multi-Donor Trust Fund has been an important source of support to countries participating in the Initiative. The Trust Fund now has some \$12 million in committed funds for technical assistance. These institutional engagements are complemented by a range of bilateral programs and stakeholder dialogues with the industry and civil society audiences to address transparency topics in partnership.

Over the past five or six years, the benefits and the power of transparency in introducing reform have become widely appreciated. The drive for increased transparency now has real traction. The risks to energy supply security are not going to go away, however we can expect them to be reduced by the pursuit of transparency. The IFIs and their partners, and I stress the partnership angle, which has been absolutely critical to progress, have made significant gains over the past half dozen years. But the list of challenges remains and they are very difficult challenges. All of us will have to remain engaged if we are to overcome them.

Karin Lissakers, Director
Revenue Watch Institute

One striking feature of the Resource Curse is that some of the wealthiest countries in terms of natural resources are among the world’s poorest in terms of quality of life and living standard for the majority of

“We want the state oil companies to operate efficiently and increasing the transparency of their operations, which is a subset of the larger transparency challenge, is very important.” —Karin Lissakers

people. A lot of thought, and effort by governments, civil society and even private companies are coalescing to try to address this problem. The most immediate and obvious beneficiaries will be the citizens in producing countries. But these efforts also have direct spillover benefits for consuming countries like the United States, which are so dependent on imported oil, gas, and other vital minerals.

CONSEQUENCES OF A LACK OF TRANSPARENCY

There is a very clear line of causality between corruption and conflict, when rent seekers fight over the spoils; between corruption, poverty, and conflict when the citizens revolt over being cheated out of their own resources; and between corruption, poverty, conflict, and supply disruption, as we have seen in the Niger Delta. This costs us directly as consumers. It costs the people who live in the Niger Delta the most, but it also costs us in terms of what we pay at the gas pump being increased by the uncertainty and volatility in the global oil markets.

If you want to be crass about it, we can look at the resource curse in terms of our direct self-interest. In Cote d’Ivoire and Zimbabwe commodities are part of the conflict and you see how quickly and how dramatically some low-level conflict, of the kind we see in the Niger Delta, can suddenly explode and rip a country to pieces. This can lead to a protracted decades-long conflict and civil war. Angola is a case in point, so if you think there are problems now in the Niger Delta they’re actually quite modest compared to the potential for a much wider conflict. I don’t think that that’s



where Nigeria is headed, partly because there has been a really strong reform movement under the government in the last few years. We haven’t seen the payoff from that yet, but we will if the government that succeeds the Obasanjo government carries forward the reforms. So we should focus on conflict and the impact on us as consumers.

Another effect of the lack of transparency, which has gotten much less attention, is that lack of transparency hurts the state oil companies. The largest oil and gas reserves are not controlled by the Shells and the Exxons and BPs anymore. Eighty percent of global oil and gas reserves are under the control of national oil companies (NOCs). In case after case one can see how the murky financial relationship between these NOCs as operating companies, and the state as consumer of the resources the NOC generates, damages the operations of the company. The ability of a state company like Pertamina or PEMEX or PdVSA or the NIOC to set aside enough investment capital to operate at an efficient level and to maximize the development of the resources they have under their direct control can conflict with the state’s desire to divert this cash to meet immediate budget or political demands or to enrich individual officials.

So, again, if you look at the issue in terms of our crass self interest, we want the state oil companies to operate efficiently, and increasing the transparency of their operations, which is a subset of the larger transparency challenge, is very important. The leadership in some state oil companies recognizes this and are allies, at least quietly, where some other parts of the government may not be allies for obvious reasons in the fight for transparency. We need to focus a little more on that aspect and think a little more creatively about how we can engage the NOCs.

The issue of the lack of transparency and lack of disclosure of contracts is also a very important part of the transparency fight. In most resource-rich developing countries the natural resources belong to the citizens. Contract transparency is an important way to build public trust. We should assist with direction-setting to parliamentarians in this regard.

“Transparency is the key to citizen empowerment... If the citizens know how much money is coming in to public coffers they can start to ask questions about where it’s going and how it’s being spent.” —Karin Lissakers

AREAS FOR ENGAGEMENT

In terms of U.S. foreign policy, it is obvious that we can’t have it both ways. There is no credibility for our policy stance if we preach good governance and transparency in some developing countries and look the other way in cases like Equatorial Guinea, for example, because they happen to be important suppliers of oil. It’s not just bad from a credibility standpoint, it’s bad even from a long-term energy security standpoint. Credibility and consistency are important in terms of our leverage.

In that vein, it is important for the transparency campaign to engage the financial sector directly. Revenue Watch is working with a group of large investors to try to convince risk rating agencies to take account of transparency issues when rating sovereign risk. The civil society Publish What You Pay coalition continues to press capital markets regulators in the US and Europe to require listed extractive companies to publish their payments to individual governments. We hope a bill to that effect will be introduced in Congress soon. The coalition is also engaging the international accounting standards setting agencies. Finally, our banks have to be held to account when they make oil-backed loans to governments with long history of financial mismanagement and when they give safe haven to looted assets.

