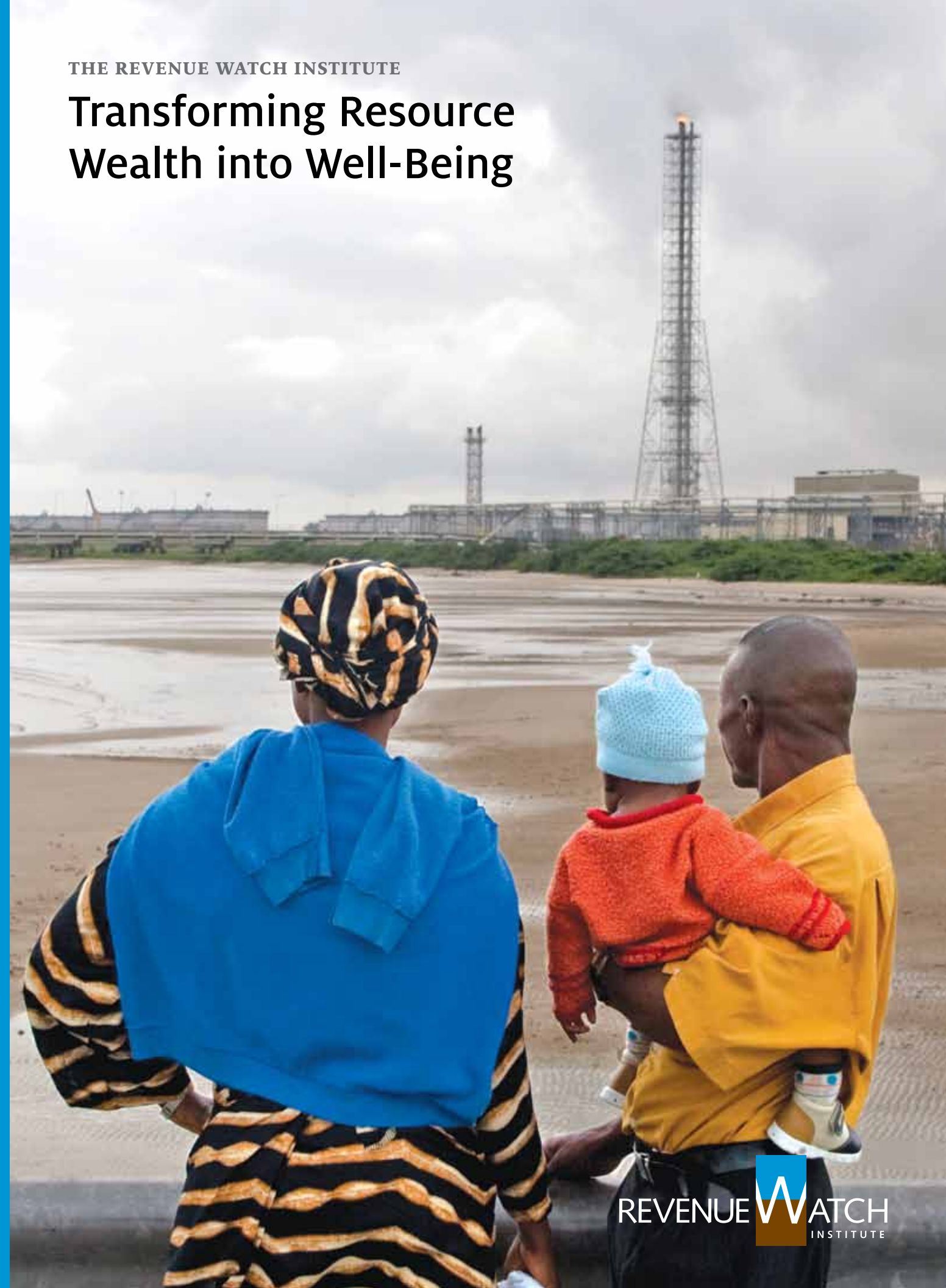


THE REVENUE WATCH INSTITUTE

# Transforming Resource Wealth into Well-Being



1700 Broadway, 17th Floor  
New York, NY 10019  
+1 646 929 9750  
rwi@revenuewatch.org  
www.revenuewatch.org



#### OUR MISSION

The Revenue Watch Institute promotes the effective, transparent and accountable management of oil, gas and mineral resources for the public good. Through capacity building, technical assistance, research, funding and advocacy, we help countries to realize the development benefits of their natural resource wealth.

