THE BROOKINGS INSTITUTION

USING EXTRACTIVE INDUSTRY DATA TO FIGHT INEQUALITY AND STRENGTHEN ACCOUNTABILITY: VICTORIES, LESSONS, FUTURE DIRECTIONS FOR AFRICA

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Introduction:

BRAHIMA S. COULIBALY
Senior Fellow and Director, Africa Growth Initiative, The Brookings Institution

DANIEL KAUFMANN
Nonresident Senior Fellow, Global Economy and Development, The Brookings Institution
President and Chief Executive Officer, Natural Resource Governance Institute

Panel 1

ISABEL MUNILLA, Moderator
Policy Lead, Extractive Industries, Oxfam America

MARYATI ABDULLA
National Coordinator, Publish What You Pay Indonesia

DON HUBERT
President, Resources for Development Consulting

ELYVIN NKHONIERA
Program Coordinator, Extractive Industries, Oxfam in Malawi

BARNABY PACE
Campaigner, Global Witness

Panel 2:

IAN GARY, Moderator
Director, Power and Money, Oxfam America

VERA MSHANA
Program Officer, Natural Resources and Climate Change, Ford Foundation

ASHOK PARAMESWARAN
Founder, Emerging Markets Investors Alliance

LANDRY SIGNÉ
David M. Rubenstein Fellow, Africa Growth Initiative, The Brookings Institution

KERFALLA YANSANÉ
Ambassador, Republic of Guinea

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P R O C E E D I N G S

MR. COULIBAY: Good morning everyone. I said good morning everyone. All right. I was beginning to doubt the quality of our coffee here. But thanks for joining us. I'm Brahima Coulibaly, the Senior Fellow at Brookings and the Director of the Africa Program. This is a really important event we think, on using extractive industry data to strengthen governance in natural resource sectors in Africa. And we are very pleased to partner for this event with Oxfam, NIGI, and Publish What You Pay. These are organizations that are well known, with a track record of commitment to better national resource management.

For Africa we see from our vantage point two main areas in which national resource sector could be leveraged better to contribute to significantly improved living standards, but has fallen short.

The first area is as a vital resources for financing sustainable development goals and agendas in general. Right? Because this shortage of sustainable financing, and we think that strengthening governance and natural resources can mobilize additional revenues for Africa to be able to finance its economic development, particularly in a context where the oversea development assistance outlook is increasingly uncertain.

Yet, as NIGI reported, Africa and African countries, no African country has a good rating in natural resource governance. And only Ghana and Botswana have such satisfactory ratings. All other countries have weak or poor ratings. And seven of the world's bottom 10 performers with failing governance scores, are in Africa. So we gotta change that.

Encouragingly, we have seen some welcome progress on the continent. With countries including Ghana and Guinea stepping up efforts to strengthen governance in their countries. And we were quite honored to have last month the President of Guinea, Alpha Conde, who kind of shared with us the experience of Guinea and the reform they've undertaken, and what sort of early payoff they've been seeing. And we have with us the Ambassador from Guinea, who you will also hear from later on.

And the second area for us has been how do we design policies for natural resource management in a way that they align much better with overall structural transformation agendas and is able to contribute more to job creation and poverty alleviation. So we've been undertaking some work through our colleague John Bates and other experts, and they are completing a project looking to precisely at recent discoveries in oil and gas in Ghana, Mozambique, Tanzania, Uganda, and Zambia, exploring how to avoid policy mistakes of the past so that the discoveries can contribute better to structural transformation.

It's going to be publishing in a book called *Mining for Change*, and that's going to come in January 2020. So that will be a New Year good reading.

But in both areas, whether they are financed or whether making it work better for structural transformation, data is central to this process. And it's difficult, really, to have good governance, strengthen it, unless you really have the data you need to proceed. So I'm just going to put some context a bit today's event and Danny, when he comes to give his brief remark, will give a bit more color to this.

So we are proceeding with two panels separated by a break. And the first panel will feature a case example of how better data contributed to broader policy change efforts. And the second panel will be a panel of experts who will come and provide their views on emerging lessons and on future direction for transparency and accountability.

So with that, Danny, if you could join the podium to give your remarks. Thank you.

MR. KAUFMANN: Thanks, Coul. I am going to do something very surprising for myself and also for our organization, giving the floor and the request for this partners, and that is not to show 45 slides. In fact not to show any in this framing remarks, even though we're all here because what unites us is the power of data for transformation for action, for fighting inequality and strengthen accountability. And I usually prefer to let the data talk rather than being a talking head myself. But let me present a little bit of evidence in words, and help us per request, give a few framing reflections for the morning today.

I want to thank first, and say what a great pleasure it is to be part of this collaborative event with Brookings and Oxfam and so many other partners and friends from many other countries which are present here. Let me also thank very much in this context Publish What You Pay and other of our great partners, Resources for Development, Global Witness, Emerging Markets, Investor Alliance, the Ford Foundation, and Ambassador Kerfalla Yansane from Guinea, who I have known for a long time.

In fact, this is part of a continuous learning about the impact of data in natural resources. Since us here today, this morning, follows a learning lab that was convened by Oxfam and Publish What You Pay, and also NIGI, with nearly 30 people from 16 countries coming together to share challenges and successes.

There were great cases presented during the past two days such as in Peru, the Organization Corporate Action with Group Hortesia, Hortesia Forcal, connecting their tax analysis with local spending and policy change. And then in Nigeria, Publish What You Pay working with Policy Alert, using project level data published under mandatory disclosure organizations in the UN and Canada. And there were many others, and some will be featured this morning in our own organization with partners who have also had many telling evidence-based case studies resulting in concrete progress. Such as Miramar, Morgaine, Nigeria, other countries in Africa and the Middle East. And so I think we have a rich base for discussion today.

In my brief time in the next few minutes, as per request in helping frame the discussion, I'd like to put forth a quartet of salient issues where in most of them successes and gains have taken place but where we also need to go to the next stage together. So let me get straight to the quartet.

First, is about transparency in data. Transparency means more disclosure in data. And thanks to the movement where we've all been part of this together for quite some time, so many here, showcasing the power of partnership, significant gains have been attained. Let's be clear about and it is a cause for a celebration. Specifically thanks to the mandatory disclosure laws in the EU, in the UK and Canada, companies from so many corners of the world report over $800 billion in payment by now. For Africa alone this is close to 120 billion I report. So this is not small change.

Further, thanks to the EITI, in addition to these mandatory payment disclosures complimenting that, now these disclosures are also taking place, in addition to payments, for contracts, for beneficial owners, and incipiently, for commodity traders. But there a couple of major challenges ahead still.

First is the implementation gap. Taking what has been agreed and approved all the way to real concrete execution in the field, on the ground, so that disclosures and open data is much fuller. And this is something that we have codified, the implementation gap, the difference between what's in the law, what's in the books, and what's in practice in the resource governance, and it's in detail. And as I said, I'm not going to show the data, but trust us, and I know with many of you we have worked on that. So that's one of the challenges in the transparency and data difference.

Second, there are remaining areas of particular capacity which need major attention now. Such as the whole issue of looking into the service providers and also cost of contractors. Remember, the major case in Latin America, starting in Brazil with Odebrecht, the construction company, to a contractor to Petrobras. And also for the transparency and disclosure are needed with respect to commodity traders and state-owned enterprises and extractors. As well as beginning to get more data on the cost structure of industry projects, cost accounting, where there is still a lot of capacity.

Since transparency alone is not enough, we need to move to the second challenge. Keeping in mind that disclosures without accountability in terms of data, becomes zombie data. So that leads to the second point, which is of paramount importance of civil freedoms, voice, and accountability. The ability of civil society to operate freely in this environment and media freedom. So strong in the data-driven resource governance index again where voice and accountability in countries where voice and accountability is lacking, governance and transparency of natural resources is failing, and vice-versa, for the successes.

We all know that civic space is closing in a number of countries. And we need to redouble our efforts to protect it. But not all is bleak, we have had successes, showing that progress can take place. Such as introducing major protections and safeguards for civil society in EITI. And the data that we have shows that the task concretely helped in a number of countries already.

These in turns matters for the third very large issue I want to put forth and challenge we should address next. Namely high level corruption and state capture in resource rich countries. Without voice and accountability and transparency, no prospect of addressing corruption and state capture as it can be shown also in the data analysis. The particular issue of state capture relates to major inequality in political influence where the powerful few capture the rules of the game for their private benefit and duly influencing the laws, the licensing regulations, the policies, and the contracting and procurement systems. More data and policy analysis and extractors on this topic needs further attention in the next stage, which is part of our ambition and our new strategy.

This leads me to the fourth and last dimension and pending challenge. Namely the need to contribute together to the energy transition, but for real, not rhetoric. And again, with data and rigorous analysis where we ought to address the main distortions in the extractive sector, which we know so much about, we have so much data. Which those distortions, which are slowing down the energy transition and the economic diversification in the countries where we work.

And we also need to factor in vigorous the climate change and environmental cost and considerations into our models, into our calculations, into our projections that we share with our partners regarding investment projects and extractives. Help them lesson the likelihood of not just stranded assets for countries, but stranded countries in terms of their oil, their gas, and their mining that they have under the ground.

So those were the quartet. Let me just end on a more personal and humble note about events that in case I looked hard, that keep me awake at night right now. And this is about the violence and the social discontent that has erupted in my own country. One considered until just a few days ago, such a success story in so many dimensions and rightly so in some respects. The countries cheat. And Chili, geographically, is far from Africa. Its per capita income in PPP terms is $23,000. But it exhibits the highest income and inequality among in all city countries. Yes, we are a model of our city, but also about the highest level of inequality in Latin America, which is an unequal continent to begin with. Education attainments are also highly unequal. And those without education don't have jobs or gainful employment. This income and education inequality links again to one of the key areas I just mentioned, namely the undue influence by their leads. Indeed, there are dimensions of capturing in my own country as well which need to be addressed.

So to end, the focus of this morning is obviously on Africa. But events in Chili, here in the US, in the UK, in Lebanon, in Hong Kong, among others, remind us of the fragility of gains that have been achieved and of the homework ahead, which is a global challenge. So we should benefit from these evidence-driven events today with expertise and case studies that you bring for Africa, but also be more globally.

So without further ado, let me invite our partner from Oxfam, as well as our friend and compatriot, Isabel Munilla who will moderate the first panel, featuring case studies on how data has contributed to policy change. Thank you very much.

MS. MUNILLA: Well, thank you Danny, for that welcome and for your remarks. My name is Isabel Munilla, I'm Policy Lead on Extractive Industry Transparency at Oxfam America. I'm so pleased to be with you today. This is a great exciting event, a room full of people, a lot of friendly faces that have been in the fight with us for a lot of years, so really happy to have you all here.

So thanks so much to Brookings for organizing this and hosting us. And on behalf of Oxfam and Publish What You Pay, thank you.

Just a bit of background quickly on Oxfam. Our Global Extractives Industries Program works in about 30 countries, and has been working for over 15 years on oil, gas, and mining issues. Our focus is to protect and expand community rights to know and to decide and to ensure those rights are equally enjoyed and shared by women and men. And by this we mean the right to know the true costs and the potential benefits of extraction, and the right to meaningfully participate and influence decisions about whether oil, gas, and mining projects move forward. And if they do, under what conditions.

Over the past 15 years we've worked with our allies in the Global Publish What You Pay coalition. I serve on its Global Council as well as on the Steering Committee of Publish What You Pay United States. And worked for a long time with our friend Maryati here, who I will introduce in just a moment. And working with Publish What You Pay is a central plank in our right to know strategy to push the boundaries of transparency by changing global, national, and project level norms, as well as corporate norms.

And thanks to this multi-jurisdictional coalition approach, as Danny said, we've had some success. Ideas that were considered radical, like contract disclosure, like project payment disclosure, are now considered international norms by the IMF. We have more information now than we've ever had, and the urgency to put that information to work has never been greater, as Danny pointed out.

And as we face a climate crisis, the protection of the communities, and the broader public's right to know and to decide their own fate has never been more important. So I'm very pleased to be hosting this fantastic panel to take stock of where we are and what we've learned to inform the years ahead. And thanks to the support, as Danny said, of the Open Society Foundation, we spent the past couple of days together discussing and unpacking these lessons learned, so our ideas are coming in fresh to this panel. And there's many other folks in the room who also participated and can share the ideas that we've learned.

So let me introduce you to our panel. Immediately to my left I have Don Hubert, President of Resources for Development Consulting. I have Elyvin Nkhonjera, the Program Coordinator of Extractive Industries for Oxfam Malawi. Welcome. I have Maryati Abdulla from Publish What You Pay Indonesia, its National Coordinator. And we have Barnaby Pace, Campaigner from Global Witness. And you have your bios in your pack so you can get to those.

So let me just give you a sense of dynamic for our panel today. So we'll do one round with each panelist, about seven minutes total for each. Where they'll share one or two big challenges they're tackling in a specific country, in a country of focus. They'll talk about an example of how extractive data was used to push for change, and talk about some outcomes. Then we'll do another round and discuss what we've learned, and then we'll go to you. So as they're speaking, please jot down questions that you'd like to raise during the Q&A.

But before we kick it off I just want to get a sense of who's in our audience today. So could I see a show of hands for data analysts? Which data analysts do we have in the audience today, if you consider yourself a data analyst? Don't be shy. Okay. That's surprising, I have to be honest with you. Okay.

How about users of analysis? A few more hands. Okay, perfect.

Who has worked primarily looking at contracts in the extractive industries? Okay.

How about payment data, revenue data? Great.

Beneficial ownership data? Okay.

So national revenue data? Great, okay. Your coffee is working.

Okay. So let's get started. We're going to kick it off with Elyvin. And I believe we have time, great, timekeeping here. So, Elyvin, welcome. Malawi is an EITI implementing country, it's a small producer of uranium, gemstones, and coal. But there's much excitement and much concern about the potential for oil around Lake Malawi. So can you give us a quick overview of why Oxfam Malawi first became concerned about the oil contracts that were signed in 2014, and what was your approach to influence the transparency and the better oversight of those deals?

MS. NKHONJERA: Okay. Thank you, Isabel. Just to give a picture to people vision, Malawi is one of the small countries in Southern Africa. We're neighbors with Zimbabwe. So we are neighbors with Zambia, Tanzia, and Mozambique.

So, yes, in 2015 Oxfam Malawi decided to start implementing around governance, and specifically trained to address issues of the inequality, but were also interested in how we can use data to inform some policies that are egregious in inequality, but also on the other hand trained to reduce poverty.

So history. Malawi has been an agricultural country, our economy has relied on agriculture. But we know due to some challenges of climate change and others, as a government is trained today as a fighting economy. And mining land seems to be one of those potential areas for that. So for us, as Oxfam said, that if this is indeed a potential area, then we need to inform policies that are going to help to address reduce poverty, but also address issues of inequality.