We need to bring the emerging market players on board. China has a publicly stated policy that they don’t care about governance in other countries. They will invest to get resources and they are not going to “interfere” in internal policies. Over the long run, that will turn around and bite them. From our standpoint copying them is not the way to go. Trying to bring China to the table and have them be part of the international push to develop a global standard of transparency and governance over these sectors is the way to go. It is possible that a concerted push from the G8 governments at the 2007 summit will bring China into the dialogue.

There is progress in some producing countries. The EITI is an interesting phenomenon because it’s a voluntary initiative, but it has begun to gain momentum and adherence. This is partly because two countries,

Azerbaijan and Nigeria, unexpectedly decided, for various reasons, to be the leaders and the pilots for this initiative, Nigeria went beyond the EITI design by also doing audits and adding a lot of information to the public domain that wasn’t there before. Azerbaijan has been one of the first to also begin to implement EITI. It’s a simple initiative—all the companies, including the state companies that operate in a country, are required to report their payments to the state. And the state, in return, publishes its receipts from the extractive industries. There’s a mining reporting template and there’s an oil and gas reporting template, covering signature bonuses, royalties, payments in kind, profit oil, and so on. One of the benefits of this exercise is that it has indeed highlighted the weaknesses of management and accounting and accountability in some of the domestic state companies.

THE ROLE OF CIVIL SOCIETY

In Nigeria the information hasn’t trickled down yet to the ground, to the communities where public services are delivered. It’s coming, though, because the Finance Minister took the initiative of publishing, monthly, all the distribution of oil revenues, which is the main source of Nigeria’s government revenue, from the central government to all the individual states and from the states to the municipalities. Once that number shows up at the municipal level it is possible for citizens to start asking local officials how that money is being spent.

Transparency is the key to citizen empowerment. That’s why we focus on revenue transparency. If the citizens know how much money is coming in to public coffers they can start to ask questions about where it’s going and how it’s being spent. That is really the key to escaping the Resource Curse. EITI is interesting because it’s voluntary, but a key aspect of it is that it is a multi-stakeholder process, both at the international level and at the national level. Every country that decides it’s going to implement EITI has to create an oversight implementation committee at the national level which includes government representatives, company representatives and civil society representatives.

“We’ve been a strong supporter from the very beginning of the Extractive Industries Transparency Initiative. [However], the EITI itself, as a voluntary piece, is only really covering the transparency of payments.” —Nick Welch

We are dealing with a lot of autocratic states where citizens have very few chances to speak, much less sit at the table with senior government officials and company representatives. EITI has created an umbrella under which that is possible and is happening. This has created both better relations between citizens, groups and the government, and also a somewhat friendlier environment for companies. Many of the international operating companies have decided that this transparency initiative is good for business. But EITI still only covers a relatively small set of countries.

U.S. POLICY OPTIONS

There are number of things the U.S. government should be doing:

- **The U.S. government should** use more of its diplomatic and aid resources to promote EITI and help countries implement it. Among the major industrial countries the U.S. gives a pittance to support the initiative. We give a million dollars. Other countries are giving tens of millions of dollars. It’s up to Congress to allocate more for EITI support.
- **We should pass legislation in the U.S. requiring listed companies to publish what they pay to individual governments.** That would level the playing field. Europe is considering something like this. We could lead by example as we did with the Foreign Corrupt Practices Act (FCPA) and get other major countries that are on a capital market basis to do the same. We should encourage the International Accounting Standards Board to adopt an accounting rule that makes all these payments transparent. And IFIs have to increase the transparency of their own investment activities in the extractive industries.
- **The U.S. needs to practice what it preaches at home.** We have a scandal in the way the Interior Department manages our national mineral resources on federal and Indian lands. We need to get a transparency initiative on that front to show that we are not just talking about poor developing countries. There should be a global standard of proper transparency and management.

- **Finally, we need to protect civil society.** We have just had the drama of Sarah Wykes of Global Witness who was arrested and held for almost a month in Angola on spurious espionage charges. There are other citizens, local citizens in Congo Brazzaville and elsewhere, who have also been arrested and charged because they dare to question how the state is managing oil and gas resources. It takes a concerted international effort by everybody to make sure that this kind of harassment doesn’t happen. The only cure for the Resource Curse, in the end, is the empowerment of the citizens to ask and demand accountability from their authorities over the management of these resources.

Nick Welch, Manager, International Relations, Shell Oil Company

Oil companies certainly recognize that because of our operations we have to be part of this debate. We know that it’s something that’s very important. In Nigeria, for example, we are grappling with this issue. We know very well that the issues in the delta are about a lot of things, but insofar as they are about transparency and governance, we clearly recognize the role that this subject matter has.

I find myself in agreement with a fair bit of the analysis of the other panelists so I will try to pull out a couple of industry-specific slants and perspectives to open things up a little bit. We’ve been a strong supporter from the very beginning of the Extractive Industries Transparency Initiative.