Cover: A family on Nigeria's Bonny Island looks out at a Liquefied Natural Gas plant. Fifty years after exporting its first barrel of oil, Nigeria has earned more than half a trillion dollars in related revenues, but this historic windfall has not brought wealth or stability to Nigeria's people.



## Meeting the Challenge of Resource Wealth

Over the past decade, governments, citizens and advocates have demonstrated a new understanding of the links between natural resource management and social and economic development. Valuable oil, gas and mineral resources will yield their value only when sound policies and transparent practices are combined for the public good.

Revenue Watch has been a leader in the global movement for responsible extractive resource management since its inception in 2002, when the Caspian Revenue Watch program was created by the Open Society Institute to shed light on burgeoning oil wealth in the Caucasus. The same year, a group of NGOs led by Global Witness and the Catholic Agency for Overseas Development (CAFOD) launched the Publish What You Pay campaign for disclosure of government payments by oil, gas and mining companies, and British Prime Minister Tony Blair unveiled the Extractive Industries Transparency Initiative (EITI), heralding a new level of cooperation between governments, civil society and extractive companies concerned with improved governance in resource rich countries.

The movement has enjoyed considerable success in the intervening years. Publish What You Pay is now a global alliance. More than half the world's resource dependent countries have embraced the EITI, garnering support from many extractive companies. International institutions like the World Bank have anchored extractive resource governance in their agendas, and politicians profess their commitment to transparency and accountability.

Nevertheless, many governments still lack the capacity to collect resource rents and enforce contracts. Public disclosure of transactions and payment streams remains limited. Most parliaments lack the knowledge to play their proper oversight role and media coverage of the sector is poor. In too many countries, spending of resource revenues remains opaque, inept or corrupt.

The recent global economic crisis and intensifying competition for resources pose new challenges to the transparency and accountability movement. Resource rich countries are more desperate for funds, and consuming countries and companies are more willing to bend rules and ignore international norms to gain access to resources.

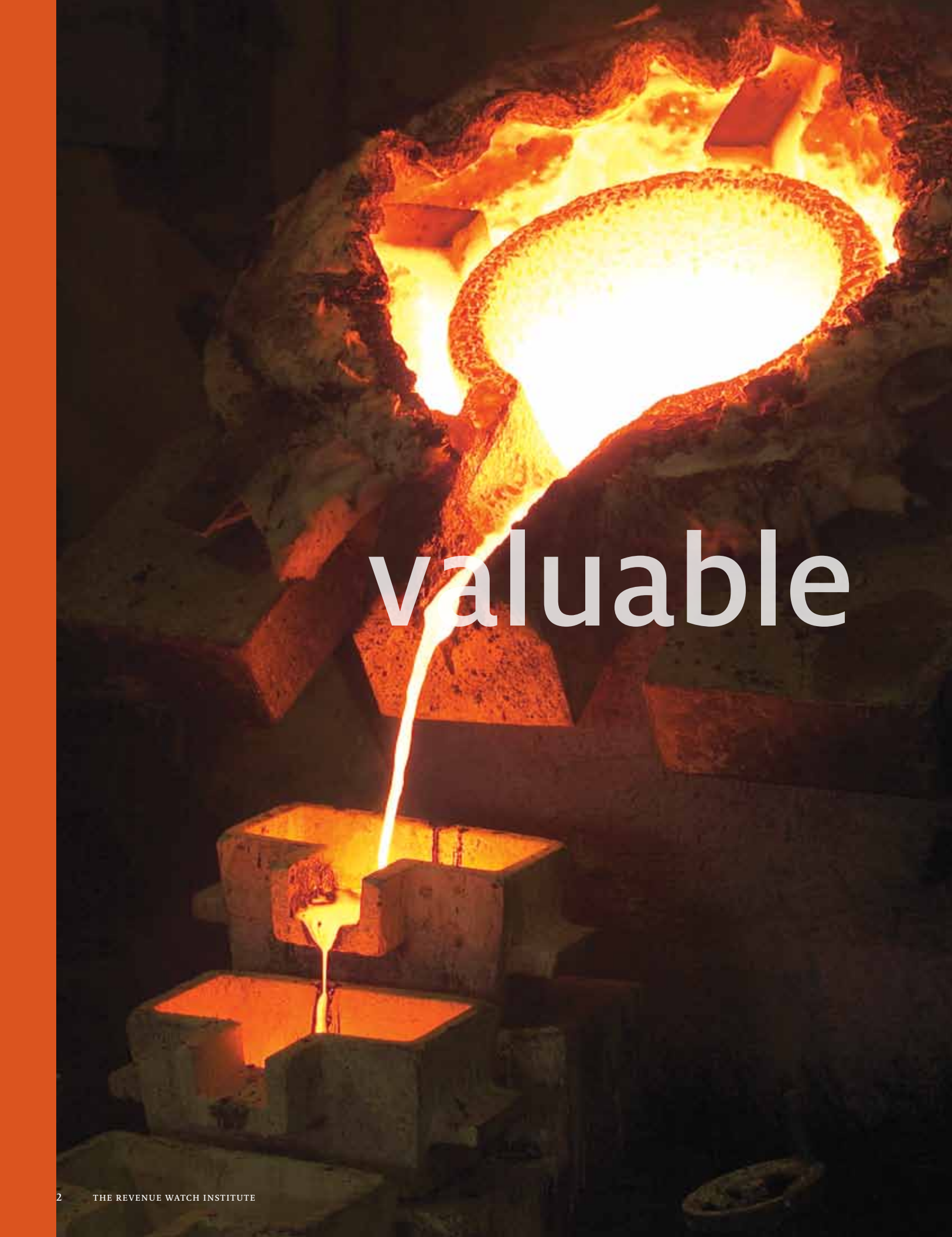
Revenue Watch seeks to analyze and expose the realities of resource management, and to find and institutionalize durable solutions to the poverty, corruption and conflict that, paradoxically, often accompany resource wealth.