So as we started implementing in 2015, we discovered that the government had signed oil contracts and these contracts were signed in 2014, just a few days before the elections. We are not so much worried about the timing of the signing of the contracts, but we might suggested to see that what indeed was signed into, and it was signed under what conditions.

So just to give you a better picture, these contracts were signed when Malawi was still using the legislation of 1983 of the General Expiration and Production Act of 1983, and that was in 2014. And at that time we also didn't have any policy governing the oil sector. And on top of that there was actually a model Petroleum Sharing Agreement which was being well developed by the Minister of Finance, together with the Ministry of Mining.

So to give you another picture. In Malawi the mining contracts are signed by Atupele Muluzi, who is the Minister of Mines, but the money part is controlled by the Minister of Finance. So this model Petroleum Sharing Agreement was supposed to act as a guide, but when they did negotiating the oil contracts they should be able to negotiate a good deal. Unfortunately, when this model was about 80 percent done when they had invested so much time in it, next morning they had that, we discovered that the oil contracts had been signed and signed by the Minister of Mines. Okay.

What was contained in this, or what was the variations. One of the items that we picked up, for example, it is in the model contract was purposed at 12.5 percent, but in the signed contracts it was 5 percent. This was a bit of a problematic. So for ICS, we actually, this was the result we got out of the analysis. And knowing that how controversial this thing was, we decided that we should engage through the Malawi Stakeholder Working Group of Malawi EITI.

And, you know, we are a civil society, we always have the right traces on how we can disseminate this information without going to go direct to the public and then to the media. But what we have currently their attention, so we decided to launch this report through the closed spaces for Malawi EITI Secretariat, the Malawi Stakeholder Working Group, where we civil society companies, and also the government.

And discussing in that forum, we got a very good reception from the government. And we could actually see the debate between the Minister of Finance and also the development of natural resources fighting amongst themselves because we have provided data, we have provided facts and not speculations.

So from there I think there were quite a number of lessons that we had learned. One, the Minister of Mines admitted that there were mistakes in signing these contracts until they had done a better job. And the Minister of Finance was also actually quite receptive of the findings of the outcomes of the results. And they actually needed more clarification on yields. They actually told us that we have only focused on the nearest to some countries, that there was no this law, there was no that. And also research was reduced to that. But more economically --

MS. MUNILLA: More slowly.

MS. NKHONJERA: Sorry. So in details, what does this mean? Can you draw an economic analysis so that we can see the differences between the two? So that was like additional work that was given to Oxfam. And we actually took the positive point and to ask if it was an opportunity to show that indeed civil society, if you give them data, if you give them a chance, they are able to bring out credible information that is going to shape our policies.

So eventually we did that economic analysis. And from our analysis we found out that the model Petroleum Sharing Agreement that they were signing, they were actually rather over ambitious, they were not going to be realistic for the companies. But rather than this they were going to bring more revenue for the government, and then it was not going to make any economic sense.

On the other hand, the same contracts, they weren't just signed a few days before the elections, they were also very generous to the companies. Meaning that Malawi was going to lose out. So you can see that already there was some struggles that if we go for an expiration, most of it is in Lake Malawi. Lake Malawi has livelihoods for a number of people, so if you're negotiating then you have to negotiate really a good deal that we should maximize revenue generation from it.

So just to conclude, our analysis showed that the same contracts were too generous, the proposed terms was also not very good, but throughout we needed to come in between. And also even though the government said that they were renegotiating the contracts and they give us the terms for the renegotiation, they were also not very good in a sense that in some if you look at oil being found in deep waters, yes, it was not going to make business sense, in shallow waters making they would make some profits.

So just to cut the long story short, we proved to the government that you don't have to rush in signing it too because you can easily be taken advantage of. But rather take your time, put your house in order, and then you negotiate such important deals which are going to affect us as a nation. So maybe for now let me cut it there.

MS. MUNILLA: Thanks, Elyvin. So unfortunately we don't have a lot of time with Elyvin to unpack that story, but I hope in your questions we can unpack it a little bit more. We have heard more details over the past couple of days, and I have a few follow up questions for you when we go to the other round.

But let's go to Barnaby. So we know corruption is alive and well in the sector, growing more and more sophisticated, especially as we make more data transparent, corruption adapts. And Global Witness is specializing in shining a light on these dark places.

So we've heard how important it is to have transparency on contracting and independent oversight of deals before they're made. But can you speak to how extractive data was used to close corruption in Nigeria's OPL245 case, and some of the lessons and outcomes that you've learned?

MR. PACE: Sure. So as you said, Isabel, the extractive sector is believed to be the most corrupt sector on the planet. Now from my opinion that's EOECD, we have concluded that.

Extractive industry corruption is complex, they're international, deals most of the time investigating criminality in that sector is very challenging. One case that we've been working on, as you say, it has been around this one oil deal for a massive Nigerian oil block with OPL245. It's an offshore oil block off the coast of the Niger Delta.

And essentially the deal boils down to a $1.1 billion payment in 2011 made by the international oil companies Shell and the Italian Oil Company ENI, in exchange for the rights to this license. The companies claimed that this money was going to the Nigerian government at the time. In fact the money was never going to stay with the Nigerian government, it was diverted, dropped into private pockets of a company that was anonymously owned called Malibu Oil and Gas, a Nigerian company that turned out with not terribly much investigation to be owned by Nigeria's former Oil Minister, who had given the block to himself and his cronies, including the former President's son at the time, and others.

So that first stage is quite illustrative. The classic challenge in investigating all white collar crime and, frankly, a lot of other crime these days as well, is finding out who really controls corporate vehicles, piercing the corporate veil. Happily, beneficial ownership transparency is now in place in the UK, coming on line throughout the EU, and actually just this week the House of Representatives here passed a bill that would create beneficial ownership transparency for US companies. The US is not least of the problems with anonymous company ownership.

The Shell mainly denies knowing that this payment was going to Dan Tacka this former oil minister. But we were able to publish leaked emails over the years that showed that senior executives at both companies were fully aware that their payments were going to this former oil minister. Who I should mention as well, at the time was also a convicted money launderer.

What has been established since then is that out of that 1.1 billion payment, according to prosecutors, $522 million was turned into cash and used to bribe Nigerian public officials, including allegedly the President, the Oil Minister, the Attorney General, and others.

To put that in some context, if you had $525 million in cash and you had it in hundred dollar bills, so the most efficient way you could do it. It would weigh over five tons, just in cash.

Now we've taken this a step further over the years working with our partners in Nigeria and Italy and the UK, to look into the business advantages secured by these companies. Not only did they secure this incredibly promising oil block, but at the terms on which they became a back lot are crucial. And we were very lucky to be able to work with Don and his team of analysists and get hold of leaked copies of contracts, the company's own evaluations and development plans, things that are nearly always secret. In Nigeria actually even just contracts are almost always secret, even model contracts are nearly always secret in Nigeria.

But we were able to analyze those contracts to show that compared to the standard oil terms in place in Nigeria at the time, this contract gave effectively $5.8 billion in projected tax breaks over the lifetime of the block. And to put that in context, that's twice the Federal Health and Education budgets in Nigeria combined. And that's in a country where one in 10 children don't live until their fifth birthday.

So this is an incredibly important, massive deal, and we've been able to use tracking of where the payments were diverted, beneficial ownership, contract analysis, to try and shine light on it. Those exposés over the years led to criminal investigations in at least six jurisdictions, including here in the US, Italy, UK, Netherlands, Switzerland, and Nigeria. And has led to a massive criminal trial currently ongoing in Milan where Shell, ENI, and some of their most senior executives, including the CEO of ENI, the former number two at Shell, Dan Tacka, former Oil Minister, and others are standing trial on international corruption charges and face seven year jail terms, unlimited criminal damages as Nigeria is also suing for the company's role.

I should say that they all deny wrongdoing, all defendants in the trial are pleading innocent. The other officials who have not been charged, such as Nigeria's former President, have denied wrongdoing in the case.

This does, however, raise serious questions about how law enforcement can use this data, how well resourced these agencies can be. In this case it's a positive example. We don't know how many more are out there that we've never caught because we didn't have the data. Even in this case we've relied on leaks and on reporting before the data became available. But this case has been crucial in opening up that space. When the European transparency law went through the Parliament there the closing speech was saying that the European law has to pass the OPL two for five test, had to provide exactly this kind of transparency to expose this kind of deal.

So it's been really powerful in opening up this space. And ultimately we can't assume transparency automatically leads to accountability. As Danny was saying earlier, zombie data is a real thing. You have to analyze it and it has to be put to use. And ultimately we're only going to have a cleaner system where systems get better deal and companies are deterred and can be held to account by iconic cases where people are made to answer for the deals they have done.

MS. MUNILLA: Thanks, Barnaby. I think what's also just one commentary on this. I think it's worth mentioning that the first public mention of this case was around --

MR. PACE: 1998 is when the block was first allocated, and it was rumored that this Oil Minister was the owner of the anonymous company within a year.

MS. MUNILLA: And so just a personal story. In the time that they were investigating this case, I was leading the Publish What You Pay United States coalition, we were in the middle of advocating for Section 1504, a US transparency oil and gas transparency law, but also the implementation of regulations, Shell and Eni were not helpful in that process. And what's interesting is that one of the arguments that we heard from the opposition to this law was that we've got plenty of anti-bribery, anti-corruption legislation, and it's effective.

So I think one key message for us during that process was that you have very visible listed US companies, not that long ago, when we have existence of the Foreign Corrupt Practices Act, taking these sorts of very obvious risks. So it gives you a sense of the holes within our anti-corruption legislation that companies will work through.

So thanks very much, Barnaby, we'll come back to that in just a moment. So Maryati, you and I know each other for a long time. I think it's worth noting that Maryati has outlasted two Indonesian governments and seven National Resources Minister. So I would encourage you to check out Publish What You Pay Indonesia's work, their website, they are a force to be reckoned with. So, really, pleased and honored to have you on this panel.

So let's turn from contracting and licensing to monitoring and protecting revenues to be invested in local development projects. Indonesia has a rich experience with oil and mining booms, and these booms drove the tension, and the revenue sharing inequity is between national and subnational governments. But then hope to drive the decentralization reforms that were so fundamental to the history of the country.

Could you talk about the innovation in the district village funds that emerged from that period? And share a few examples of where you've leveraged that innovation to follow oil and gas revenues and increase their accountability?

MS. ABDULLA: Thank you, Isabel. I would agree with the context of the corruption, which is along with (inaudible) in this respect.

As you know, in Indonesia we already phase out from oil boom, but we still have abundant of natural resources now, with also tin, copper, and also gold and nickel as well. If you're talking about investigations of corruption, I am talking about prevention side. Because from transparency will Indonesia be a EITI member from 2010 and then we using data from the EITI we do analyzation with the production and sales data, and we also are working with the ministry and anti-corruption commission in the preventative side. We do coordination and supervision with the providential government in the mineral and coal sectors.

So this one case of using data, we do without it because we already have some from 2009 and 2012 the booming of licensing on the mineral and coal use, almost 11,000 of license. If loans by the South Asian government because we have some disassociation on licensing as well.

And then through this ground checking, and also we check the revenue tax and we check their compliant level of the payment to the governments. And also post mining, the rehabilitation from 2014 until 2018, government report about 6,000 license, which is non-claim and clear. Why non-claim and clear? Because there is a lack of due diligence to give license. And also provincial and local governments, to some instance, they are involved in the what they call it, like bribery in the licensing and also the political experts person of a government who give license, and many other models. And this is the one story in the mineral and coal.

Let me jump to the oil and gas, in terms of the revenue. With the concept of because oil and gas following the (inaudible) we just wonder when the revenue coming down. The national and sub-nation, particularly for the sub-nation, producer for this district, they already used money. And they supposed to be have a big capacity to firms. And also what happened is they kind of spend the money itself, so this is the situation from the district level.

Coming from transparency we do technical analysis and also conversation building with the local community and local governments. And when we opened the contract of PFC we can see this clear of government interference conducted by the government and other thing. But we cannot find and access the information and product on cost recovery. In terms of cost, why local government and community need cost information because they need to predict how many money will be going to the district, lead to the local budget and other financial system arrangement and other things.

But until we now we can't access the cost recovery, but through the simple audit of the central government, some of the costs maybe we can access. And then so we still trying to open the cost recovery in the EITI report.

But another thing, in terms of the innovation, some of the data not closed it not means that we cannot do anything, but we can do innovation. Because we admitted the model of the revenue sharing to the first level. From central to sub-national to the provincial and district level we create a local regulations to (inaudible) a certain percentage of money from district to the first level. This on the main area of right use and will have the location of the revenue itself. Like in recognition of our district and also in Falala, one of the rural province where Falala is being the top 10 district, resource district who receive money from oil and gas in Indonesia. And because we are working with the champion, with the community and local governments, so the formula, the formula of revenue funds also coming from oil and gas.

Yeah, I think that's kind of the -- with the concept of not just creating a formula of revenue sharing to the first level, but also we need to make sure the patterns and also the allocation of the money from oil and gas going the right way. We working with the local government to make sure the income development plan as in the concept of oil and gas accessibility, especially in the district level, we put when the big production, for example in the period of mid-term five and long-term 25 development plan in the district level, what kind of indication about human development quality that we wanted to achieve. That's the one thing.

And the second thing is we wanted to achieve the number of human development index, what should be developed in terms of infrastructure, in terms of education, in terms of health and other thing.

So the one case in Falala is the number two poorest district among 12 district in Riau Province. Riau Province is the richest province of oil and gas in Indonesia but the Falala is the two poorest district among 12. And local governments setting the tone in terms of how many percentage of property that they wanted to develop and what kind of program development they need to build to this village fund. Thank you.

MS. MUNILLA: Obviously you can see Maryati has a lot of experience to share. And I think some of the really innovative work that they're doing to really look at the local level, look at human development targets, and try to match the revenues coming in with those targets, and look at all the different innovations that have been brought in through the decentralization process to make sure those revenues are going the right direction. Also I think I know there are a lot of folks interested in your work on cost and cost transparency.

But I think moving to our colleague Don Hubert, who specializes in looking at revenue risks. Don, you're the President of Resources for Development, and it's a consulting firm that Oxfam and other colleagues have worked with for many years now. And you provide civil society with industry standard economic analysis and revenue forecasting advice. You've got a long history in Mozambique, and offers an important cautionary tale why transparency is so important.

Maybe you could talk to us about that case and some of the lessons that you're learning and what you see coming ahead.