“... [W]e are all in strong competition for access to these resources...we have to recognize that trying to bring in other consuming countries in the world is really important for this.” —Nick Welch

LINKAGES BETWEEN U.S. ENERGY SECURITY AND TRANSPARENCY

There are three elements to this. There's publishing what you pay, publishing what you earn, and publishing what you spend. The EITI itself, as a voluntary initiative, is covering the pay side. In Nigeria things have gone downstream a little with the Federal government publishing the revenues going out to the states as well and that's important.

This is important because these revenues can be very substantial, particularly in relation to the size of economies overall. If used poorly they can have bad affects. Where they can be used well they can have a good effect on development. Now let me be 'crass', as one of the earlier speakers suggested, and just look at it for a moment from our own narrow point of view as opposed to looking at the wider welfare of those societies. When there is destabilization that is costly financially, it can also be costly in terms of lives, safety, security and well-being. We see a very clear reason why we should support not just the EITI, but other initiatives that perhaps go beyond our own direct sphere to an indirect sphere of influence that can help these issues. It's in our own interests as well as those of the citizens of these societies. That makes it a better environment for us, and it's self-evident that that's good for us.

ENERGY SECURITY AND TRANSPARENCY: OTHER FACTORS

The question is, to what extent is transparency closely linked to the issue of the energy security? Clearly transparency as a whole is a key cornerstone of good governance. But it's not just about revenue transparency. It's really about good governance overall. In the current debate around energy security there's a case for linkage. It's important from an energy company point of view just to set the energy security scene more broadly. You can define energy security in a variety of ways—diversity of types of energy and diversity of sources and affordability—and I would include the issue of social and environmental impact. Thus transparency is clearly important in terms of stability, but it's not, from an energy company point of view, the only factor.

This is worth stressing because it is also access and the ability to make timely investments which are things that matter. Instability and what is sometimes called 'resource nationalism' can have an effect on access and timely investments, both in gas and oil. That's particularly the case when we talk about the role of consuming countries competing for supplies. Whereas oil can flow all over the world to different markets and there's a certain degree of flexibility, in gas there are often infrastructure constraints, such as pipelines and long-term contracts making those gas flows go in a particular direction.

Equally, when you have newer players securing access and investing in projects in countries, then they are also often tying up gas flows for very long periods of time to new markets, not to the US. It's important how this plays out between the role of Western companies that are part of this revenue transparency debate currently and the role of companies that are not part of this debate right now. There are decisions that are going to be made on investments which will be very long-term and have a big impact on energy security. This is not specifically U.S. focused but, in fact, global, because we're very much in an interdependent world. Even if we were able to succeed in improving the governance of countries that are specifically supplying oil to the U.S. that doesn't solve things because oil is traded in a global market. While gas is more regional, energy security isn't just about improving places that just one country is getting resources from. It's much more of a global issue.

Transparency is important for us in other respects as well. Thinking about access from an energy security point of view as well, we want more transparency of data around reserves and holdings. We get the point about transparency being broader, and this is something which the International Energy Agency and others talk about. Revenue transparency clearly has risen on the international agenda and clearly it does have a linkage to the issue of energy security.

PARADOXES OF TRANSPARENCY

There are a couple of paradoxes that are worth bringing up as well. When people do get a hold of the

information there could be the possibility of disruption in the short-term. That is the price one might pay. From an energy security point of view we ought to recognize that we might need to pay for the longer term benefits of greater stability. Now instability in the Niger Delta is not a *result* of the Nigerian Extractive Industries Transparency Initiative. But once information starts coming out it can be disruptive. That's not a reason to argue against it, but if you're linking transparency to energy security you have to think about some of the short-term impacts as well, particularly in times of high oil prices and high demand. This is not a reason not to be transparent.

There are many good recommendations for the U.S. government to address this issue, but the big problem is identifying the incentives for those controlling the resources. What are the incentives for them to open up and change the way they operate? Clearly, some people are "being transparent" so there are incentives. But it is a difficult issue and we

shouldn't deny the fact that if this were easy we wouldn't be here now. This is compounded in periods of high prices where leverage is reduced, giving us all the more reason to think about the extra things that need to be done.

Another paradox is that we are all in strong competition for access to these resources. It is a difficult time for companies to really put a lot of pressure on some of these issues when what was referred to as 'rogue aid' is in play as well. That's not an excuse for not trying to take forward the agenda, but we have to recognize that trying to bring in other consuming countries in the world is really important for this. There are some signs of this in relation to Sudan. But what we need to do is to find measures which will work and incentives. We have to incentivize people somehow or another to make them see that this is a good thing to do. It's a road that has some difficulties, particularly at the moment, but clearly something worth pursuing.

PANEL II: POLICY OPTIONS ON OIL REVENUE TRANSPARENCY

Bennett Freeman, Senior Vice President for Social Research and Policy, Calvert Asset Management

Speaking from my personal views, and not necessarily those of Calvert, my comments will focus on three inter-related areas: first, the close connection between U.S. energy security and oil revenue transparency; second, the convergence of interests between the United States Government (USG) and EITI and roles that the USG can play in supporting the process; finally, the essential civil society dimension of the EITI process that will help determine its ultimate success or failure.