The transformation of oil, gas and minerals in the ground into well-being for the people requires cooperation among all the stakeholders in producing countries. But Revenue Watch and our partners know that good resource governance cannot depend solely on an active civil society, well-meaning politicians or enlightened companies. Good governance must be grounded in national laws, market regulations, accounting standards and international conventions if sound practices are to endure through volatile economic conditions and political upheavals, and such standards must apply to all producing countries, rich or poor.

Our mission begins with the knowledge that abundant natural resources offer no guarantee of prosperity for the countries that possess such wealth. We work from this starting point to promote and provide the tools of good governance, effective oversight and full accountability that help leaders and citizens secure lasting benefits from their valuable resources.

A handwritten signature in black ink that reads "Karin Lissakers". The signature is fluid and cursive.

Karin Lissakers,  
Director

A large industrial furnace, glowing with intense orange and yellow heat, is shown pouring a thick stream of molten metal into a mold. The scene is dimly lit, with the primary light source being the furnace itself, creating a dramatic, high-contrast environment. The metal being poured is bright white-yellow, contrasting sharply with the dark, reddish-brown interior of the furnace.

valuable

A young woman with dark hair, wearing a white collared shirt and a dark tie, is shown in a call center setting. She is wearing a large, professional headset with a microphone. She has a slight smile and is looking towards the camera. In the background, another person is partially visible, also wearing a headset. The overall atmosphere is professional and focused.

resources

## Sharing Knowledge to Secure Prosperity

*“With its ability to work together with governments, companies and civil society, Revenue Watch is uniquely placed to play a role which directly benefits the lives of millions of people around the world.”*

*Jonas Moberg*

*Head of the International Secretariat*

*Extractive Industries Transparency Initiative, Norway*

**Two thirds of the world’s poorest people live in countries rich in natural resources, but too often resource wealth is linked to poverty, conflict and corruption.**

The Revenue Watch Institute works with citizens, governments and the media to provide the expertise and support that can help countries realize the benefits of their oil, gas and mineral wealth and avoid the so-called “resource curse.” With effective revenue management, citizen engagement and real government accountability, resource wealth can drive development and national growth.

The Revenue Watch Institute (RWI) is the only organization focused exclusively on the unique challenges faced by resource rich countries. We recognize that systemic change requires a multi-stakeholder approach and a range of tools: capacity building, technical assistance, grant-making, advocacy and applied research.