MR. HUBERT: Thank you. And it's a pleasure to be here. Mozambique's a fascinating country, I would say that. But it also draws out some important lessons I think for the wider sector and the kind of analysis that we are all engaged in.

The extractive sector is a capital intensive sector, and any time you read that you should read, no jobs, very few spinoff benefits. The prize for governments and for communities and for citizens is ultimately in revenues. We need to make sure that the sale of non-renewable assets ultimately can be converted into human and social development.

Many of you are familiar with the resource curse, and one of the prominent dimensions of the resource curse is it was first articulated maybe 15 years ago, was too much money too fast. And we can find a few places where that's actually happened, but in our work fairly systematically we see too little money coming in too slow. And Mozambique's an example of that.

So in 2010, 2011, there were stunning natural gas finds offshore in the north of Mozambique, the Rovuma Basin. And there was a very quick assumption that this could be turned into huge government revenues very fast. There was a cable from a US economic analysis back to the State Department that said, and I quote "By 2014 experts suggest that natural resource revenues could outstrip foreign assistance." Well foreign assistance was 2.3 billion US dollars that year. And I can assure you that natural resource revenues have not gotten anywhere close to that to this stage.

There were a series of revenue projections then that were put out that were very optimistic. And I'm going to talk a little bit about those in contrast to our own work. But those revenue forecasts fueling this sense that the money was just around the corner, played a pivotal role in the debt crisis that has crippled the economy of the country. $2 billion borrowed on the European Bond market, with the assumption that this could be paid back quickly. And for those of you who followed that debate, the first of those bonds has just been renegotiated with payback starting in 2029 and 2030. So that gives you a little bit of a sense about what I'm going to say.

We undertook a study for Oxfam, we've done work on Mozambique for seven or eight years now. But we undertook a recent study for Oxfam that will be published soon, about the first project that has reached final investment decision. And it's a floating LNG project that will be led by the Italian Oil Company, ENI. The same one that Barnaby had mentioned. In terms of data, happily Mozambique has published the contracts, and so most of the fiscal terms that we need to know are in the public domain.

I would say just as a methodological point, that if you want to understand projects you have to do comprehensive project economic analysis. And this means you need a lot of data. This is our day job, it's what we do, and like other industry analysts, we have lots of ways of finding that information. But it's very challenging in a lot of cases for civil society groups because as was mentioned, for example, cost data is often not easily available.

So what were our findings on this study? When we benchmark these kinds of deals, let's say, we look really at three things. What's the government take, how much of the share is the government going to get, when do they get it, and what are the risks that actually those revenue forecasts really aren't going emerge because of corporate efforts to minimize taxes?

On the first point, the government take, I would say is comparative low. But that's not a huge problem in the case of Mozambique because the size of the resource is so great. If you are selling vast numbers of something and your profit margin's a little bit lower, you can still generate a lot of money.

Much more worrying is the rear-loaded nature of these contracts. And this is the ultimate finding of the study. That although production will start probably in 2023, revenues don't become really significant until sometime in the early or even mid-2030s. That's a long time to wait for revenues. And there are good metrics for analyzing the timing of revenues, but it's an under analyzed dimension of what we might call a fair deal.

And then finally when we look at the question about risks to those revenues, one of the concerns we have is that when we look at revenue forecasts that have been generated in the past and we correct them for commodity prices, which of course you have to do, governments rarely get what they should or what they were expecting. And the reason for this is that there are many pathways to revenue loss, it's an area of interest, and with Publish What You Pay, I wrote a piece called *Many Ways to Lose a Billion,* which tries to articulate exactly those dimensions.

So let me just draw a kind of higher level conclusion here on what's going wrong. The Australian Institute for Minerals and Metallurgy, or Mining and Metallurgy, did a study of feasibility studies. And you won't be surprised to hear that what they found is the companies systematically overestimate how quickly they can produce and how much they will produce. They overestimate the price at which they'll sell it, and they underestimate the costs that it will cost to produce.

Now you do not need a Ph.D. in economics to know that that set of scenarios overstates profitability. And the same thing happens with governments, with one big exception, which is that they have a whole set of tax rules that they also have to factor into their analysis. And those tax rules often have loopholes that usually aren't built into the front end of revenue forecasts.

And I could go into details on each of those different elements and show you why the early revenue forecasts were so bad, are so inaccurate, and I say that cautiously because we're predicting a future that is unknowable. But there are certain patterns, there are certain systematic elements that are knowable. So it's not a great assumption, for example, to say that Mozambique will be able to develop an LNG sector faster than Qatar or Australia. That just seems to me to be a bad assumption. And it's probably worth taking into account when you pick a future LNG price that you're doing it in a period right after the Fukushima nuclear disaster, and that LNG prices are at an all-time high.

And similarly, it's a good thing to read the NXC of the production sharing contracts and to find out that the financing has no restrictions and is cost recoverable. So big loophole, it's going to cost the government billions.

So these are predictable elements and we should factor them into our analysis. Because revenue forecasts can be dangerous things. Bad revenue forecasting, I strongly believe, fueled the debt crisis in Mozambique, it gave them confidence that the money was just around the corner. And of course if the money's around the corner but it's not quite there yet, how do you monetize it today? You borrow. And even the borrowing, I believe, was actually a fairly predictable risk that should have been taken into account.

So I'll leave it there. Thank you very much.

MS. MUNILLA: Great. Thank you so much, Don. Great. A lot for us to chew on. Okay. So in terms of timing, we're pretty good on time. So we're going to go back to our panel, another round. You've heard each other's presentations as well. I know that there's more that you could share.

But maybe we'll start with Elyvin again and we'll just go around. And what I was hoping you could talk about, you know, what have you learned? You know, what are the lessons that you're drawing from your experience? And anything else you'd like to comment on on what others have said here.

I'm asking folks to have five minutes each, and your time will be noted right over here by me. All right. Elyvin.

MS. NKHONJERA: One of the most important lessons that was made in this is that it's very -- for a long time I think we were prepared to ask people, we do ask for information, but if you just ask for it, very simply ask for contract transparency, if given then we keep them in our, I mean on our desk related together, that then we are not proving a point on why we should be giving information.

So let's move away from just asking for information but focus more on what you do with that information. So for us in this case we ask for the contracts, we analyze them, and then we reduce the loopholes.

And secondly, most of the times we also focus more on giving recommendations after we have done our analysis. But I would say that our lesson from this is that focus more on the facts and implications discussed together and light giving recommendations. Because mostly when you're giving recommendations they feel like you already had decided, that study was already, I mean diverting towards that direction.

I'll give an example in this way. Our conclusion from the contract analysis was that let's cancel the contract, that was the best recommendation that we'd give. But what would that recommendation have implications or what would be the implication? The implications of that, there were quite many. One as the government, we were also exposing our government to lose money that they were not even sure that they were going to have. Because this oil exploration was just explore, we're not sure if we have the oil or not. We've already made a mistake by signing bad contracts. But if you recommend that no, let's cancel them and tell the companies and there's nothing good for Malawians in that organization, also just promoting inequality.

So what we did, as I said, we just presented the facts, and in that room as the SMU were debating together. The EITI, the working group, we were discussing that how do we move out of this state? So anyway, we were able to overcome that, we were able to pass through that because one of the contracts for block number six, that was also signed, the company has decided to relinquish the block because they are not sure of the find, if indeed oil is there. So it saved us from making the government lose money. But on the other hand they are glad they are being out of this. So that's one of the base outcomes.

And then for the other two contracts, they are still not sure if the company is proceeding, and also the company, because our analysis showed that in different scenarios the company can lose. It's also the company that is pushing the government that we should have the contracts renegotiated. So I still want to focus on that. I mean to emphasize on that that recommendations sometimes face this matter, let's give facts and details and less on recommendations, and together we come up with recommendations.

And secondly or finally, also be patient. Most of the times when we have that, we have findings, we want action to be taken right there and then. But through this process we have learned that patience is one important key, especially if you're influencing policy.

MS. MUNILLA: Excellent.

MS. NKHONJERA: Thank you.

MS. MUNILLA: Thank you. Over to Barnaby. Your reflections on what you've learned.

MR. PACE: Sure. A couple things. So one thing is the time and resources that it takes to get to the bottom of these issues. I've been working on this specific case for seven years, Global Witness has been working on it longer than that. Again, there are OECD statistics that say the type anti-corruption case takes on average seven years, which at times I would say is optimistic.

So we've started getting some of this data very recently. Payment transparency data from the EU we've had for a couple of years now, two, three years. Beneficial ownership's just coming in and is still very much a developing thing that there's still flaws in it and loopholes that need to be filled, and we'll be getting the hang of using it. Things like contracts are still wildly unavailable in most parts of the world, even as the standards have improved.

Don't expect the next day after this data becomes available that, you know, the massive scandal breaks. It's going to take a lot of time and a lot of work and a lot of upscaling to be able to understand, analyze, and find what's gone wrong there.

That said, another thing I've learned over the years, it's often worse than you thought it was. One might be quite cynical about these things, but I'm shocked really frequently about how brazen and how bad the situation can be in the case of major corporations that you'd think were very sophisticated, very risk averse, major, you know, economy leaders, I'm still shocked by.

I mentioned earlier we published leaked emails from inside Shell that were leaked to us. And it showed clearly that their most senior executives were briefed that the money they were paying was going to go out in bribes. This was written in formal briefing memos ahead of phone calls and after meetings and so on. And we've got a copy of the report outside so you can read verbatim some of those emails in there.

I was shocked when Don came back from the findings from his modeling on the contracts after we were able to get ahold of them and pull us all together and upscale ourselves enough to ask the right question of what's gone wrong here. And coming back with these figures of multibillion dollar loses compared to previous deals and a competitive standard deal. I was shocked.

I was shocked when I saw letters from civil servants saying this is highly a prejudicial deal with the interest of Nigeria, written two weeks before the deal was done, by the most senior civil servant in the country. And yet they were ignored. This still shocks me.

And I think that it is not a unique case. I think it is certainly a big case, it's a major case, and it's the largest corporation corruption trial in history as far as I can find out. But that doesn't mean it's unique. This has happening in other places with other companies, with other people.

The last thing I'd say is that I think we're here talking about Africa in theory, in the title. But actually this is a massive issue all around the world in every resource rich country. And that's not just Africa, it's not just in South Sahel, it's also in the US.

The US, of all new oil and gas production in the world for the next decade, over 60 percent of it's going to be in the US. Which is a massive issue from the climate perspective because the research shows that we can't exploit any of that and keep it in one and a half degrees. But it's also a big problem because the US does not get a very good deal from its own oil and gas.

You know, we've gone around and shouted about how Nigeria should have gone 60 or 65 or up to 85 percent of the revenues from that oil deal, and this loss is, you know, tied to a criminal case. The average in the US for the US government revenue from oil and gas deals is in the 50s, in the 50 percent. So actually this makes a difference here and in the UK and in other resource rich countries in the north, and this is not merely about what the problem is over there, this is about our corporations working here and our natural resources here and the decisions that are made that are impacting on the whole world with whether we should be moving forward with those kind of projects in the light of issues like climate change.

So I think there's broader prospective than sometimes we allow ourselves to think about.

MS. MUNILLA: Thanks, Barnaby. I think that that reality check is always very good. We're always wanting to celebrate the advances we are able to make in this situation, but we need to remain vigilant, and actually a little bit cynical because this is not focused on one region, it's worldwide, it's a pattern, a systematic pattern of behavior.

Could we go to Maryati?

MS. ABDULLA: I think it's starting from the contract and also starting from going to the detail on the debt by making our local government and also community trying to improve the leveling of asking of transparency. In the beginning they are asking why are this level just received six this persons from the central government and many things, talking about personage. But up until we read the contract and trying to do how the formula and how the money going to the district, we are talking about oh, there is a miss of cost and many things.

And I echoing with Don talking about a modeling. It is interesting because I think it provide more option for the government if they wanted to work how many new project of infrastructure or they wanted to borrow or not. As well as they know the consequences itself. Because they can predict, for example, the very important thing, the local community and also the local government, they can predict how many money they will get. And also how many risks they can maintain. Because the availability and other in terms of the oil characteristic.

And in this as a lesson learned, I think this is very important why project by project level working in the ground. Because we cannot ask a small Africa debtor if local government wanted to do projection they need the authority from the central government because in this Falala case, for example, there are two blocks by state company and other organizational company. And in original there are two or three, but company and China and also Exxon. If we didn't get this aggregate back they kind of do project for its block. They just do very general, this is like similar from the national budget, from the state audit, and also other information. There is no appeal ability from this endeavor.

And I think true that the transparency to the debt, this isn't so clear a title. And to some extent from the dialogue process, from the trying to facilitate building to improve this scale and also to see how high the risk, how much money they need to maintain, with also how expectation of the community in terms of the money and other things. It's also try to thinking about the innovations, because in this case of civil funds, it the normal public management financial system because, and this district level, the regions they have space of discretion of policy on either or low on civil fund, so they thinking about why we not do benefit sharing for more base on the community and feel it in surrounding mining and surrounding wellhead producer block and other things. I think this is clear innovation.

And the last my lesson learned is also working in collaboration with the civil society. We send in the nation in Chicago, it's very far from Riau, a two-hour flight, and also four hours to road. But the very important modality is local partners. Civil society and also community center. We also accepting the community center not like civil society, very organized, but also community they are women, they are farmer, they are also all men and also religious group, and other thing. Also indigenous people.

So this is the interesting that we need to be working with. And when we didn't have time and also energy to continue in this effort because this fuel funds from oil and gas tapping is done in 2017 and now we are already in the third year, we wanted to see how the impact of this kind of innovation to the local communities.

MS. MUNILLA: Great. Thanks Maryati. I think those lessons are so crucial. I mean especially, we'll talk more about this, you know, to segregate it project by project, date of payments, contract, it's so crucial for local governments that are trying to do financial modeling to predict the timing and volume of revenues, that's fundamental. And the idea on data creating dialogue to find innovations, and the collaborations with civil society, indigenous peoples, women's rights groups, as being crucial in that dialogue. I think these are really important lessons.

Don, could you talk to us about lessons you've learned?

MR. HUBERT: Yeah. Thank you. I'll cluster them around three ideas, and I'm picking up many themes that have already been there.

And the first one, and it may seem strange with the title behind me, but I worry about the word "data," because we have increased our sophistication and we no longer talk simplistically about transparency leading to anything. Data being set free doesn't do work on its own. We have to talk much more about knowledge and analysis I think.

And just as a kind of an analogy, I was doing a presentation a couple years back and I was thinking, you know, if we think about the public health world, no one would ever take raw public health data and put it in front of civil society or communities and have them figure out what they should do in the health sector. But we do that in the extractive sector, and it's strange. In most fields there are established methodologies for analyzing raw data and for producing actionable findings. And the big part of the work is to develop a cadre of effective consumers of that knowledge who can then move it forward in a policy debate. And I think that we need some kind of a similar kind of theory of change in the work that we're doing.