U.S. ENERGY SECURITY AND OIL REVENUE TRANSPARENCY

While oil revenue transparency is not a new concept, it has appropriately gained more traction in the U.S. in the context of post-9/11 U.S. national security and energy security imperatives. The core proposition is that the durable foundations of access to and supply of oil are governments which are accountable to their own peoples, including to the peoples of their oil-producing regions. Without such accountability, the stability and even legitimacy of those governments are open to challenge. In extreme situations, the cycle unfolds of local community unrest and violence; attacks on oil pipelines and facilities; production shutdowns and disruptions of supply.

Moreover, lack of revenue transparency and accountability has distorting effects on governance and development. Squandering of public revenue skews patterns of investment and further entrenches elites; cor-



rupts governance and erodes the rule of law; exacerbates regional conflicts and threatens national unity; deprives local communities of their right to development and condemns them to poverty. Long-term squandering of revenues undermines oil companies themselves: it not only disrupts production but challenges their social license to operate; endangers their local operations; and threatens their global reputations. It puts companies in the unwanted position of acting as de facto surrogate governments, and it can make companies appear complicit in human rights abuses committed by security forces called in to quell local unrest, armed attacks and disruption of oil operations.

Against this stark backdrop, the good news is that oil revenue is now on the agenda of the key elements of the international community—especially the key oil producers as well as the G-8 countries, above all in the context of EITI. Revenue transparency is now here to stay on the agenda of the USG in the context of U.S. national security, energy security and foreign policy.

THE USG AND EITI – A CONVERGENCE OF INTERESTS AND AGENDA FOR ACTION

Despite a delay in recognizing its strategic merits and engaging fully in the process, the Bush Administration has recognized this convergence of interests between U.S. national and energy security and EITI's goals in particular. The State Department is engaging seriously on the EITI Board in ways that are establishing the U.S. as a strong voice and force for implementing EITI not only in a strategic context but also in ways that are consistent with the multi-stakeholder accountability that must be at the heart of the EITI process if it is to succeed. Given its enormous stake in the success of the EITI framework, the USG has a number of tools at its disposal that it can and should deploy to move the process forward. These tools span the range of USG bilateral and multilateral diplomacy and assistance channels and capabilities. An agenda for action can and should include:

- **First, the USG should press to widen EITI** by engaging other governments not currently part of the process (such as Angola, Indonesia, Libya, Russia and others) to join.

“The core proposition is that the durable foundations of access to and supply of oil are governments which are accountable to their own peoples.” — Bennett Freeman

- **Second, the USG should push to deepen EITI** by ensuring accountability on the part of governments and companies alike for implementing its commitments. Accountability standards and benchmarks are at the heart of the current debate over validation criteria, and it is critical that those criteria are developed and applied rigorously, consistently and independently.
- **Third, the USG should draw clear lines as to the credibility of particular governments’ commitments.** While there is a reasonable point of view that the whole point of EITI is to improve governance and strengthen the rule of law in the context of revenue transparency, the reality is that there are some governments where governance is so poor and the rule of law is so weak that even the most basic commitments cannot be credibly implemented. In that vein, Congo-Brazzaville and Equatorial Guinea should be put on notice that there will be no free ride—whether in arresting a civil society member of the EITI Board in the case of the former or maintaining a dismal human rights record in the case of the latter. This can be done by being less generous in allowing high-level bilateral contacts—especially meeting with the President and the Secretary of State—until fundamental change is clearly on the way.
- **Fourth, the USG can reinforce its diplomatic efforts with bilateral assistance.** Implementing EITI may depend first and foremost on political will, but it also depends on capacity. The time has come—indeed it is overdue—for the United States Agency for International Development (USAID) and the Millennium Challenge Corporation (MCC) to develop and apply specific programs and benchmarks to support EITI implementation via technical assistance to support the mechanics or achieving transparent revenue accounting and budgeting in particular countries. Another key assistance priority should be to develop programs to facilitate stakeholders engagement in EITI implementation so that the process builds governance and civil society from the bottom up as well as top-down.
- **Fifth, the USG can use its influence in the World Bank to ensure that the new mandatory disclosure requirements at the IFC are enforced and implement-**

ed—and that the regional Multilateral Development Banks (Inter-American Development Bank, African Development Bank, Asia Development Bank, European Bank for Reconstruction and Development) follow suit. Such requirements can and should also be extended to private banks through Equator Principles.

These are elements that the USG can combine into an overall coordinated strategy to carry EITI forward in light of that convergence of interests connecting revenue transparency to U.S. energy security, national security and foreign policy.

EITI AND CIVIL SOCIETY – THE VITAL LINK

In conclusion, the principle that must be at the heart of EITI is that energy security and supply depend fundamentally on improving governance and strengthening the rule of law in supplier countries. EITI is even more fundamentally about laws and people than it is about revenue flows and budget accounts. That is why the accountability processes being developed right now are so critical—and why the arrests in Congo-Brazzaville and even more recently of Sarah Wykes of Global Witness by the Angolan authorities matter so much. That is why the USG should deploy all the bilateral and multilateral diplomatic and assistance tools at its disposal—and that is why it must view EITI as part of its democracy and human rights agenda, as well as consistent with its national security and energy security interests. EITI is all of these things—and the USG has a golden opportunity to move the process forward in ways that are consistent with the full spectrum of its interests.