Decision-makers confront numerous complex decisions along the resource “value chain,” from the decision to extract resources, through the negotiation of the best possible deal for their country, to the options for spending natural resource revenues. We provide governments with the technical assistance and training to strengthen their ability to devise sound fiscal policy, negotiate fair contracts and establish legal regimes for responsible revenue management.

We believe the most powerful lever to affect and sustain change is the ability of citizens and oversight bodies to hold decision-makers accountable. Our grants, training and networking programs build the capacity of civil society, parliamentarians and the press to demand responsible leadership. To ensure constructive cooperation across the extractive sector, RWI actively promotes stakeholder dialogue between governments, citizens and national and international oil, gas and mining companies.

We are committed to a culture of learning within our programs. As the international movement for extractive industry transparency grows, RWI is pioneering rigorous monitoring and evaluation methods that can guide our own work and that of our partners. Working with regional governments and local communities, we are defining a results-oriented approach to reform and establishing the direct links between resource governance, improved service delivery and broader development outcomes.

*Right: Petroleum workers in Iraq, which holds the world’s second-largest reserve of oil. As Iraq’s hydrocarbon industry struggles to rebuild, lawmakers and local and federal leaders continue to seek political reforms and new rules for revenue-sharing.*

### TOOLS FOR TRANSFORMATION

## Managing Resource Wealth

#### Capacity Building and Technical Assistance

Resource rich countries face a daunting array of technical, economic and legal decisions to manage their natural resource wealth. RWI offers training courses, workshops, fellowships, expert materials and guidebooks that equip civil society, legislators and the media with the knowledge to become educated stewards of their country’s natural resources.

RWI provides direct technical assistance to governments and oversight bodies seeking good terms for their resource concessions, sound fiscal regimes to capture rents, safeguards against price volatility, and sensible spending programs.

#### Advocacy

As leaders in a growing transparency movement, we work with governments, industry, regulatory bodies and international financial institutions to promote international standards for effective, transparent and accountable management of extractive resources along the whole value chain. RWI helps advance EITI implementation, more transparent international accounting standards, and national listing requirements for country-by-country reporting of extractive industry payments to governments. We also work to achieve strict transparency rules for extractive projects supported by export credit agencies, government guarantee facilities and inter-governmental agencies like the World Bank or the European Bank for Reconstruction and Development.

#### Partnerships and Grants

Good governance requires that citizens have a voice in extractive sector decisions and can monitor the actions of public officials and companies. RWI devotes around one third of our budget to grants that help civil society groups in more than 25 countries hold their governments accountable for natural resource management. Grantees receive training, mentoring and networking support to build their technical capacity and develop their monitoring, research, advocacy and coalition-building skills.

#### Research

Our applied research on key resource management issues helps to build RWI’s expertise and share it with our partners around the world. We translate technical concepts into simpler terms and many languages, offer case studies and comparative data, and provide guides tailored to a range of stakeholders. Topics include contracting, audits, oil fund laws, fiscal regimes for petroleum and mining, parliamentary oversight, revenue-sharing models, and the development potential of commodity windfalls. Our online Resource Center provides officials, civil society, researchers and the public with a searchable repository of the latest information on natural resource management.



OUR FOCUS

# Linking Resources and Citizens

deciding to extract

getting a good deal

ensuring revenue transparency

managing volatile resources

investing for sustainable development

Natural resources are public assets to be managed for public benefit. Decisions about their extraction and use need to be transparent and subject to informed public and legislative oversight. RWI helps civil society, parliaments and media in producing countries understand these issues and defend the public interest.

The terms for extracting natural resources should be designed to secure maximum benefit for the citizens of the producing country. Poorer countries are often at a disadvantage when negotiating with multinational oil and mining companies and consequently get less revenue than they should. RWI offers countries the knowledge and tools to win the best possible deal.

International frameworks like the Extractive Industries Transparency Initiative (EITI) promote detailed disclosure of extractive payments and revenues. RWI was one of the founders of the EITI and has spearheaded the creation and growth of Publish What You Pay, the civil society coalition leading the global call for revenue transparency.

Effective use of resource revenues requires a gradual buildup of public spending to take account of commodity price swings. RWI-supported research is producing a body of literature on good practices in extractives revenue management, while our technical training programs build the management and oversight skills of our course participants.