I strongly believe, and this is echoing several of the comments, that that analysis needs to be done at the project level. We work for a bunch of governments, they frequently say "We've got a problem in our sector, no one is paying corporate tax." And I say "But actually some are paying corporate tax and others aren't. And if you don't know the difference between those two you've got a real problem. You've got to understand the projects." And we've got probably 20 case studies, of which probably half of them are on the public domain on the website like the ones we've been discussing here.

Second cluster of comments then around the importance of contracts. Because obviously I'm delighted that it's become part of the EITI standard going forward, delighted about ResourceContracts.org. But I think many people who do this work still don't understand the fundamental importance of knowing the deal. If you don't know the deal you can't do serious analysis, you can't make any sense out of revenue payment data because the payment data only comes because of the fiscal terms that are contained, in most countries that I work on, in contracts.

And let me just make a comment about how important just transparency is. And I'm actually going against myself here in one small way in saying that transparency on its own actually works on contracts. There's a clause in the Malawi contract that says one year after the effect of signing date of this contract, the government will negotiation a reduction to the corporation income tax rate. Period. That sentence cannot survive being in the public domain. It's crazy. I never imagined that I would see that in a contract that was signed in 2014.

The OPL245 contract could not have survived the light of day. Secrecy in Nigeria is a disaster. In fact the tax authority doesn't have a right to see the oil contracts in Nigeria. Shocking.

We're doing some work at the moment in Congo-Brazzaville, which let's say not noted for high levels of governance. But all of their contracts are published in the National Gazette. And whatever the problems in that sector, the problems aren't in the contracts, mostly.

And then a last comment, that we live in a data poor environment. And I think sometimes we do a disservice by talking about the billions of dollars that we're capturing in the data sets. And I mean I'm partly guilty of this. Within our GI we published a piece on contract disclosure, and we tried to make it a forward leaning report to show that there's an emerging norm. But of course if you really care about oil revenues in Africa, you want contract transparency in Angola and in Nigeria and in Equatorial Guinea. And if you're looking to new producers you want it in Tanzania or Kenya or Uganda, and we don't have it in any of those countries.

But it's not just contracts. We need the project economic data. And I really feel at the moment like we can analyze the projects where we can find the data, but in many cases, those aren't the projects that are the most important to the countries that we're working in.

There's a report that's going to come out on the Dominican Republic, which is a very unusual alignment, the best public domain data I've ever seen, and it's a $4.5 billion mine, one of the largest gold mines in the Americas. But very rarely does that happen. It happened on OPL245 as well. Why is that the case? Because of all the lawsuits that were out there that collected all the documents and then very clever and effective people like Barnaby and his colleagues who find ways to tap into, let's say informal disclosure. I'm a big fan of informal disclosure.

But just a final comment on even in very challenging circumstances it is possible in some cases to do really interesting work. We did some analysis for Transparency International, trying to demonstrate the value of data being in the public domain. And we scoured 700 producing projects that were reporting and we tried to winnow it down to ones that we could actually say something really interesting about.

And one of them, and I'll just close on this really quick example, is Equatorial Guinea. So I got in touch with civil society, people who work on Equatorial Guinea, and they laughed at me. They said there's no way you'll ever be able to do anything on the oil sector in Equatorial Guinea. But it turns out that TELLO not only reports under the EU directive for an oil block in Equatorial Guinea, they also provide pretty decent broken down production data.

And then it turns out that HESS was a partner in that same oil block, and they also had good production data, and even a little bit of cost data. And then you go to ResourceContracts.org and it's a hard slog, but you find out that SAFFA and OCUM, the two oil fields, are actually in what used to be called Block G. And Block G used to be held by an American company named Triden, who put it on the US Stock Exchange. And when I was helping find those early contracts, we found it on the Edgar System.

So suddenly in one of the most opaque countries in the world, you've got a contract, you've got production data, you got revenue payment data, you got a little bit of cost data, and you can start to put together the story.

And we published it, and I think that for the community there's still a strong push towards showing that there are weaknesses in the reporting requirements, and that was the emphasis that Transparency International took. But I think it's an early example of how you can start to force a degree of, certainly not accountability, but at least exposure in some very dark places.

Thank you.

MS. MUNILLA: Thanks, Don. Okay. I think we've got a lot to chew on for our Q&A. I'd like to take two or three questions and we'll just do a few rounds, as many as we can. I think we've got 20 minutes. Okay.

Could I get two or three questions from the audience? Here and over here. Please introduce yourself.

MR. COULIBALY: And so for those who joined late, I'm Brahima Coulibaly, the Director of the Africa program. I want to underscore Don's points and is consistent with some findings in our research that's going to be published next month.

There's consistent tendency to really overestimate the size, and then to underestimate the timing you start getting revenue. And what's worse is when government begins to act on that and began contracting around that. As in Mozambique, we've also seen in in the case of Ghana.

I think from my development as a think tank, we've very much interested in this area. So my question to you, who are sort of advocates, is, where do you see the research gaps that can be most useful in advancing the agenda in this sector? Because by our independence rules we can't be advocates, but we really much are permitted to impact of what we do. So if you can share with us your views on where research can be most useful, that would be appreciated. Thank you.

MS. MUNILLA: Great question. And here in the second row.

MR. SIMON: Hi, I'm Will Simon, I work for Research for Common Grounds, a non-profit. And my question is sort of broad. It's whether given all the potential for corruption that you all talked about, given all the environmental risks, as well as the potential harm that can come to communities most directly affected by mining projects, I'm wondering whether you all think that mining is still an area of development that governments should put time and energy and resources into developing. Whether it's sort of going forward will bring net benefits to governments, or whether they should redirect their efforts elsewhere.

MS. MUNILLA: It's a great question. Thanks. And I think we have Macasas in back. Just one more for this round and then we'll go back to our panel.

MR. MACASAS: Thank you very much. Randum Macasas is my name from Zimbabwe. Two questions. 2009, realizing that Africa is not getting a fair share of development dividend from the section of resources directed to the African Mining Vision. We are here talking about what ways we can improve, our resources can be managed, but I'm not seeing any interaction with the policy document that the African Union adopted because it would also be good to tie this conversations to influence policies to say, yes, we are doing this and we are looking at what is their benchmarking, what is the African heads agreed to. So I think that's something that we also need to do as we discuss this conversation so that we don't create a parallel policy framework which will not be listened to by some of the African heads of state.

Then the second is about, yes, I agree in terms of we need to do more to fight corruption in modeling, but from my experience, even the little that is coming in is not being put to good use. So how do we balance that effort of saying let's look out for more revenue, but yet at the same time isn't that sure that if we get more it can translate into more gains.

MS. MUNILLA: Okay. Thank you, Macasas. Okay. Maybe I'll start from the end over. Barnaby.

MR. PACE: Sure. Thank you for your good questions. To combine your research question and now is mining and extraction a good target for development. I would say that, you know, extraction is going to happen, especially mining. There are so many types of minerals we need for all these products, and extraction, even on things like fossil fuels, is not going to end overnight even if we need to transition in that direction.

And how the energy transition, how the change in demand for minerals is going to alter our society and alter these economies I think is the most pressing issue of our times.

I don't feel in a position, and I think it's very hard that someone based in a wealthy new order country that has benefitted from the industrial revolution and the fossil fuel boom, to go to Nigeria and say "Don't explore your oil." Because there is an urgent need for money for development. However, they need answers for what they're going to do instead. Because ultimately fossil fuels is not going to be a solution to the development problems in those countries.

And on the other hand, some of the minerals and some of the products we need for the interim transition could be, if we correct the mistakes of the past, a useful rich development. And I think it's going to happen to us, circumstance, so let's make sure it's not corrupt and its good deals. And that's why this transparency and accountability is still so important for so many issues.

To fill in just one gap as, you know, to where this money goes, is it doesn't stay in the country, right? It flows out, and it flows out to places like New York, Washington, DC, London, Paris, all these other places. And so one of the key elements that we haven't mentioned is making sure that we don't provide safe havens for corrupt money. If you've stolen a load of money, you don't want to stay in the place you've just stolen from. Usually the hospitals are pretty crap as well, and you want to send your kids to better schools and you want to live in a place where that money can't be taken back away from you. So you go and you go to London or you go New York and buy nice houses and yachts and aircraft and all the rest, and the fight against that is still very much a work in progress.

The US is passing things like beneficial ownership legislation. It could be a big step forward in presenting that illicit money flowing into places like the US and around the world using US companies. And I think that's an angle that people in this room and people in the global north can work on to make sure that the culprit, wherever they may be from, can't enjoy their wealth in comfort elsewhere. And it deters that theft in the first place, hopefully.

MS. MUNILLA: Thanks. Maryati.

MS. ABDULLA: A very good question, and also I wanted to start from the last inquiry. I think in terms of the document or also policy reform that we need to influence I think in the downstream on spending side. We need to influence and also make sure to make some development plan in the district that is quite good, and also long term for the 25 or more than that. And also to calculate the oil available to the immediate development plan, because I see many district level they didn't do that. And this is very serious.

And secondly, in the policy reform, in the policy when like development planning and budget, we need to put under the risk thing, so how to mitigate the waste of oil in the development plan.

And the second question, in terms of the potential risk of corruption and violent impact and also resistive. What I think whether the government, also the authority in the country see this as I think we need to be careful. We need to be careful and rationale. We have many country that have constitutions. The theory or the concept of the natural resource is owned by the state and also should be a benefit in the people. So make sure the policy framework can mitigate those risks, mitigate the environment, mitigate the corruption, and also mitigate the misspending because this money coming in fast and also going fast, our focus is on corruptions. But the authority is the democracy, and the political system and institution system in the country is not quite good. And also the specific participations to monitor the independent of anti-corruption institution also be the one thing. So that's more issue now.

And secondly, because this is, I see in many level this is a trap. I think it's very difficult what kind of trap or how to calculate the risk, how to maintain the risk, and also the very important if the political in the local and also how to maintain the expectation of people in terms of the mining, in terms of the oil. This is very important.

The research gap, I'm very interested with these questions. What I see, I think more on the political economy research, how to set things in the decision, not just on decision on to running the development itself, but also the good governance in the country level because this sector in many of these countries, and also our region, they are very near with the problem on transference on account of the political economic relations. So I don't know how the research can be more focused on accommodation to strengthen the institution of political economic subject in the country level. And in the community and sub-national, I wanted to see how this trend role of community and society to be part of the factor in surrounding mining. I mean this is not just a case of capacity, but also how we set the strong rule of the community and so fight it in the ground level because this is very important. I mean in sense of the democratizations and also to some aspect the concept of natural resources as the tools of trade distribution. I mean how the participation, strong participation of community and society in the very ground level can be setting up, be a collective actions to make sure this natural resources is benefitting the people.

Because I see the gap, there are many reasons, there are many innovations if coming from the middle level of governance, you know. And innovation perhaps, but don't leave the community in surrounding mining. Because we see many, many inequality, many poverty, many environmental impact, that directly impact to the people. So talking the people, talking the surrounding the money itself, and also talking the concept of the big economic also. Talking the fifth column and innovative system in the nation, and also regional level.

MS. MUNILLA: Thanks, Maryati. Thank you.

MS. NKHONJERA: I will start by answering the question by my friend from (inaudible). The question is should we continue to mine, looking at all these challenges. For a country like Malawi, which is still under development, the answer is yes. Because it is still developing, and most of our minerals are industrial minerals. And if we can focus on that, maybe that will help us to develop our country. We need them.

But when we do mine? I feel like we shouldn't be like we are in rush for anything. We need to put our house in order first, we need to put in the legislation, the policies that are going to promote sustainable mining. And with that, then we can proceed. And there is actually this common saying that we say in our country that minerals beneath our roads, they never go bad, so you can keep them as long as you want until you put your house in order. So for us the most important thing is that we have the legislation, we have the policy in place regarding our minerals, and they are also promoting sustainable development.

And also just to attempt to Macasas' question about the African Mining Vision, as Malawi, we are actually appreciating both instruments. We have the EITI, we have the African Mining Vision in the present, also developing like the country mining vision. And after a study of taking this, there is not criticizing anyone over the other but we are focusing on both. For example, the country mining vision is the Minister of Mines that is facilitating that, was the EITI is sitting in the Minister of Finance. But we look at these two instruments as something that do complement each other, and if we have this strong instruments, maybe it's going to help develop the country.

And, yeah, those are the two that I wanted to attempt. Thank you.

MS. MUNILLA: Thank you. Don.

MR. HUBERT: Thanks. I mean the research question is a very big one, let me throw out a couple of ideas.

I'd love to see someone do comprehensive research on the gap between what countries expected to get and what they actually get. We know a whole of cases in a lot of detail, and the news is almost always bad. But that's anecdotal. I can say it for 20 cases that I know well.

But I think systematic work would be useful there. I'd love to see someone do an analysis of EITI data that just tell us how many projects or how many companies have never paid profit based tax. Everyone knows the scandals that happen in Tanzania around the gold mining sector, and Acacia, the mine at the epicenter of that controversy, Bulyanhulu, produced for 16 years and was never assessed a dollar of corporate tax.

When I talk to my team I say if that was my project I would cheat to pay some tax. Because a zero for 16 years is socially unsustainable. But there's a data set out there that could be checked.

I'd love to see people do some real work on transfer pricing. I see books written about transfer mispricing without a single case referenced. I spent months compiling what I think is the best collection of public domain cases on Pathways to Revenue Loss in *Many Ways to Lose a Billion*, and I can assure you that it's really hard to find real cases. But real cases are powerful. Like Barnaby's kind of example, real cases of real problems are powerful tools.

I'd love to know why lessons are observed but not learned. I used to be a global policy person, I used to be a Canadian diplomat. And I had a lot of confidence in the power of global norms until I started working on natural resource revenue issues in specific countries. And I have a lot less confidence in those norms now. Even countries like Guyana, and Oxfam has done spectacular work there, and great partners and strong civil society and really good research institutes and all the rest of it, and still only look at questions of debt, it didn't all go so well.

Okay. A quick comment then on mining, and I will spin it to oil and gas. In my less optimistic moments, and they do come around, I believe that the concentration of wealth and power in these sectors makes them, there is at least a risk that they are ungovernable. When I look at the extraordinary success of the campaigners and the rest, and I weigh that up against the opportunities that exist for elites to steal, I would like us to stop using rent seeking as a term. I mean it's theft. And the opportunities for that are great, and the governance and institution mechanisms are weak, and what outsiders can do is often overstated.