Dr. Stephen Krasner, Director of Policy Planning, Department of State

The question of oil revenue transparency is critical not only for the countries and citizens where oil is produced, but also for energy security at a global level. The U.S. government is committed to EITI as well as a broader anti-corruption agenda. EITI has made significant progress over the last several years as people recognize the need for revenue transparency in the energy

“EITI can’t just be an initiative where countries sign up, get a check for doing a good deed, and then nothing actually happens. Going forward this will be the critical, central issue.” —Dr. Stephen Krasner

sector. The critical challenge is to make sure that EITI is not just an empty gesture. This is an issue in regards to countries that have signed up, but have not done very much and have even done things that are problematic. Moreover, this will be a critical issue for EITI as it moves forward.

As an analogy, when we look at human rights agreements, there is no zero-zero correlation between whether a country has signed a human rights accord and its actual behavior. We need to recognize this and be alert that this does not happen with EITI. All of the members of the board recognize that going forward this will be the critical, central issue.

U.S. ENERGY SECURITY AND TRANSPARENCY: THE LARGER CONTEXT

This administration has been very much focused in a larger way on the challenge of not just governance, but of creating a world of effective democracies. If we could reach that objective, we would clearly make international cooperation easier, we would make war less likely, we would promote the well being of individuals in their own countries, we would enable countries to govern effectively within their own territories, and we would reduce the incentive for transnational terrorism. Effective democracies are not just elections, although elections are a critical component of effective democracies. We need rule of law, protection of minority rights, government institutions that will build capacity, alternative mechanisms of accountability including civil society and a free media. As President Bush and my boss Secretary Rice have said, this is the work of generations. It’s not a goal that is going to be accomplished in the next few years. EITI is one piece of this process and there are many others.

THE OIL CURSE: INSTABILITY VS. ACCOUNTABILITY

We know that oil has been a curse for many of the countries that have oil wealth, and we know why. It concentrates power in the hands of the state. It makes it easier for the state to develop resources to repress alternative voices. It leads individuals to think about their own self-interests and to believe that the path to their self-interests

is basically to get a position in government. This has very high incentives for individual corruption. It is almost inescapable when you have resources that are viewed as public resources, but yet revenue goes essentially to the central government. We know that oil has been destabilizing in many of the countries where oil is produced. We know that it threatens energy security at a global level.

Accountability and transparency are ways that this issue can be addressed, although they are not the only ways. They do provide a check on corruption. They are likely to enhance the possibility of providing better public services, especially in areas like education and health. If you do have effective transparency and accountability you are likely to get solid economic growth, something that has not happened in many oil producing countries.

EITI AND ANTI-CORRUPTION STRATEGIES

EITI is a mechanism for moving forward on accountability and transparency. It is voluntary, and its voluntary nature has been critical. Clearly one thing that is essential is that it is voluntary for implementing countries. The multi-stakeholder organization of EITI is unique at the international level and it is interesting to see how well it’s actually worked up to this point. The U.S. has strongly supported EITI: we have encouraged other countries to join, we are participating as a board member, and we are providing funds to support EITI activities through the bilateral activities of USAID. EITI is part of a larger anti-corruption agenda which the administration has pursued vigorously. We have supported a series of transparency initiatives at the G8 and we have used bilateral assistance to promote anti-corruption efforts in many countries. We have supported civil society through USAID, other government agencies, and National Endowment for Democracy (NED), and have supported civil society activists when they have been harassed, but we know that this is an ongoing problem.

The U.S. has the most vigorous act against Foreign Corrupt Practices of any country and we would be enthusiastic if other countries enacted similarly aggressive legislation. The U.S. strongly backed the Monterey Consensus of which anti-corruption was a strong component. We created the Millennium

“EITI is a mechanism for moving forward on accountability and transparency. Clearly one thing that is essential is that it is voluntary for implementing countries.” —Dr. Stephen Krasner

Challenge Account and now the MCC to implement Monterey principles. More generally, at the multi-lateral level we’ve supported the UN Convention against corruption, the Organization for Economic Cooperation and Development (OECD) anti-bribery/corruption and the World Bank Strategy on anti-corruption and governance.

There have been a series of G8 initiatives, including in St. Petersburg last year, at Sea Island in the U.S. where we launched anti-corruption compacts that are actually designed to look at revenue spending rather than revenue incomes, and in Evian. We are very pleased with the Germans who will also make anti-corruption and natural resource transparency a critical component of the meetings this year in Heiligendamm.

CHALLENGES AHEAD FOR EITI AND OIL REVENUE TRANSPARENCY

EITI remains a work in progress. The secretariat is in the process of being established, the board will make decisions about validation procedures this year, and validators will be chosen. The critical issues in front of EITI are the following:

- **First of all, how many countries will actually be fully compliant by 2008?** Everyone on the Board is hopeful that Azerbaijan and Nigeria, the two pilot countries, will be fully compliant by 2008. It is important that they are because four years without actually having any country fully implementing this initiative will not be a good start.
- **Also, will other countries join?** We have been encouraging other countries to join EITI, including China, India and Russia. Both the United States and the UK have pressed China on EITI on several occasions. We have pointed out to the Chinese that joining is something that is not just an indication of good behavior and acting as a responsible stakeholder in the international environment, but is also very much in China’s long-term interest. We are hoping that China will see its way to become an EITI member.