Extractive resources are non-renewable assets that must be replaced with other assets which can support a country's growth and development when the resources are depleted or prices decline. RWI research offers case studies and recommendations to help countries make sound investments with resource revenues that lead to long-term economic growth and development.

Statoil Karsto gas plant, Tysvaer, Norway.

*“RWI has done an enormous job of moving the agenda forward on accounting reform by framing its requests lucidly and reasonably, and building bridges with investors, companies and accounting standard-setters.”*

Frank Curtiss  
Head of Corporate Governance, Railpen Investments, U.K.

OUR OUTREACH

# Bringing All Parties to the Table

The Revenue Watch Institute relies on a multi-stakeholder approach to problem-solving, in the belief that real change in the culture of resource management will happen only when all parties adopt new practices. Our expertise, our commitment to objectivity and our successes to date enable us to broker conversations between all the key participants in the extractive industries.

**Civil Society**

RWI works to build the capacity of local and international civil society, to ensure they have the knowledge and skills to hold decision-makers accountable for the management of oil, gas and mineral resources.

**Parliamentarians**

RWI provides technical assistance and research to lawmakers so that they can play a meaningful role in policy analyses, legislative proposals, contract negotiations and oversight of the collection and responsible use of resource revenues.

**Governments**

RWI offers technical assistance to governments in negotiating and enforcing concessions, structuring resource rents and managing revenues effectively and transparently. We have also pioneered tools and trainings that empower regional and local governments and communities to manage their share of resource revenues successfully.

**Journalists**

RWI conducts media trainings and publishes expert materials to increase journalists' ability to report on their country's public finances and extractive industries, and to support public debate on these issues.

**Investors**

RWI communicates with investor groups, accounting standards bodies and rating agencies to raise awareness of investment risks in nations where good governance is lacking. We support companies in their efforts to improve the transparency and accountability of their extractive investments and operations.

**International Lenders**

RWI cooperates with International Financial Institutions, such as the World Bank, the International Monetary Fund and other official donors, in the development of policy tools and to support countries implementing the EITI.

## The Extractive Industries Transparency Initiative

**Revenue Watch has led in the establishment of the Extractive Industries Transparency Initiative (EITI) as an internationally recognized standard for disclosure and a vital collaborative forum for governments, citizens and extractive companies.**

The EITI has been a focal point for all aspects of our work. As a founding member of the EITI advisory group, RWI director Karin Lissakers helped to design the initiative, and we continue to influence the evolution of EITI policy as a civil society representative on the EITI Board, a position currently held by RWI Board Chairman Anthony Richter.

### Supporting local demand for transparency

Through grants in 26 countries, RWI has supported the civil society coalitions that often drive EITI adoption and implementation. RWI works with grantees to educate public officials on the benefits of implementation. Building on our work as Iraq Revenue Watch, RWI undertook a multi-year campaign to introduce Iraqi leaders to the benefits of the EITI and oil revenue transparency. We convened a London workshop in 2005 that was attended by all key political groups, including Iraq's future petroleum minister. In January 2010, Iraq officially declared that it would join the EITI, bringing the world's second-largest oil reserve into the EITI network.

### EITI implementation support

RWI has devoted significant resources to EITI capacity building and technical assistance. We have created workshops for policy-makers, civil society and company representatives, and definitive training resources used worldwide by our local partners. Our milestone *Drilling Down* guide provides step-by-step explanations


for civil society of each implementation phase. The *EITI Guide for Legislators* shows how parliaments can broker national reform through the EITI process. As more EITI implementing countries move from Candidate to Compliant status, RWI will continue to provide research and advocacy to help ensure robust implementation.

### Pioneering research

Our advocacy relies on critical analyses of EITI progress and innovation. In 2006, our report *Eye on EITI* found that more than half of the governments implementing the EITI had failed to match their rhetoric with tangible progress. More recently, *The Case for Company-by-Company Reporting* methodically presented the arguments for reporting company payments to governments on a disaggregated basis. Our analysis has contributed to the growing recognition that disaggregation of data is the preferred standard in EITI reporting.