The African Mining Vision. I find this a challenging document, because it doesn't talk about tax. I have poured over that document looking to negotiate a really good deal, audit companies to get your fair share. I can find a glimmer in a few sentences. And here I really worry that there's a struggle over discourse, you know. And the discourse the companies want is anything but the money. Right?

We should remember first off that no mining, oil, and gas company exists for oil and gas. They exist to turn a profit. That's their purpose. And they would much rather talk about local content or training or subnational revenue payments and how governments split up their share of the money, or almost anything other than what's going to really hit their bottom line. And it concerns me that for example in the African Mining Vision, I understand the value of downstream spinoffs and all the rest of it. But if securing good tax revenue, good fiscal revenue, from the sale of non-renewable assets isn't somewhere near the center of the government's agenda, I think that they're missing out on the prize.

MS. MUNILLA: Thanks, Don. I'm looking at our colleagues from Brookings. Do a quick time check. We are a bit out of time for questions, and I'm wondering if we have time for maybe a couple more? Yeah? Maybe two more. We're going to have to fight it out. Can we do a couple more? We're cutting into your coffee break, so just so folks know.

I think I saw a hand, the gentleman towards the back. Yes, Daniel, yes, in front of you. And then the lady in red, you three seem to put your hands up before everybody. Sorry, guys. Quick on the draw.

MR. KEATING: Good morning. My name is Michael Keating, I'm with the University of Massachusetts, and I'm also working on a project with the University of Cape Town on how to bring the African university sector into the governance discussion.

But my question is really something quite different. And that is, last year at the Indaba, which is the major African Mining Conference, there was tremendous amount of discussion on the informal sector and what to do about it. South Africa, with the collapse of the gold mining, formal gold mining sector, has seen the emergence of the Zuma as the sort of main revenue producer in the gold mining sector, and there's an estimation that there's a billion dollars of revenue that the government isn't even seeing. So it's passing into the hands of criminal gangs, essentially, that are running these outfits.

So my question is basically for the group is, how do you see the informal sector in Africa? Is it something that government should attempt to control through basically making it illegal, as they tried to do in South Africa, or are there other mechanisms that should be put in place to at least extract some revenue from the sector that can be used for development? Thank you.

MS. MUNILLA: Thank you. I would just ask my next two to keep your questions brief because we're going to run out of time very quickly. Thanks.

MS. COSGROVE: Good morning. I'm Leslie Cosgrove, I'm with Amran Village, a small non-profit.

My question is around transparency and perception. And I know that that's a global issue, but specifically my question is more about Nigeria because I have more experience in Nigeria. All this transparency, which is wonderful, the problem is perception. Perception of the population. And when it starts to get divided by the political issues, the religious issues, the north and south division. Okay.

How do we balance transparency? Because we all think that transparency is going to be the answer to a lot of these problems. But transparency, and we see that here in the United States, okay, transparency isn't the issue if the perception is off balance. How do we deal with that?

MS. MUNILLA: Thank you.

MR. MULAY: Hi, I'm Daniel Mulay with Oxfam. And I'm curious just about an emerging area of transparency that I think is mentioned around costs that I think Indonesia is working toward at the moment. And I'm working if you could speak more to the rationale for prioritizing that, Maryati.

And, Don, you had also mentioned about needing to be both more specific about the sorts of data we use and about the need for project economic data. So I'm wondering how that sort of information might have a real use and a real value when we do those sort of project specific analyses.

And just more generally, we've talked a lot about getting a good deal. But I'm wondering about when we look to secure the revenues after having that deal, how does data analysis really help us to ask the right questions about government's efforts to control costs or combat corporate tax avoidance. I think I heard transfer pricing mentioned a couple of times as well. How does data help to inform our work around that?

MS. MUNILLA: Great. Thank you, Daniel. Again, I apologize, but I'd ask my speakers to be as brief as you can. Hit the questions that you would like to hit. Barnaby.

MR. PACE: On the transparency and division in Nigeria, there are problems, there are obvious problems. I don't think having quality information is one of those problems. Or at least it's not causing a problem rather. I think just as we see here or elsewhere, having really good fact-based conversations help. Whether people chose to pay attention to them is another matter.

And in somewhere like Nigeria, corruption is not a past issue insofar as everyone thinks it's bad, it's how much they are willing to look the other way is another matter. So I think having quality information, having quality journalism, investigative journalism, which is something that, you know, is resource intensive and there's never enough of it to go around, especially in a country with less capacity in their press. But I think the more the better on that. I don't think there's a big downside to having the right facts.

MS. NKHONJERA: In relation to the perception, in my evidence when I see before we are asking the data and community, particularly, it already has perception that this is a big money. So that's the one case. And so how big this money, how big this oil, they need the other thing, there's information and data. And also how significant, just big, but how significant for us, how significant that the information that can we get and also which information can we assess. So those kind of.

And from perception to transparency, I think this is to rationalize the perception is true transparency. Transparency doesn't mean -- so for example when they have a conflict among Central Sub Nation, a community corporation, not only because they live with their own perception. Truth and transparency, they create dialogue. So for example when I do a community scorecard, the citizens see the prospect of the oil well, and through the transparency of emergency and contingency plan of the corporation, this is quite technical. But they see all there a standard of the perfect, and also their ideas from the homeland and other thing.

So they're trying to rationalize the perception. Oh, this is a high risk, this is a big investment, or this is another thing. And also this is also a big risk on corruption and others. So I mean this is trying to create a dialogue.

The second question about the cost. The rationalize of why this is priority, I think this is also not just related to how to mitigate the risk, how to understanding the risk itself because we see the cost. For example if we see the cost, the cost is a pebble of the government take, and also the revenue sharing. But we can see trying to attract the local economy, economy from the community in terms of the cost. And also how companies and also government, in our Indonesian PST, on the procurement of goods and services and also how the one procurement to other procurements, and also how government trying to administer its debts. And also the FCCNS think why it is important we open the debt of cost, and also how they spend on the labor, spend on the social economic, and other things. I mean this is also create dialogue after all.

So for example, how many money are you spend for a community development NCSR. How many money that you, investment that you need to build emergency contingency plans. Because this is very high risk from the people, for example. How you develop the gas emission instrument and other things. So this is kind of many kinds of improvement that we can do to this cost, not just projection the revenue and a cost projection, the benefit sharing, but also man other.

MS. MUNILLA: Thanks.

MS. ABDULLA: Yes. Actually I don't have any response to the questions that were asked, but I wanted to quickly react to what Don responded about the African Mining Vision.

Actually, if you just read the African Mining Vision the way it is worded, yes, you have a perception that it doesn't critically address issues of taxes as you say. But then reading it side by side with the African Middle Governance, it has some very important questions that will help you, that will inform the policies or the policy that you are going to do along the tax lines. So I wanted to say that you mix the two, then it makes more sense. But if you just look at the vision, maybe it has some gaps.

MS. MUNILLA: Do you want to mention, Elyvin, at all, on I think this really important topic of illegality around mining? It is a topic that the Global Publish What You Pay Coalition is talking about. It's hot in most of the countries where we're working, and it's a really tough issue, and I think this is a really important question. Did you want to comment on that?

MS. NKHONJERA: About the informal mining?

MS. MUNILLA: Yeah.

MS. NKHONJERA: That makes sense, with the mining? Okay. Yes. It's quite a very disturbing issue as of now. But for the use, the case of Malawi, I guess as mostly mining it's legal and it's covered in our legislation. But then sometimes the format of it, it's I think a very difficult, it's difficult to control. And they current practice has visions that it is also being influenced by local international -- but it's also influenced by the neighbors.

You find that most of the (inaudible)in Malawi, it's being affected by the people from Burundi, from Zambia, from where. So there's a lot of mixup. It's really a problem that we need to start addressing now. But the potential of this sector is quite good and it's quite strong, and it's somehow in Malawi it's been considered as the way we consider the small scale agriculture. It's a sector that has potential but then it also has a lot of challenges, and it is easily manipulated by the external forces.

MS. MUNILLA: Great. Thank you, Elyvin.

MR. HUBERT: Two quick comments. First on the Artisanal mining question. My view is that it should be read through the lens of health and safety and women's rights and community rights. And not through the lens of revenue. And this is a place where I would draw quite a sharp distinction with industrial scale mining. If you try to tax it you drive it underground, and you create huge vulnerabilities for communities, and particularly for women. I did some work in the artisanal gold mining sector in Kenya, and the stories were really quite shocking. And so I would say regulating the sector and prioritizing health and safety issues, or human rights issues, women's rights issues, is more important than the revenues that can be gained. And I do see those in direct conflict. If you try to tax you drive it underground.

On the question of cost, I would draw a note to a slightly broader context. Revenue payment data is, I think it's almost to say meaningless if you don't understand the production volumes, the price at which it was sold, and the cost to produce it. And certainly if you're interested in the main revenue generators, they're normally profit-sensitive taxes. And profit-sensitive taxes means after costs have been taken into account. And one of the biggest risks that governments face is that costs are overstated. Right?

And it's not just -- this comes down to a methodological question as well because much of the data analysis being done is year by year by year, and we have three or four or five years of data to work with. But the problem is that inflated costs 10 years ago create loss carry forwards that mean that Bulyanhulu didn't pay corporate tax for 16 years. So costs are a huge part of this. But I think that equally important is production volumes and realized sale price at the project level.

And when I said that we can only analyze a few projects in really good detail based on public domain data, it's because in many cases those other data sets are really hard to find.

MS. MUNILLA: Great. Thank you, Don. With that we're going to close the session. I've been instructed to provide you with a few lessons, too many to count I think we can agree. And I would highly encourage you to talk to our speakers during the break.

But what I did want to mention is a couple of things that I think stood out from our panelists.

One is this notion of realism and pragmatism. I think when you do the analysis and the work that everyone in this panel is doing, they have a realistic picture about the realities that we're dealing with, the political economy of the sector, the power dynamics.

And I think, you know, I think a couple of points I wanted to flag from the discussion is how long it takes and how much you need to invest in order for investigations to succeed. I think you talked about patients being fundamental and really being pragmatic about what your expectation is that you can draw out of your deep analysis, or even shallow analysis. I'm sorry, I wanted to flag that one.

The other one I wanted to flag, which I thought was really important one, is Elyvin's point around being very careful about your recommendations that emerge from an analysis. And be absolutely politically astute as to, especially when you're recommending or its obvious that maybe a contract negotiation is the way to go, what are the politics around that and how that ultimately might make a situation worse. I think it's extremely astute that civil society is thinking about that and being careful.

I think sometimes we're painted as being too extreme, and I think this panel, and I would argue most of my colleagues in the room are actually quite careful and pragmatic in terms of the way they deliver information and their findings.

I think also what came out of the panel very strongly is the critical importance of project level analysis. For sure the national level is important, but to really understand the impact of the industry, revenue implications, we need to look at the project level. And looking at communities around that project is material for us to understand the potential economic impacts, potential environmental and social risks, and what the future might look like. So I think that that desegregation and that view to the very, very local level is fundamental. And I would really welcome that research request to look at that level, I think that's really welcome.

I think also, you know, one key point that Don made, I think is really fundamental is the timing of revenue isn't analyzed. Lack of analysis on the timing of revenue and how fundamental that is to planning.

And as we're looking at climate change. Climate change policy, the potential volatility in renewable minerals and also in oil and gas coming up. The timing of revenues is under question. And this needs to be looked at very carefully.

Also I'd like to flag the very innovative ways that existing institutions and governance mechanisms are being leveraged. So I think Indonesia brings a lot of lessons in that, so working with the anti-corruption commission, right, working with state and local governments. I think that those innovations can really be drawn out, and maybe cool to your point. Maybe that's a research area that would be helpful.

I'd also flag, also we didn't get too much into it, but Oxfam Malawi and the Publish What You Pay Malawi partners using the EITI process to force this debate between the Minister of Natural Resources and the Minister of Finance was actually a really good way to go. And made the entire process of the EITI helpful on this very sensitive political issue of the contract negotiations.

Finally, I wanted to just mention this point that Don made around contracts standing alone. That contracts are key. Some extractives data needs to be worked a little bit more, maybe contracts don't. And especially the annexes. One thing I've learned in working with Don and my colleagues is that annexes of contracts are extremely important, and maybe one or two line in those annexes. So I just wanted to flag that.

I know that there's many, many more things that I missed, but we don't have enough time to talk about that. But I would ask you to thank our panel.

And we'll break for coffee. We have 10 minutes and we need to back here at 11:05.

Correct? Great. Thank you so much, everyone.

(Recess)

MR. GARY: So good morning, everyone. My name is Ian Gary. I am the Director of the Power and Money Program at Oxfam here in Washington D. C.

We have a great panel to follow up the first panel. I wanted to note that it's been five years since we had a similar conference on oil in East Africa with the Brookings institute and getting to the point that many made about expectations and timing. I think in 2014 we were discussing imminent oil in Uganda and Kenya and other countries and a lot of that has not come to pass. In fact, some of these projects have stalled such as in Uganda so I think one of the main points that was raised in terms of expectations and timing has really come to pass if you look at the discussion from 2014 and where we are now in 2019 with many of those countries. I won't summarize what we heard from the last panel. Isabel did a great job.

I do want to make a few remarks about what's imbedded in the title here around inequality and inequality really being at the center of our discussion today about extractive industries. Inequality of information and power is something that came out very strongly in this panel and is at the heart of these industries. The inequality between companies and states in terms of their capacities, their information asymmetry, their ability to engage in negotiations, inequality between those states and their own citizens is something that we heard come out very clearly. And addressing this inequality of information and power is key to addressing other inequalities, the bad deals that we discussed, the inequality of benefits between elites and poor populations. As Barnaby noted, the lost revenues just from one oil block is equal to two times the health and education budget of Nigeria.

Inequality between urban populations and project affected communities. Between indigenous populations and non-indigenous populations. Inequality between women and men in terms of who accrues benefits and who suffers the most harm from these projects. Inequalities of human rights. We haven't really talked about the process that communities should be able to access regarding free, prior, and informed consent so those kinds of inequalities I think are key to the extractive sector.

Inequality of voice and civic space. This came out in terms of Danny's remarks in the opening. I hope this kind of inequality will be discussed in our panel today and then most importantly how we use some of this data and we have experiences that have been shared to address inequality in these countries so for example, in the case of Ghana where Oxfam has been working for years with partners, we supported a campaign on oil for agriculture which was successful in directing more money from oil into the types of projects that benefit small holder farmers in Ghana and addressing those types of inequalities. So we have a great panel this morning. We are hoping to reflect on some of the lessons that we learned from the morning but also more importantly to take a step up to think about some of the broader issues and broader directions from a variety of perspectives from an investor perspective, from a donor perspective, from an African government perspective, from a research and think tank perspective. So without further ado, I'd like to kick it off with ambassador Yansané, welcome. Guinea is obviously a resource rich country, developing major projects. If you could speak to us about how you see the value of transparency and accountability in terms of Guinea's own path towards sustainable development and economic growth. How are these transparency and accountability initiatives, whether it's the extractive industry's transparency initiative, more of the homegrown efforts that are underway in terms of contract disclosure, how are these steps viewed inside Guinea and how do you view their importance?