We know that EITI is not enough, but we do think that it is a critical piece and an excellent building block, and we are committed to making it work. It doesn’t deal

with expenditures, only the revenue piece. However, this process is critical and needs our support fully to make sure that EITI is not just an empty initiative as some others, but a real path for resource countries to follow.

Simon Taylor, Director, Global Witness

Although the “Oil Revenue Transparency: A Strategic Component of U.S. Energy Security and Anti-Corruption Policy” report that Global Witness launched today has a U.S. focus, this all should be taken to some extent in the wider context of an international perspective. Some of the delivery and push from the side of international civil society has to come from the 300-plus member Publish What You Pay coalition. There is now a huge global movement and we are very grateful to have this huge coalition alongside us across the world doing this work. I will focus on the key areas that Global Witness has pushed for and then look at some of the disincentives and some of the wider components that it would be useful to think about in the context of EITI and its capacity to deliver because EITI is just a component in a wider set of needed changes.

KEY AREAS FOR DIPLOMATIC ENGAGEMENT

To start off, we would like to see a huge increase in a diplomatic push for EITI. In many oil-rich countries it is fair to say that the elites who run the countries see the countries as their private fiefdoms. In the last decade we have seen this in many countries where the principle aim of the elites is to asset-strip, that is, to take virtual-



“This is the other diplomatic push - to work out a mechanism whereby civil society can participate. There is no point in delivering revenue transparency in order to create accountability of governance when there is no room to monitor accountability.” —Simon Taylor

ly everything they can get their hands on. They take those assets and they put them in various places in the international banking system. We need to see these issues for what they are. That’s the point where issues to do with sovereignty fail to ring true as far as not being able to address these problems. Thus, we would like to see a greater diplomatic push that really uses all kinds of creative approaches to bring some of these countries into a position where they really have to join the EITI process and take part.

This includes increased financial support to enable civil society to interpret revenue data and to be protected in the case of civil harassments. The arrest of Sarah Wykes comes on the back of a pattern with local activists from Congo-Brazzaville last year who faced nine months of what can only be called judicial harassment in the extreme. This is the other diplomatic push—to work out a mechanism whereby civil society can participate. There is no point in delivering revenue transparency in order to create accountability of governance if civil society doesn’t have the space or protection to monitor accountability. We have to work out a mechanism by which civil society can participate in the transparency process. Our efforts are not good enough if the cost of standing up is to get trumped up charges and then be thrown in the slammer, so we have to do something about this.

DISCLOSURE: DISINCENTIVES AND MANDATORY MECHANISMS

The reason we launched the Publish What You Pay coalition with other participants was because we had already spent three years talking to oil companies and looking for a voluntary mechanism to get disclosure in place. We were never interested in hero trail-blazing by any of the companies; we wanted a broad disclosure such that the entire revenue stream was transparent. There is no point in only having half of the companies disclose.

The incident when BP stood up and said that they would disclose payments and Angola threatened to kick them out of the country shows the salient problem with voluntarism in the most difficult countries. EITI is probably going to include a number of countries dis-

closing if we can get it right. However, there is a real doubt in my mind as to the capacity of EITI to deliver in the countries like Equatorial Guinea, Angola, Congo-Brazzaville, or now Cambodia. The elites of these countries don’t have an incentive or interest in being held accountable. No one wants to say anything to avoid upsetting their suppliers. Thus the core is that it’s a non-starter unless we can add some other disclosure mechanisms. It’s high time to add a mandatory mechanism for companies to disclose revenue payments. The beauty of that kind of mechanism is that it requires all players to disclose. One possible mechanism is the Securities and Exchange Commission (SEC). There may be several mechanisms instead of just one. There may be a problem of moving forward with domestic oil companies, but there are mechanisms that would require them to disclose as well. Thus, we would like to see mandatory disclosure.

THE BROADER TRANSPARENCY CONTEXT

We are also interested in banks and discussing oil-backed loans. Some say we can’t expect banks to disclose. However, my answer to that response is, “Who is the client? Who owns the oil? The population of the countries does.” Thus there is a moral obligation to the clients and the citizens. If the banks don’t disclose, then they are compliant with asset-stripping. A good analogy is of a bathtub with two holes in it at either end. We can plug revenue transparency at one end, but the money is still draining out of the other end through the banks. We need to hold the banks accountable on the basis of the loans and the basis of asset-stripping. Riggs Bank is a good example of this—why weren’t their assets liquidated? If asset-strippers faced the possibility that their money could be frozen and they could be held accountable, they would behave differently. We need to look at this, and we are working on this issue of where money is being held.

Thus, we would like to see mandatory disclosure as well as discussions on bank disclosure. Furthermore, the donor community needs to collectively respond to the asset-stripping that has been occurring. Most importantly, more diplomatic outreach is needed, particularly in regards to the protection of civil society.