### Making the EITI a global standard

Although the EITI has focused on poorer producing countries, there should not be a double standard. Revenue transparency should be the norm for all extractive industry activity wherever it is based. In addition to our global promotion of implementation efforts, we have extended our EITI outreach to Australia, Canada and the United States, and to emerging markets like Brazil and China. During 2009, Azerbaijan and Liberia became the first two EITI Compliant countries. RWI and our partners have worked intensively with government and civil society in both nations to ensure that EITI standards for transparent and genuinely multi-stakeholder processes were met.



In February 2009, **Azerbaijan** became the first EITI Compliant country. RWI and our local partners worked over several years to ensure that the requirements for a transparent and robust EITI process were observed.

*The Bibi-Heybat oil field near Baku, Azerbaijan, where oil and mineral wealth dominate the economy, but challenges to transparency and good governance continue.*

*“The Revenue Watch Institute, through its position on the EITI Advisory Group and International Board, was instrumental in shaping the EITI into what it is today. They were also a key part of the success of the EITI in Azerbaijan. They are a professional and highly dedicated NGO that are a pleasure to work with.”*

*Shahmar Movsumov, Executive Director, State Oil Fund of Azerbaijan*



RWI helped **Timor Leste's** government and civil society navigate the EITI process from the beginning. We hosted a series of capacity building workshops on validation and EITI report dissemination and analysis, and provided support to civil society groups. RWI advisers also provided technical assistance to the government in the development of petroleum legislation.

*Condensed oil and gas leave a waxy residue that mixes with algae after a massive oil spill near Timor Leste, a nation working to improve management and spending of resource revenues in an economy heavily dependent on oil.*

*“RWI greatly assisted the Government and civil society of Timor Leste to understand each other's role in the EITI process and showed this young country the positive implications of transparency in the management of our natural resources.”*

*Alfredo Pires, Secretary of State for Natural Resources, Timor Leste*

A solar-powered water pump stands in a lush green field. The pump has a white top section with a solar panel and a red base. In the background, there are rolling hills, a few buildings, and a cloudy sky.

local

A group of men are gathered outdoors, engaged in a conversation. One man in a light blue shirt is gesturing with his hands while speaking to others. They are standing on a dirt path in front of a building with a corrugated metal roof.

dialogue



**Uganda, traditionally a resource poor country, has the potential to reap significant revenues from new oil finds in the Albertan region. The government's announcement of an oil and gas policy review process, including a commitment to the EITI, presents an opportunity for effective management of these resources. Yet, the climate for civil society to monitor and influence this process is poor. Most information about the government's oil transactions remains secret, and oversight bodies within government are weak. We recently joined Sophie Kutegeka and Nelly Busingye, Ugandan activists and former RWI Capacity Advancement Fellows, and economist Paul Collier, one of the primary drafters of the Natural Resource Charter, to discuss how Uganda can reap the benefits of its oil discovery.**

#### **Oil is finite**

**Sophie:** Uganda's oil is expected to last about 25 years. Ordinary people expect a legacy from this oil. They want improved health-care, infrastructure, roads, transport and development.

**Nelly:** Uganda has always had difficulty supplying itself with electricity. We would like to see our government use oil revenues to provide reliable supplies of electricity to Uganda and beyond our borders.

**Paul:** That's very sensible. The key word is sustainability. The oil is not sustainable—it will run out. So during the 25 years when you are getting income from oil you have to build an economy which will enable prosperity to come to you after the oil is gone. That requires investing in the kinds of things you described—electricity,

roads, health—in order to build a future rather than spend for the moment.

**Nelly:** You are developing a Natural Resource Charter to help countries like ours manage their oil or gas resources. How will this Charter be different from initiatives like the EITI, whose implementation is stalled in Uganda?

**Paul:** The Natural Resource Charter is a complement to the EITI. The EITI is about transparency; if you don't get information on revenues, you can't get started. That's the right place to start, but the wrong place to stop. You could transparently squander your country's resource revenues. The Resource Charter is about all the other detailed decisions that have to be got right: how to tax the revenues from oil companies, how much of the revenues should be invested rather than used for consumption, and how to make that investment productive. It's a practical agenda that Ministries of Finance can sink their teeth into.

**Sophie:** Have governments been receptive to the Charter so far?

**Paul:** Oh, yes. I have talked about the Charter with Ugandan government officials, and they invited me to visit to discuss it further. The EITI is unavoidably confrontational because it is saying, "Tell us something that you know and we do not." But the Resource Charter is a practical set of decisions that governments have to get right, and they have to be got right repeatedly over that 25-year period.