I am giving five minutes to each panelist in the opening.

MR. YANSANÉ: Thank you very much. I would like to start by expressing my appreciation for the invitation to this very interesting gathering on the very important topics, natural resources.

I do believe that the issue of governance has to be combined also with the issue of capacity. In our country, we have both problems. Governance and capacity. When I say capacity, it's not only human capacity but also institutional capacity.

If the capacity is missing, then we have this asymmetry of information between companies and our countries and this has created a big gap in expectation and unfortunately, the outcome of the project. In the case of Guinea, I mentioned that we have two periods. The period before 2011 and the current period. Before 2011, we had a standalone project without any reference to any mining code. This project we negotiated in some sort of black box and unfortunately the country did not get most profit from that kind of negotiation.

As a result, corruption got there and we had a huge problem with a miner called

Simandu. This is one of the biggest (inaudible) oil mining in the world. When we arrived in Paba in 2011, there was an audit and we discovered that there was corruption so our government decided to impose a penalty on the company, (inaudible), and paid 700 million penalty to retain its mining rights. So, this is where capacity also is coming in. What to do with this 700 million US dollars?

Some people said we should put it in the budget and then spend it right away. Fortunately, wisdom prevailed and we decided to create some sort of development fund to fund infrastructure for the country, not for the consumption but infrastructure and that was very useful because for less than five years, we could use this fund to finance our infrastructure project, roads, dams, we contracted on a hydro dam with this fund so this is one aspect.

The other aspect is the fact that today we have decided to create a safeguard from community level to the parliament to ensure that at every level, everybody is fully informed about the project and finally, I think it is creating a good outcome. Everybody is aware of what is happening. The level of community we have created -- community of monitoring the project and the government had decided to actually give 15 percent of the money proceeds to the communities. Of course, communities have to develop their own programs. Not easy because the capacity is also there and we have to make sure that some people’s country level that are going to highjack that 15 percent of revenue and central level will have not only the means of mining but the means of finance, means of transportation, means of intel territory so it’s some sort of broad committee in charge of monitoring what is happening in the mining area because we learned a lesson from the past and now we are trying to make sure that from now on, everything will be transparent but we still have challenges in terms of capacity because if you work with a lawyer, you have to pay the lawyer so we decided to review all bad past days. We have to find resources to pay these lawyers so fortunately, ADB, African Development Bank put in place what we call African Legal Facility and this helped Guinea to provide our sources to this law firm and that was really wonderful.

Now, the question is how to review contracts that are supposed to be binding between the two parties? We had to do it because we have to create some sort of level playing field in the system, otherwise, the previous contracts were really, really bad for the country. But also, for new companies so it took time, it took three to four years but finally we had a very good outcome for this review and we had a new mining code -- that learned lessons and now this mining code is supposed to be at the level of international standards so today, I may say that really we have a very sound legal framework but the capacity problem is there and the infrastructure problems also are there because we have to get the mining from mountains to the seaside and we have to find resources to fund infrastructure so one of the solutions is to have the system of sharing infrastructure but this is one way but I am not sure that it could bring the solution to all the system.

The other issue of capacity is that the ATI is there but the ATI is only at the bottom of the process but what is happening upward, we don't have any control. We don't have control on the cost of the project. We don't have control on contract pricing so the capacity issue is still a problem for Guinea, let alone environment because we used to export 15 million tons of bauxite and today we are exporting 60 million tons of bauxite.

This has a lot of impact on rural communities and is creating a lot of frustration, a lot of problems so these are some of the problems so we are coming a long way but still we have challenges.

MR. GARY: Okay, thanks. Ashok, you come from an investor perspective and are with the emerging markets investor alliance so I am interested in hearing both reaction from the first panel from an investor perspective but also the value that you see in terms of these transparency and accountability efforts. How does that help you from an investment point of view make decisions, analyze risk? The kinds of stories that were coming out about major companies like Shell and E and I and the fact that they are under criminal investigation in different jurisdictions obviously would seem to be a material issue for investors but obviously there are other dimensions of this discussion that are of interest to investors. Could you comment on that?

ASHOK: Yeah, sure. And just a word for those who many not be familiar with the organization that I represent. The Emerging Markets Investors Alliance is -- we represent institutional investors who invest in publicly traded stocks and bonds in emerging markets. They invest in companies as well as in governments, through government bonds and as a group of institutional investors, we engage finance ministry officials and corporate executives about how they can advance transparency and sustainability in emerging markets on a range of issues, including oil and mining transparency, beneficial ownership tax transparency, environmental issues and human rights issues.

The main response to Ian's kind of request -- the main point that I want to make is that institutional investors do care very much about transparency in the oil and mining sector. First reason for this is that our clients care so asset managers get money to invest from pension funds and the pension funds, in particular, those in Europe, care very much that their asset managers are advancing sustainability and good governance and the companies in governance in which they invest. The reason that pension funds in Europe in particular care is that they have a very long term time horizon. They are looking to pay back pensioners in 20, 30, 40 years' time. So they want to make sure that the investments are around then and that they are productive so they have been pushing asset managers to focus on what is called ESG investing or environmental social governance investing, taking into account ESG factors in our investment decisions and advocating for better practices.

So that's the first reason investors care. The second reason that this issue of oil and mining transparency is important to investors is that the oil and mining sector is a significant part of our investible universe. Over 25 percent of the emerging market corporate bond universe is comprised of metals and mining companies and of oil and gas companies.

Over -- about 15 percent of the emerging market equity universe is comprised of materials and energy stocks. And about 60 percent of the emerging market sovereign debt universe is comprised of countries that export oil and mining products. So it's an important part of what we invest in. We can't avoid investing in these companies and these governments.

A third reason why transparency in the extractive sector is important for us is that it affects the valuations of the stocks and bonds that we invest in. I'll give a few examples of that. First of all, we, in collaboration with some of our partners, including Oxfam, did a study of the oil company Tullow and we found that 10 percent fluctuations in the remittances that Tullow paid to governments resulted in a 7 percent move in the company's valuation, or in the stock price.

And this factor of Tullow's payments to remittances was the fourth most important factor affecting the stock price.

So that's one example. Second example would be is this case of Nigeria which lost 16 billion of its oil revenues back in 2016 so that figure of 16 billion is quite large obviously and from an investor's perspective is also -- even though we are investing billions of dollars -- and hundreds of billions of dollars -- that figure is also large. So that 16 billion dollars represents 40 percent of Nigeria's foreign currency reserves today.

And foreign currency reserves is an important indicator of a country's solvency and its ability to repay its debt so -- and in particular, in countries with fixed exchange rates, like Nigeria, we expect a very high level of foreign exchange reserves in order to ensure that the country can maintain its fixed exchange rate so in the case of Nigeria, for example. Foreign exchange reserves would factor into an indicator that we called import cover, which is basically the amounts of imports that a country can earn from its foreign exchange reserves if the -- if suddenly you weren't able to earn any more dollar revenues if there were an economic crisis or what have you, how long can it -- how many months can it continue to finance its imports if it weren't earning any dollars and for Nigeria, you know, that number is currently 6 which is okay for a country that has a fixed exchange rate but not great but if Nigeria had that 16 billion dollars, that number would rise to around 10, which is quite strong. So it makes a difference in our assessment of the creditworthiness of a country like Nigeria in this case.

And the third example would be that in an economic crisis, when there is a lack of transparency in the oil and mining sector or in general, investors always assume the worst and I really liked what Elvin said in the previous panel. I have just wrote down his quotation which I'll use again, I'm sure. It's often worse than you thought it was, he said. And investors just assume that it is worse than anyone thinks when there is no transparency so we'll price in the worst. Interest rates will be high, stock prices will be low and it will be very difficult during that time for governments or companies to raise additional capital, even if they need it very badly which is typically when they need it the most during a crisis.

So these are some of the reasons that investors value transparency. You know, one other comment is that again in response to the previous panel where we talked about a number of scandals that affect -- in the oil and mining sector, scandals very much affect stock and bond prices and are of great concern to investors. The Petrobras scandal, over the course of two years, brought the price of Petrobras' ten year bond down about 40 percent and it's yields have hovered between 10 to 16 percent for several years, though they have come down a bit since then. So the financing costs for Brazil are obviously much higher because of a scandal -- of that scandal.

Brazil's equity market during that period dropped about 35 percent and Affirm Capital

Economics estimated that that scandal shaved 1 to 2.5 percent from Brazil's GDP growth in 2015 and 2016 and so changes like that to GDP growth, to stock and bond valuations very much are obviously important to investors' views of the country fundamentals as well as of our investments in stocks and bonds. And of course, there is the -- in South Africa the Gupta scandal clearly had an impact on stock and bond valuations and investors' willingness to invest in South Africa at the price in which we would invest.

And all of these kinds of scandals just make it much more expensive for governments and companies to raise money and we demand a higher cost of capital so it very much affects our view and it affects the fundamentals of these companies and governments. A quick reaction to the case studies that were referenced in the previous panel and are in the report, Nigeria -- for every dollars that Nigeria earns for its budget, it pays 27 cents of that dollar towards interest payments, which is a very high proportion. Other countries with similar credit ratings to Nigeria pay only about 9 percent. So supposing that Nigeria had the almost 6 billion dollars of lost revenues that were referenced in the Nigeria case study, that ratio of 27 cents on the dollar would come down to 24 cents on the dollar so about a 10 percent difference which is quite significant and really frees up space for Nigeria from an investor's perspective to have more flexibility to repay the debt that we buy.

In the case of Mozambique, another case study, the net external debt of Mozambique compared to its GDP is almost 400 percent which is an enormous figure for external debt to be that high. Gabon, for example, has a figure of 40 percent. Ghana, that figure is 60 percent and Zambia it is 100 percent and clearly Allen G revenues could, over time, help to bring down very, very bad debt ratios like that.

So with that, I'll just reiterate a point that investors care very much. It's in our interest to have transparency in the oil and mining sector. It affects us from -- our clients want us to incorporate or advocate for transparency. It's important in the way we value stocks and bonds and it can -- no one wants to get caught in a scandal and certainly, there are plenty of those in this sector so thank you.

MR. GARY: Thanks, Ashok. It's certainly gratifying to know that not only is this a concern for civil society but it's a hardcore business decision concern for investors so I want to hand it over to Vera from the Ford Foundation. Vera, you've had the privilege, as it were, to be at a field level view as a grant maker over the last several years so I was very interested in hearing your reflections on what you heard, how that resonates with some of the lessons that you are drawing from this natural resources governance field, what's working and what you think we need to emphasize going forward?

VERA: Thank you and pleasure to be here and I found the first panel very activating and simulating. In terms of the reflections and what resonated with me, obviously all of it to say it bluntly -- in terms of how the Ford Foundation vies this work on natural source governance. Some of the key issues that came up in conversation -- so for example, the issue about state capture, that is an issue that we are grappling with and are looking to invest more deeply in, particularly because even though you have the data and you have the best practice and you have the policies in place, if you have a capture, as we saw in the case with South Africa that -- actually just by reference, you are still going to be stuck and so if this is a global -- if state capture is a global phenomenon, what are the things that we can do? What are the things that we should be paying more attention to? The issue of civic space and the consequence that civil society activists pay sometimes in terms of dying for these causes, being imprisoned frequently for raising the alarm around these issues is one that the foundation pays close attention to and so for -- in terms of our part, besides supporting civil society activism, we want to increase our role in raising the political costs around the threats that are paid to civil society and we partner with many people in the room around thinking what that means going forward.

I was also very struck by the examples. I think Don had mentioned in terms of the consequences of revenue, not just in terms of revenue foregone but when you have cases where the revenue forecasting is so poorly made, and the choices that are made accordingly in terms of increasing sovereign debt and we are frankly dealing with that right now so a lot of the conversations that I am part of -- that we see across countries is the issue of the failure of domestic resource mobilization and -- because of this cost of debt so even if countries are being forced to raise more revenue, it's going towards debt servicing, it's not going towards meeting the social and developmental needs that people have and so even as we call on governments to raise revenue -- it's not going towards the things that we care about and so what does that mean in terms of what we should be focusing on and how do we position ourselves, especially because as many other -- I think a few of the panelists said in the earlier session, even as we move to adjust transition, extraction will still be a fact of life for a lot of our countries, particularly those countries that produce precious minerals that are increasingly important as we transition away from fossil fuels.

So I am very struck by that and again, Mariati's work in terms of the analysis, making the link between revenue expenditure also resonates with what we are looking at because we focus on benefit sharing as part of our strategy and what that means is not just focusing on how much revenue we are raising but in terms of intergovernmental fiscal transfers, how does the revenue we are raising reduce inequality in real terms for the countries that we focus on?

I would prefer, I will just (inaudible). I also think that the issue of intergovernmental fiscal transfers is so critical because the other option that we tend to focus on is corporate social responsibility and while it is a nice thing to have, we must never forget that it's also a tax deductible cost for companies and so in some ways, we are subsidizing their development, which falls on governments then to -- in the long term to cover those costs so if I had a preference in terms of looking at benefit sharing, into governmental fiscal transfers, I think is where we need to be. Just two more points I wanted to make in some of the things that I didn't hear about, which give me pause and are things that I worry about are issues around fiscal stability so insofar as we talk about we need the contracts to understand what's happening at the project level and so forth, even with all of these analysis, if those contracts have fiscal stability terms that frees the terms -- those fiscal terms for -- in some cases forever. I've seen contracts where you can never shift out of that regardless and for many countries, it's between 20 and 30 years so even if you change your legal regime, it's always a prospective contracts that must comply but those that exist, those are subsisting. Countries are unable to grapple with that so unless we have to look at some extreme countries where they simply unilaterally terminate contracts and that's a political issue with its own costs and I don't know if we should be advocating for that so I just wonder what do we do with fiscal stability as a community and what -- and besides thinking okay well we messed up here by going forward, we should do better, how do we deal with those subsisting contracts that have fiscal stability? And that's something, I think governments as well -- even when they want to do better, their hands are tied so I am curious about what we think about and if there are suggestions from the floor.