BIOGRAPHIES

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BIOGRAPHIES

NEIL BROWN is Special Advisor to Senator Richard G. Lugar (R-IN) and a Professional Staff Member of the Senate Foreign Relations Committee. Neil handles energy security issues and directs the Lugar Energy Initiative. Previously Neil has worked with the Center for Strategic and International Studies, the American University in Cairo, and the Harvard Institute for International Development. Neil has a Bachelor's degree from Harvard University and Masters Degrees from Oxford University, which he attended as a Rhodes Scholar. Neil was raised on a small farm in Iowa where his family still resides.

BENNETT FREEMAN is the Senior Vice President for Social Research and Policy at the Calvert Group. Prior to this, he led Burson-Marsteller's Global Corporate Responsibility practice. He previously co-authored an independent human rights impact assessment of BP's Tangguh LNG project in West Papua, Indonesia, the first HRIA undertaken in advance of a major energy project in the world. Mr. Freeman served in three positions as a Clinton presidential appointee in the State Department, most recently as Deputy Assistant Secretary for Democracy, Human Rights and Labor. In that capacity, he led the development of the Voluntary Principles on Security and Human Rights, the first human rights standard forged by governments, companies and NGOs for the extractive sectors. Mr. Freeman currently serves on the Board of Directors of Oxfam America, the Steering Committee of Amnesty International USA's Business and Human Rights program, and is an Alternate Civil Society member of the Board of the Extractive Industries Transparency Initiative (EITI).

AMBASSADOR BOB HOUDEK joined the National Intelligence Council (NIC) as the National Intelligence Officer for Africa in October 1997. In September 2006, he was asked by the Deputy Director of National Intelligence for Analysis to become advisor on the project to rebuild the capability of the African intelligence community. Previously, he served as an Advisor to the Chief of Staff of USAID on the President's Greater Horn of Africa Initiative. During the first half of 1997, he was detailed to the USAID Office of Foreign Disaster Assistance (OFDA), serving as negotiator on a Disaster Response Team (DART) in Eastern Zaire. Ambassador

Houdek served as the first American Ambassador to the State of Eritrea (1993–1996) and in Washington as the Deputy Assistant Secretary of State for African Affairs (1991–1993), Chief of Mission in the U.S. Embassy in Addis Ababa (1988–1991), and Ambassador to Uganda (1985–1988).

DR. STEPHEN KRASNER is the Director for Policy Planning at the U.S. Department of State. Prior to his appointment, Dr. Krasner was director of the Center on Democracy, Development, and the Rule of Law (CDDRL), deputy director of the Stanford Institute for International Studies (SIIS), an SIIS senior fellow, a senior fellow by courtesy at the Hoover Institution, and the Graham H. Stuart Professor of International Relations at Stanford University. His work has dealt primarily with trends in state sovereignty, American foreign policy, and the political determinants of international economic relations. Previously, Dr. Krasner served as a member of the Policy Planning Staff in the Department and worked as Director for Governance and Development at the National Security Council, where he worked primarily on the Millennium Challenge Account. Dr. Krasner has taught at Harvard University, UCLA, and Stanford, where he was chair of the political science department. Dr. Krasner has been a fellow at the Center for Advanced Studies in the Behavioral Sciences and at the Wissenschaftskolleg zu Berlin. He is a fellow of the American Academy of Arts and Sciences and a member of the Council on Foreign Relations.

KARIN LISSAKERS is Director of the Revenue Watch Institute and senior advisor to George Soros on globalization issues. Lissakers previously held the post of United States Executive Director on the Executive Board of the IMF, by appointment of President Clinton, where she represented the Fund's largest shareholder during a period of turmoil in international markets and a U.S.-led campaign to redesign the international financial architecture and reform the IMF. Lissakers has also served as deputy director of the Policy Planning Staff of the U.S. Department of State and was staff director of the foreign economic policy subcommittee of the U.S. Senate Committee on Foreign Relations, the first woman to hold such a post. Lissakers taught at Columbia University for many years and her research and writing have focused on

the interplay of international business and U.S. foreign policy. She has been a Senior Associate at the Carnegie Endowment for International Peace and is a member of the Council on Foreign Relations.

AMBASSADOR PRINCETON LYMAN is Adjunct Senior Fellow at the Council on Foreign Relations, Adjunct Professor at Georgetown University, and held the Ralph Bunche Chair for Africa Policy Studies at the Council on Foreign Relations from 2003 to 2006. Ambassador Lyman's career in government included assignments as Deputy Assistant Secretary of State for Africa, Ambassador to Nigeria, Director of Refugee Programs, Ambassador to South Africa, and Assistant Secretary of State for International Organization Affairs. He was Director of USAID in Addis Ababa, Ethiopia. From 1999 to 2003, he was Executive Director of the Global Interdependence Initiative at the Aspen Institute. Ambassador Lyman is a member of several Boards, including the American Academy of Diplomacy, the Fund for Peace, Plan/USA, the Amy Biehl Foundation, the Buffleshoek Trust in South Africa, and the U.S.-South Africa Business Council. Ambassador Lyman has a Ph.D. in Political Science from Harvard University. He has published books and articles on foreign policy, African affairs, economic development, HIV/AIDS, UN reform and peacekeeping.