**Sophie:** In the Resource Charter there is a principle that natural resources are for the benefit of the whole country. In Uganda, the



**Nelly Busingye** is a Program Officer for the Africa Institute for Energy Governance (AFIEGO) in Kampala, Uganda. During her fellowship at RWI, Nelly analyzed contracts from several EITI implementing countries to see how their revenue streams are reflected in the EITI templates.



**Paul Collier** is a lead author of the Natural Resource Charter and a member of the advisory board of RWI. Recently he has been the senior adviser to Tony Blair's Commission on Africa. Paul is also Director of the Centre for the Study of African Economies at Oxford University and author of *The Bottom Billion: Why the Poorest Countries are Failing and What Can Be Done About It*.



**Sophie Kutegeka** works at the International Union for Conservation of Nature in Uganda and is a former program assistant with Advocates Coalition for Development and Environment (ACODE). As an RWI Capacity Advancement Fellow, she compared different countries' tools and mechanisms for extractive industry transparency.

region where oil was discovered is one of the most disadvantaged and undeveloped. People from this region want to take a larger share. What would the Charter advise?

**Paul:** To my mind, the most sensible ownership is at the national level. Just because people are sitting several thousand feet above the oil doesn't give them stronger claim to it. Oil is not an opportunity to create a few really rich people who happen to sit on top of an oil well. It's an opportunity to transform a whole society. Yet, Uganda should be careful to avoid a situation like the Nigerian Delta where the extractive region is actually worse off. So, provide compensation for damages, but accept the principle that oil belongs to all Ugandans, and not only those alive today, but to the children and grandchildren of the present generation.

#### **A well-informed society**

**Paul:** I have come to the conclusion that a key ingredient for harnessing oil for the benefit of ordinary citizens is a well-informed society. In Uganda, can you get the information you need for your organizations to do their work?

**Nelly:** Limited access to information is a huge challenge. The production-sharing agreements (PSAs) are all closed because of confidentiality clauses, and the government refuses to disclose them.

**Sophie:** Lack of access to information not only affects civil society, but also legislators. We are uncomfortable when we hear members of parliament tell us they don't have information from the PSAs needed to make informed decisions.

**Paul:** One of the key contributions that groups like yours can make is asking the government questions. Is the government spending on consumption or investment? By confronting the government with questions—even without lobbying for an outcome—you can force the government to think through and justify its decisions.

**Sophie:** This is one area where RWI has been very helpful to us. We routinely use the publications provided by RWI in our workshops to empower civil society in Uganda to talk about these issues. This way, local activists are able to conduct their own advocacy, without having to summon ACODE or AFIEGO to go down there.

**Nelly:** Also, so many people have come through RWI to train Uganda's activists on issues of oil governance, the environment and the EITI. The ability to exchange experiences about what has worked and what hasn't in other countries has been valuable to us.

**Paul:** I see an additional benefit RWI offers. Transparency is the right place to start for a country like Uganda, but it's too narrow. RWI has a broader remit than just transparency. It focuses on what will enable a society to channel its natural resources into transformative development. This is the single most important question facing a lot of poor countries. A lot of organizations are looking at more than this, and getting lost in other agendas. And EITI is doing less than this, and hence is too narrow. RWI has got the right focus.



WHERE WE WORK

# Building a Global Movement



Countries

- Angola
- Azerbaijan
- Bolivia
- Brazil
- Cambodia
- Cameroon
- Côte d'Ivoire
- Democratic Republic of Congo
- Ecuador
- Equatorial Guinea
- Gabon
- Georgia
- Ghana
- Guinea
- Indonesia
- Iraq
- Kazakhstan
- Kuwait
- Kyrgyzstan
- Liberia
- Mauritania
- Mexico
- Mongolia
- Morocco
- Mozambique
- Niger
- Nigeria
- Papua New Guinea
- Peru
- Philippines
- Russia
- São Tomé and Príncipe
- Sierra Leone
- Tanzania
- Timor Leste
- Trinidad and Tobago
- Uganda
- Ukraine
- United States
- Yemen

1. United States

Recent scandals involving the petroleum royalty collection process at the U.S. Department of the Interior have shown that developed nations are not immune to mismanagement of resources. RWI has supported a partnership of organizations focused on improved transparency and oversight for oil and gas drilling on U.S. federal lands. The investigations by these advocates, along with a much-cited op-ed, "Keeping Up With Nigeria," by RWI director Karin Lissakers in *The New York Times*, helped convince the Secretary of the Interior to abolish the Royalty-in-Kind program at the center of the corruption scandal, and to call for new policies to ensure greater accountability for oil and gas companies doing business with the government.