Another thing I didn't hear about was the impact of digitization on this sector. So I was recently at a pan-African conference on financial falls in taxation that was hosted by some of our partners, Taxation Network Africa, Trust Africa and the African Union and the UNECA and one of the issues that came up there was the promise of block chain so I know many -- I've been in many discussions with my colleagues who are much more expert in technology than I am where they have said you know, block chain is a simple ledger so that information and bad information -- but in this conference, I was struck by a tech expert who said actually, there are controls that can be built into it because of the very nature of block chain and I wonder if this is something that we can experiment with because one of the things that came up in the first panel was this issue of patience, these cases take seven years before they come online and even then we don't know and the timing and so forth and so if we can explore the opportunity and the promise of block chain, would that in fact cut down the time so we don't have to be as patient in terms of the revenue collection and analyzing that data and so forth.

And at the same time, the other issue is what are the costs of digitalization in extractives? At lot of the focus in conversation around taxation is usually around tech companies and how most of the service is not because a lot of network is an intangible -- it's how we are taxing e commerce and frankly tech companies but the truth is digitalization affects all sectors and it certainly is affected extractive sectors as well and I am curious about how we are thinking about the intersections and interactions between digitalization that's been a fact, and coming on board. How what aspects of these extractive industries are being automated and what is the implication from a revenue perspective given that revenues is the primary and most -- and foremost benefit that governments have. And the other thing I'll say I think my colleague -- our ambassador here said earlier that just recognizing that government capacity is also very weak. It's not always true that governments don't do better because they are willfully ignorant about it, it's just that they also don't know so how are we including them in our conversations around capacity building and in these conversations?

The last thing I'll point is in response to, I think, one of our colleagues from the floor had mentioned how we are dealing with this issue about transparency and perception and this relates again to the issues around the global economy of some of the issues that we are talking about and I am curious to get your thoughts on this, Ashok, because one of the foremost prevailing narratives that I always come across is this issue of taxes being a cost on business and that's reinforced by, for example, the World Bank's annual doing business guide where they literally rank countries according to the number of taxes that must be statutorily paid by companies and therefore that creates an incentive for governments if they are very high ranked as being countries that have lots of taxes that have to be paid by companies to reduce the number of taxes.

That measurement completely ignores the actual burden of those taxes and so you'll find that even though the statutory liability is on a company to pay that tax, if you look at the actual burden, the economic incidence of that tax, it's often on the citizens and so I am curious about how we deal with that narrative about tax being cost on business coupled with the fact that in Africa, companies are also seen as being the highest tax payers and so we build in this implicit desire to minimize taxes because it's harmful, it's not seen as being business friendly and our economy, which was supposed to be private sector led.

The way to invite investors, the way to invite development is by one of the tools you do is you reduce your taxes and so how does that sit with this conversation that we are having where we recognize that many of countries, particularly in Africa, are resource rich and so it is a fact that we rely on these sectors to raise revenues but then we are also told that we need to reduce those taxes because the investors won't come in in the first place and how do we work -- how do we square that circle when revenues are so critical so I'll leave it at that. It's the only other place that we can go but thank you all for (inaudible).

MR. GARY: Yeah, those are all I think great points and provocations and the last point in terms of tax competition and the race to the bottom is not only an issue in Africa but globally, it's something that the OECD and others are looking at very closely, whether it will make global progress in terms of a minimum corporate income tax rate, that remains to be seen but I know that in West Africa, for example, Echoas has been looking at can you set a sort of a floor for royalty rates so in terms of say gold mining, Mali and Burkina Faso and Ghana are not competing with each other in terms of a race to the bottom so I hope that and other questions we can get to in the discussion but I'd like to turn to Landry Signee who is a fellow at the Brookings African Growth Initiative. From your vantage point, from this think tank and research perspective, what are some things that you drew from this panel but also how do they relate to some of your own research interests. I know that domestic resource mobilization is something that you are looking at quite closely. There is a lot of I would say attention in Africa on how do you meet this financing gap to achieve the sustainable development goals.

A lot of countries now are turning to the extractive sector as a strategy. Whether that's realistic or not and a lot of the companies themselves are sort of embracing the sustainable development goals and saying that they are contributing to it by being those companies that are extracting minerals so if you have any thoughts on those two things.

MR. SIGNEE: Excellent, thank you very much. I would first like to congratulate the first panel. That was an outstanding presentation so I will discuss perhaps the nine to ten lessons learned while comparing them with the work that you are doing.

To begin, I want to mention that at the Africa Growth Initiative, we have -- one of our core areas is financing for development led by our director, Dr. Brahima Coulibali and who deeply believed that we have much more resources, domestic resources on the continent than what we are mobilizing now and optimal extraction of those resources will bring us a long way in terms of progress in achieving development outcomes. So one of the things that I think was mentioned in the previous panel is the question of getting the political economy right.

We often know what the solutions are, however, there is still a gap between the specific solution that we have and the implementation outcome so -- and this is ready to account governance over -- I will come back to that point.

So lesson number one, quality and accessibility of data. So in our work at identifying the potential of natural resource sectors and creating oil and gas -- for oil and gas we have more data than we have for the mining sector. So one of the previous panelists said that we may not need to speak or to continue speaking about data with knowledge but I think that I remain critical. We have made datasets from the World Bank wealth of nations, we have energy aisle which is providing great -- inside IMF and many other sources. However, it is not -- it has been difficult and I hope some of you may have the answer to really find and quantify the endowment in natural resources of specific countries besides oil and gas. So in the oil and gas sector, it is closer -- we are closer to (inaudible) but in the broader mining sector, it is still difficult to really assess the potential, including the World Bank wealth of nation report so they have some estimate but we haven't gotten there.

So the second point is independence and quality of analyzers. I think this is extremely important also and we see that good work has been done in Malawi, for example in Indonesia. However, it is important to provide ready and dependent evidence based inside.

Coming obviously from think tanks, Academia, which are independent and which are already committed to achieve the overall public good versus having vested interest. Ultimately, we need everyone -- the contribution of all the actors, the private sector, the government among others but it is extremely important to also have those independent voices in a comparative perspective, not just in a given project or a given country but to what extent do we pay for them better than other countries in similar conditions.

So a third point is the inclusion of civil society organization informal processes and so we often speak about public private partnership but I will probably instead speak about public private civil society organization partnerships so it's really important to be involved in the process and I really like the Malawian perspective of not being overly confrontational at providing data and from there, discussing and engaging with different parts including the government to find common solutions. I think it is easier to achieve a better performance than simply challenging everything the government does.

So a fourth one, we spoke about open account table management in the broader oil, gas and mining sectors with a focus on collaboration. I will say that horizontal and diagonal accountability are important here and when I speak about horizontal accountability, I mean the checks and balance process between the executive, the judiciary and the legislature.

So independently of the type of government, if the judiciary is not doing its work, corruption will remain. We spoke about extraction and the capture, government capture so it's extremely important for the judiciary to do its work and to help achieving that goal, what we call diagonal accountability so the accessibility of the information which will inform the public debate, including involving civil society organizations and the media so for the judiciary to do its work, and for (inaudible) to get out and the problem should be political so it is not just a technical problem. So -- and as noted by the ambassador, we also have the notion of effective legislation so it is critical to have effective legislation, even if government does not implement it all the time but it basically (inaudible) having an effective tradition will help improve processes and will serve as a basis for engagement for discussion and different reports which ultimately would improve the outcome but effective (inaudible) is not just about legal processes, I think it should also be about human capital and resources to monitor for successful implementation of the legislation so we have the process but we also have the human capital.

So the sixth point is related to optimal revenue generation. What is a (inaudible)? So we are speaking about -- even before corruption, before -- so government should first note what it first could reconstitute. Of course, some studies -- IMF, estimated 65 to 85 percent of the rent in the oil sector for oil sector for government and 40 to 60 percent in the mining sector so that's the overall ideal goal. However, in reality, including for countries such as the United States, the average is between 45 to 65 percent for oil and 35 to 45 percent for the broader mining sector.

So the lessons learned are not just for African countries, for developing economies, they are also for advanced economies and that's why it's important to compare overall. So now, once we have generated enough revenue, we have the cushion of revenue sharing and broader management so to what extent can we ensure an intergenerational management of resources? To what extent will the revenue generated will help improving the human development or sustainable development goals in general now or while you are doing so, ensuring that the next generation will also be able to benefit from those non-renewable resources. Of course, we have some states here, including Alaska, which have the Alaska permanent dividend fund where revenue are generated to all Alaskans every year while keeping some of the resources to ensure the sustainability in times of crises as what has been (inaudible) some African countries also have (inaudible) but to what extent the institutional configuration is framed in a way which will help achieve sustainable outcomes.

So the F1 is to improve the overall governance and (inaudible) so we can achieve -- it is difficult to outperform in the oil and gas or mining sectors if the overall governance (inaudible) is already underperforming because quite often, governance in specific sectors will mirror governance in the overall country so that is a critical point and I think I really like what NIG does in term of identifying the enabling environment for a better governance in the natural sectors.

The ninth point, which was not mentioned but I think is important, global partnership? To what extent, countries from the G7, G20 will help engage in ensuring -- especially (inaudible) illicit flaws that the resources are not stolen and transferred in Europe, et cetera, in the US, among others. I engaged with some of the officials of some countries and for them, this is very clear, why will they spend on cases -- why the resources are contributing to help the economy.

So we need a better commitment of development partners beyond the official disclose and rhetoric.

The final point, and I to agree with -- to have a project specific approach but beyond the project specific approaches is also important to have a country specific approach, especially if you are thinking about long term planning because the project specific approach will rather be a reactive process while a country specific will help systematically identify the different -- the potential and then from there, it will be possible to compare it -- to compare such potential with the achieved outcome.

So to conclude, I will say that is in reaction of one of the questions. To look at the gap on what countries expect compared to what they actually get. We have (inaudible) study so this is one of the core goals of our -- of the natural resource portion of our domestic resource mobilization project so -- and beyond the comparison of what the country received compared to what they get. We are looking at what the country could potentially get if they optimize the management of the known natural resources so what revenue could be generated to finance development. Thank you.

MR. GARY: Thank you Landry and I've just realized that we are talking about closing civic space and our own civic space here in this room is starting to close in terms of time so I am going to skip my second round of questions and start with the audience and if you could raise your hand and identify yourself. We will take two or three questions at a time. Right here.

MS. LUCA: Hi, my name is Joanna Luca, I am counsel in the IMF. My question is for Landry because you mentioned the judiciary and I don't know if you are aware but the IMF has developed or enhanced its governance policy last year and now we are working with updating it so for the next year or so, we will be looking at what has worked, what hasn't worked and one area that we are looking at is the judiciary and we usually suggest measures that have to do with the judiciary publishing their decisions, publishing the administrative justice in relevant jurisdictions, publishing the laws, we talk about the efficiency of tribunals, are there lags in issuing sentences? Tribunals should publish information on how long those delays are, what the staffing situation is and so on. So that's where we are right now but if you have recommendations or a different understanding of data transparency in the judiciary, I would be interested to know, thank you.

MR. GARY: In the back, in the second.

QUESTIONER: Thank you. I am Diamani. I am a fellow at the RLIA department of state, the democracy, human rights and labors bureau as well as a professor at the University of Virginia and as part of both roles, I work on sustainable supply chains and when we talk about sustainable supply chains, we looked at sustainable from a human rights point of view also and when I think of human rights, it's a (inaudible) what we talk about inequality and this is more of an observation than an opinion. When we look at enforcing human rights, especially as part of trade agreements, we all seem to want the same thing but there is a lot of misconception in the room of what improvement in human rights means, especially when you talk to people who are on the ground there as well as from the government agencies in terms of either Prosper Africa Program, (inaudible) initiative and things like that where improving human rights is one of the conditions for approving funds that would help with these initiatives. So the first question is how do you help us understand what improving human rights would mean?

How do you help us understand -- how could you help us understand what human rights actually means on the ground there and improving it? The second question is from an investment point of view, how do you measure human rights as part of the SG performance because environment governance is a little easy as metrics to capture. The social aspect of it, how does human rights do that particular metric.

MR. GARY: We will take one more in the back, the last row.

MR. SALINAS: Thank you, my name is Carlos Salinas. I work with healing bridges. We accompany indigenous communities in the Colombian Amazon. Congratulations to all of you on this really interesting panel.

Oil is the number one threat to the survival of indigenous communities in the Colombian amazon and I need your help in having -- maybe clearing out some of my cognitive dissonance this morning.

The conversation has been fascinating about ensuring sustainability, fair revenue sharing and other meetings of targets of sustainable development goals. I am having a real hard time squaring that with the findings of the intergovernmental panel on climate change that says that if we don't keep it in the ground, we don't have human society or even life to count on so I am having a real hard time squaring that circle.

How do we connect the climate emergency that luckily our young -- the young people are reminding us of and people on these climate strikes on Fridays now here in Washington. There is a senate going on in Rome, that's been going on for weeks with the Cardinals and the Pope and voices from the Amazon about the fact that our planet is on fire. How do we connect those dots between these very interesting conversations about block chain and ensuring actual good review of contracts and rooting out the corruption that is strangling human development with the fact that if we continue to engage the fossil fuel industry, we are over?

MR. GARY: Great. That's a great set of questions. I think Landry you have one around the judiciary and you talked about horizontal accountability and so the IMF has a new governance and anti-corruption framework. Maybe you have some thoughts on what the IMF should do with regard to judiciary. We had a question. I think anybody could take a stab at answering about how do we measure human rights improvements and then specifically, Ashok, how does human rights fit into an ESG assessment framework for investors. Also related to human rights.

I think for the ambassador, how do you see the connection between human rights, for example, freedom of association, freedom of expression, freedom of process in your country and how does that either undermine or support the transparency and accountability agenda that you discussed and then for all of us, I think the important question at the end was how do we connect this conversation so it doesn't appear to be tone deaf to what's happening in the world. I think that's basically the intent of the question and the cognitive dissonance that he was expressing and Vera, I know you sit within a grant making program that explicitly in its title is natural resources and climate change and I know within Oxfam we are having these conversations and with others. How do you connect this kind of agenda to the climate change agenda? Landry, why don't you start and we will work our way down.

MR. SIGNEE: Excellent. So yeah, that is definitely a great incentive with the IMF and I will need to look more into it to provide feedback but one of the things that was not highlighted in your quick intervention is the time for implementation of the decision so one decision that I made that was actually implemented and how long does it take to implement those decisions or the aspect which may be more complex to quantify is also for a controversial decision made by judges.

What happened to those judges afterwards so are they relocated or fired? Those are some of the elements which may be -- actually in terms of enforcements -- do you make decisions which are not implemented or do we actually have the evidence that once the government -- or once the judges make decisions, they are followed and to what extent also the executive will interfere in the decision making process which is supposed to be independent.