CHARLES MCPHERSON recently joined the International Monetary Fund as Adviser in its Fiscal Affairs Department with particular responsibilities for fiscal and financial policies in natural resource rich countries. Prior to taking up his position at the IMF, he was Senior Adviser on Oil and Gas at the World Bank. His work at the Bank focused on petroleum sector reform and sector lending activities in Angola, Argentina, Nigeria, the Russian Federation, and elsewhere. He also managed the Bank's participation in the Extractive Industries Transparency Initiative (EITI). Before joining the Bank, Mr. McPherson spent 15 years at two international oil companies, holding a variety of senior positions in international negotiations and government agreements.

SIMON TAYLOR is one of three founder/directors of Global Witness, an organization established in 1993 to expose the corrupt exploitation of natural resources and

to drive campaigns to end impunity, resource-linked conflict, human rights, and environmental abuses. In 2002, he co-launched the Publish What You Pay (PWYP) Campaign, which directly led to the UK Government's launch of the Extractive Industry Transparency Initiative (EITI). PWYP is now an international movement of over 300 Civil Society Organizations from across the globe—the safe participation of civil society in the EITI process is an absolute prerequisite for the delivery of accountable governance over natural resource rents.

NICK WELCH is the Manager for International Relations for Shell Oil Company. Prior to taking up this appointment, he was Head of UK External Relations for Shell International in London. Nick joined Shell UK Ltd in February 1996 as Government Relations Manager, after a number of years in the UK Civil Service. Working first on small firms policy and subsequently on large international infrastructure projects, he served both as Private Secretary to the UK Secretary of State for Trade and Industry and the Minister of Energy. Before joining government service he worked as a Regional Commercial Manager for a multinational brewing company and has also worked as a technical writer and teacher overseas.

HOWARD WOLPE, a former seven-term member of Congress and former presidential special envoy to Africa's Great Lakes Region, is currently director of both the Africa Program and the Project on Leadership and Building State Capacity at the Woodrow Wilson International Center for Scholars. A specialist in African politics, for ten of his fourteen years in the Congress, Wolpe chaired the Subcommittee on Africa of the House Foreign Affairs Committee. Prior to entering Congress, Wolpe served in the Michigan House of Representatives and as a member of the Kalamazoo City Commission. Wolpe has taught at the Political Science Department of Western Michigan University and at the Institute of Public Policy Studies of the University of Michigan, and has served as a visiting fellow in the Foreign Policy Studies Program of the Brookings Institution, as a Woodrow Wilson Center public policy scholar, and as a consultant to the World Bank and to the Foreign Service Institute of the U.S. State Department. Wolpe received his BA degree from Reed College, and his PhD from the Massachusetts Institute of Technology.

GLOBAL WITNESS

Global Witness exposes the corrupt exploitation of natural resources and international trade systems, to drive campaigns that end impunity, resource-linked conflict, and human rights and environmental abuses.

Global Witness was the first organization working to break the links between the exploitation of natural resources, and conflict and corruption; and the results of our investigations and our powerful lobbying skills have been not only a catalyst, but a main driver behind most of the major international mechanisms and initiatives that have been established to address these issues, including the Kimberley Process and the Extractive Industries Transparency Initiative (EITI). Away from the policy arena, Global Witness' hard-hitting investigations have had direct and major impacts, such as the IMF withdrawal from Cambodia in 1996 over corruption in the logging industry and the imposition of timber sanctions on Charles Taylor's Liberia in 2003.

Effective natural resource management is one of the keys to ending Africa's poverty, and making it, and other areas of the developing world, the economic powerhouses they should be. It is for this reason that we are continuing to deploy the accumulated thinking, experience and skill that we have developed over the past decade, to help bring about this change. There is no alternative.

THE AFRICA PROGRAM WOODROW WILSON CENTER

The Africa Program was established at the Woodrow Wilson Center for Scholars in 1999 with the generous support of the Ford Foundation.

The program serves as one of Washington, DC's leading forums for informed debate about the multiple challenges and opportunities that face Africa, and about American interests in—and policy toward—the continent. The program serves as a bridge for academics, diplomatic practitioners, policymakers, and members of the private sector, who share a common interest in developing informed and effective policy decisions on Africa.

With the support of the World Bank's Post-Conflict Fund, the Africa Program launched a major capacity-

building initiative in Burundi, designed to increase the ability of the country's leadership to advance the post-war transition and economic reconstruction. The strategies and techniques developed in Burundi are now being adapted to conflict and post-conflict situations worldwide. The Africa "Congressional Staff Forum on Africa" series seeks to respond to increased policymaker interest in the African continent. The Africa Program also oversees the Africanist Doctoral Candidate Fellowship Program, supports residential fellows, and works closely with the Center's other projects and programs on cross-regional issues, such as governance, the development of state capacity, crime and corruption, and pressing health and social problems such as the AIDS pandemic.

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