And just briefly, I know I really don't have a lot of time but a critical element that we have not discussed. I moderated a panel at the World Economic Forum in Africa on resource led growth and development so to what extent was Africa -- globally resource rich country can use what one of the panelists said, resource blessing because when I spoke about resource curse, one of the panelists reacted very emotionally I think.

Oh it's a blessing; it's not a curse and that the failure comes from the leadership and the ability of ensuring that the curse benefits the country and benefits everyone so to what extent do we use those resources and the revenue generated by those resources to benefit the broader economy to diversity the economy and one of the solutions here and I think another project also led by our colleague, Dr. Coulibaly is the industries without smokestacks so usually when people speak about economic diversification or when they speak about initialization on (inaudible) they think about traditional manufacturing, while in those traditional manufacturing -- so while focusing on that, they overlook the industries without smokestacks where export or service export have grown six times faster than traditional manufacturing export in those specific industries from 1998 to 2015 so it's really important in framing the conversation to think beyond extractive sector and to think about the transition to a more diversified economy.

MR. GARY: Thank you, great. Ashok?

ASHOK: Yes, sure. I guess a couple of things to respond to. Perhaps, I'll start with the point that Vera raised about taxes and attracting investments and so forth. I think there is kind of an old paradigm of how economies work and there is a new paradigm that's evolving and the old paradigm pits business against civil society for example and it sort of is a zero sum game and I think the new paradigm that's emerging is one that we have seen hint -- I don't know exactly what it looks like right now but we have seen hints of it from -- for example, this whole trend towards ESG with European pension funds forcing institutional investors to integrate ESG considerations into their investment decision. The second example of that is the business roundtable statement.

Jamie Diamond and 181 CEOs said that the purpose of a corporation is not to make profits for shareholders but to take -- to address the needs of all the stakeholders of a company and so we need to move and particularly in light of the climate crisis very quickly towards this new paradigm as quickly as possible and it's not a zero sum game but it's actually a game for all of our survival and we, as the emerging markets investors alliance are at the forefront of getting institutional investors onboard with this new vision. We, as investors, we see our jobs as to make money for our investors, for all of you, pensioners and the people who hold mutual funds but we have to see -- and to do that, our view has always been that we need to focus on company or governance financials but really, to do that effectively and to make profits in the long term, we need to focus on ESG, we need to focus on the SDGs, we need to focus on a new paradigm, basically.

And so we are working actively to educate institutional investors about how to do this and moving to -- this brings me to the point about human rights and the way we do this, as an organization. We are not the experts on climate change and we are not the experts on human rights. We are investors who are trained -- basically we have an MBA from our lesson.

So we rely on experts. We rely on civil society. We rely on academics, we rely on people at think tanks to inform us about what the standards are so I can't tell you what the human rights standards are. I'd like you to tell me what they are and I would like you in particular to let me know how I can -- give me a set of standards that cut across countries because I am investing in well over 100 countries around the world.

I want to standard the cuts across companies and industries because I am investing in all kinds of companies and industries so you show me a standard that I can use and we can then try to get investors to know about that standard and to advocate for that standard.

So -- and then more specifically regarding the climate issue, I think that -- I agree completely with the point that you raised. I mean we are kind of all standing on a ship that's sinking and talking about how to arrange the chairs in a way. But that said, there are things that we can do and we should do -- I mean at an institutional level, we need to pressure your pension funds and your mutual funds. You need to write them letters and write blog articles putting pressure on them to take action on the climate crisis. You need to talk to your utility companies and tell them to switch to alternative sources of energy, right? At an individual level, we can become vegan and we can start to stop our (inaudible) consumption. If we must fly, we can start to pay to offset our carbon emissions. I think we need to be doing everything we can at every level that we can.

MR. GARY: Thank you, Vera?

VERA: How do I follow that? I am not sure if this was directed to me specifically, the question about improving human rights.

I think that's a tough question. When you say improving human rights, there are three generations of rights so which rights are you speaking about? And are you referring to the declarations or are you referring to national human rights frameworks in those countries as you are measuring them and what's your baseline so I am just -- to answer that question, I think we need more information but in terms of what I see bubbling up, there's a lot of work on fiscal policy and human rights and the center for economic and social (inaudible) has been working on this. (inaudible) network, global alliance for taxes and so forth so there are lots of people in this room who have been thinking about what does it mean in terms of fiscal policy and intersecting that with a rights framework to doing fiscal policy and we have the UN declarations on human rights and we already -- it's a question of testing those out and I think there is -- if memory serves, when it comes to austerity measures that were introduced -- I think it's in Spain or something. You might want to correct me on that and they were able to challenge the introduction and -- I think it's Colombia actually, the introduction of austerity measures by, I think, the IMF and now we are being pushed by IMF on the basis of human rights so I think I would invite you to -- if we can get in conversation about what you mean because there's a lot of good stuff that's happening. Are these standards -- are they accepted by the country? Are they norms? Are they being implemented? That's something that we'll have to interrogate together.

The question on climate change, 100 percent agree and I would hope that we haven't been ignoring the sinking ship because in my organization, as (inaudible) said, I am in natural resources and climate change teams so we take these issues of climate change and the current climate crisis very seriously and my program specifically we actually work with and support a lot of indigenous communities to advance their rights, particularly on tenure to counter issues of climate change, recognizing that indigenous communities are the best champions of the environment and we cannot talk about climate change without including them and they are climate change solution holders so I would like to think that in terms of this debate, the foundation is doing a lot already. I think what we are focusing here, if I can move away from fossil fuels is recognizing that even if we do shift, even if we stopped oil production today, the truth of the matter is the alternative energy solutions will still require extraction.

There are some countries that will continue to be mining countries. For example, the DRC, there is no getting around that. We all have cell phones so even if we move to alternative sources, it is still a fact that we have to reckon with so I don't think it's an either/or and I think -- I am not a climate change expert. I am not a scientist. We need to be led and to think together about what does it look like to move away from fossil fuels within the next ten years. What I heard is we have 12 years or it's over so what does that mean exactly and for countries who not just have stranded (inaudible) but countries that are new producers. What does it mean to be Kenya that just discovered oil yesterday and they've already made -- they're banking on that based on their revenue projections.

Do we mean that that country can no longer rely on those resources? Who gets to dictate that? What are the choices?

So I think it's a complex issue from different perspectives but it's one that we are attentive to and if you have ideas, I am very happy to hear that after the break. I think those are the questions.

MR. GARY: Great, thank you. Ambassador Yansané, so the question around human rights and its relationship to the transparency and the accountability agenda and how that's playing out in Guinea and also if you have any thoughts on how Guinea's resource endowment can be used to help the country on an energy transition and what the climate change discussion is looking like in your country?

MR. YANSANÉ: I would like first to address the issue of the judiciary. I do believe that the judiciary stat or the legal framework. Today, we have made a lot of effort to make sure that the legal framework is really under control and today we are able to make public all mining contracts.

Today, you can have access to mining contracts online. You can have access to the (inaudible) online so this is the first step.

This whole step is at the cooperation between national judiciary and then partner judiciary. We had huge disputes in the mining sector and we got a lot of help from the US, from Switzerland, from the UK to actually help us to go about that dispute and today, we had a lot of good results so the judiciary, maybe locally it may be weak but if we have this partnership with National Partners, then we may be able to achieve a meaningful outcome. Now, regarding the human right, I may say that we may have different aspects. First, look at the content. We have to make sure that local communities benefiting from the activities of mining companies -- so, mining companies in our bylaws have to make sure that they outsource part of the activities to local companies. In terms of manpower or in terms of (inaudible) and goods. So this could help mining companies be in a better mood with the environment.

The other thing is the EITI. We did put in place the EITI and it is shared by civil society people, not by government. So -- and all the report of the EITI is made public, is discussed by civil society, with of course government officials and of course, the viewpoint of all stakeholders at (inaudible) account.

Now, I may not say that there haven't been problems. We had problems in the big mining area in the northwest regarding labor laws. We are partners with Chinese companies at some instances we had a feeling that the labor laws were not let's say applied as they should be. So there have been some conflicts.

We have been obliged to actually make sure that this conflict could be kept under control. Environment problems also erupted in the northwest area because of climate change so the government decided to show that that area is becoming a special development zone, not only for mining but trying to make sure that there is a combination of other activities, agriculture services to ensure that there is good harmony between mining companies and local communities. It started working but we have a long way to go so this is how we tried to ensure that local communities feel comfortable. Last but not least, we decided to put in place local development funds and to put in that fund 15 percent of the revenue of the government.

Of course, we had the issue of transparency and the management of the fund. We have the issue of capacity of local communities so it is a learning curve but we are getting there.

MR. GARY: Well, Christina, I think we are very close to time. I don't know if we have time to maybe push past one more question. I'll give the floor to Danny. We're at time so it's up to --

DANNY: Okay, so maybe just one question for the Ambassador. I think you mentioned before 2011 all the deals of the contract that were made were not good.

MR. YANSANÉ: Some of them.

DANNY: Some of them, okay. But I guess my curiosity basically is what, in your view, are really the factors behind those bad deals that were struck. You mentioned the issue of capacity. You've mentioned the issue of asymmetry and I know when we hosted your president, one of the long laundry list of assignments he gave me was to think of ways to help Guinea with being able to level the playing field with multinational companies.

So if you think in terms of governor's capacity, asymmetric information, what were the critical top three or so factors that led to those bad deals.

MR. GARY: We'll take the two and then we'll close.

DANNY: Yeah, actually because we are running out of time, I won't put you totally on the spot but I want to take this opportunity since we are about to close this partnership and joint event to recognize everybody here who is doing so much about that and Oxfam and Brookings for the collaboration on this. These have been two absolutely fantastic panels showing great expertise.

I want to encourage everybody that we all continue working together and with that use of data. There is an enormous amount of data and he was right in pointing out during the session that there are still some gaps but also Oxfam and others have an enormous amount of data and so do we at NRGI and encourage everybody to look at all our .org resources and it was mentioned here that the research project .org, research contract .org, research data .org, national oil companies database and also another .org and of course the resource governance index. It's an enormous amount of information and we haven't fully together tapped or what is there.

Just one reflection and if there is a minute from feedback, including from you, Ian. I think all the right buttons have been mentioned today and with great expertise. My concern -- it's not a concern but it's a challenge in the next stage is to linking the dots in a more concrete fashion and I illustrated just for one key topic that has come up again and again today and that's corruption and state capture so in a compartmentalized fashion, because we have different types of expertise, we hear about the revenue forecasting experts saying well we have to adjust expectations and do better and suggest to the countries that they need to manage expectations and they are not going to get all (inaudible) expected.

Then on taxes, we say the same thing regarding taxes. Why are, not all, but many of these countries not getting the revenues expected and all the taxes expected? Countries that have a bigger challenge in government corruption and (inaudible) get less and we are not integrating rigorously with data the governance, corruption and state capture factor into our technocratic economic fiscal and financial model so I would post it -- and I want the reaction to agree because otherwise, we just say on this side, we need to also address corruption but this is quite (inaudible) it's not just mismanagement or efficiency losses and so on. It is the case.

I'll short mention the whole issue, why is Nigeria having to pay so much more to borrow? Well, it's a no brainer. Because of their risk factor related to government corruption. Risk rating agencies integrate nowadays all this governance, corruption factors in ways that we have not done fully so it's a challenge to us and to end in this context, we have a particular challenge regarding state capture, which I am very glad that you mentioned and that the foundations become very interested in that.

In the field, it's right to get so involved at the micro level, at the project level, what's happening with contracts, what's happening with projects and so on but if at the end of the day we have success in all these (inaudible) payments, contracts, beneficiary ownership and it's all transparent. It will still be too late because who set these rules of the game? Who set these contracts? How are they shaped in terms of the contracts, the payment? Who are the beneficiary owners who are not penalized according to the law if the minister is involved in -- or other officials -- in a deal.

We need to look at how these rules of the game are shaped and that's what state capture is all about so the transparency before the lawmaking process and the licensing process starts, is a major challenge before us that we need to get much more involved in terms of -- if we are going to be serious about the challenge of state capture. Otherwise, we are looking at already (inaudible) complete and crying foul a bit too late. We don't want to be too late in the future so that's one challenge of linking the dot or the discussion on state capture.

Last but not least, about energy transition. If we don't address these very issues on governance, corruption and state capture, then there are going to be many deals and many decisions made that are going to be very inefficient in terms of that energy transition in the future so we need to also include it in these very models in projecting with the data for the country the negative externalities of these issues. It cannot just be the regular traditional model of showing what are the financial costs and benefits which (inaudible) realistic.

We need to fully integrate and there we, I am an economist, the economist profession has been derelict to some extent and I think we have been calling for doing more so. We still have quite a bit of homework ahead but this was fantastic. I wanted to thank you and I know that Ian, you want to summarize and frame too but I couldn't help, given the richness of this panel. I wanted to also --

MR. GARY: Thanks. I know there was one question directed at you and in some ways it responds to some of the things that Danny said so trying to differentiate what are political problems, what are capacity problems, what are technical problems, what are corruption problems and what were the factors that led to the bad deals that you were uncovering when the government came into power?

MR. YANSANÉ: Weak institutions. Weak institutions, for me, is the main problem in the mining sector. Usually, people contend that investors are going to countries where there is an enabling environment but unfortunately, a lot of investors go to countries that are unstable when it comes to natural resources.

I have been working in DRC, Congo and that was the case and when I was there, the mood was to review the contract, the mining contracts that were signed during the turmoil in Congo.

Likewise, in Guinea, we had an ailing president for almost ten years and during that period, a lot of deals were signed so political instability, weak institutions, weak legal framework, a key for corruption because there are no standards so every project was a standalone project without any reference to any mining code. So political instability, weak legal framework, weak capacity, corruption. I don't know if I responded to your question.

MR. GARY: So with that, I would want to thank all of the collaborators and all of our panelists for joining us today and for the audience for being patient and also participating. I think I'll leave you with a few thoughts. One is that an academic years ago wrote a book about development in Lsutu and he titled it the Antipolitics Machine. I don't know if anybody has read this book but it made a big impact on me and I think in terms of the transparency movement, we always have to check ourselves.

That is not an anti-politics machine because these are issues that are fundamentally political. They are fundamentally about power and while we need to be technically competent and credible, we, civil society, we need to be extremely politically savvy and I think some of the cases that you saw this morning showed the ways that we are able to connect that technical credibility, for example, in Malawi with the political savvy to find solutions for your own local contexts and so with that kind of combination and that kind of framework, I think we can make progress but it is going to be difficult as my colleague, Kathleen Brophy said in our learning workshop earlier this week, the corrupt actors are constantly evolving and adapting and we have to adapt with them so we are not talking about yesterday's game but we are talking about the game of the future and engaging on that playing field and all the really smart ways. So thank you very much and I look forward to continuing the discussion.

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