2. Mexico

RWI grantee Fundar has led the debate on policy change surrounding energy issues in Mexico. Fundar monitors the impact of oil revenues at the federal and local levels, and the long-term impacts of the national oil company's new fiscal regime. Their work has raised public awareness of Mexico's oil revenue stabilization fund and strengthened the oversight and decision-making capacity of the Mexican congress.

3. Ecuador

RWI grantee Grupo Faro's report, *Fiscal Close-Up: Origin and Destiny of Oil Revenues in Ecuador*, revealed the web of obsolete special funds sapping oil revenues through direct allocations and bolstered government efforts to eliminate many of these earmarks.

4. Norway

In cooperation with the Norwegian government and Petrad, its petroleum administration agency, RWI has offered fellowships to activists seeking expertise in resource management and policy. Participants attend an intensive eight-week course traditionally available only to industry and government officials. To date, Petrad Fellows from Ecuador, Ghana, Cambodia and Indonesia have acquired vital technical knowledge that enables them to contribute to their countries' extractive industry debates.

5. Liberia

With RWI support, our partner the International Seniors Lawyer Project was a key adviser to the government in its renegotiation of natural resource concessions, which resulted in a new and better deal for the Liberian people on taxes, corporate governance rules, housing and education, among other areas. After the new contracts were signed, steel giant ArcelorMittal increased its investment in Liberia from \$1.0 billion to \$1.5 billion. RWI's report, *Getting a Better Deal from the Extractive Sector*, produced at the request of the government, analyzes Liberia's experience and offers guidance to other countries negotiating resource concessions.

7. Iraq

RWI has worked in Iraq since 2003, when investigative reports by Iraq Revenue Watch resulted in new disclosure practices by the international body managing oil revenues. Since then, we have provided technical assistance to the Iraqi Oil Ministry and parliament on revenue management, draft hydrocarbon legislation and the establishment of an Iraqi Budget Office. Our advice was instrumental in the country's decision to join the EITI.

9. Azerbaijan

In partnership with oil company BP, Revenue Watch helped organize civil society teams to monitor communities affected by construction of the Baku-Tbilisi-Ceyhan (BTC) and South Caucasian Pipelines. The project resulted in the creation of a Civic Response Network (CRN), a new forum for local groups and extractive companies on how to mitigate the harmful impacts of the pipeline projects.

11. Kazakhstan

After continued pressure from the NGO coalition "Oil Revenues: Under the Control of Society!", an RWI grantee, Kazakhstan's government joined the EITI in 2005. The coalition's presence on the EITI working group has helped Kazakhstan make steady progress toward validation. The Kazakhstan National Budget Network, also supported by RWI, helps civil society groups monitor oil revenue savings and investments, and government procurements and expenditure practices.

6. Ghana

Although Ghana is Africa's second largest gold producer, mining has produced considerable damage and little benefit in the communities where gold is found. The local governments of Asutifi and Ahafo are working with RWI to make better use of their mining revenues, including a dialogue with Newmont Mining to help Newmont and local authorities coordinate social investments.

8. Nigeria

Working in consultation with Revenue Watch, the government of oil-rich Bayelsa State established a pioneering collaboration between sub-national leaders, citizen groups and extractive executives, the Bayelsa Expenditure and Income Transparency Initiative, which has resulted in new reporting practices, a draft transparency law and a permanent forum for stakeholder dialogue.

10. Indonesia

With funding from RWI, Indonesia Corruption Watch (ICW) assembled a comprehensive database on government payments and contracts, bringing to light revenue and reporting discrepancies in oil income. Indonesia's Supreme Audit Agency subsequently ordered a special audit of all oil and gas contracts. The government also adopted ICW's recommendations for calculating revenues from oil and gas in the 2009 budget plan.

12. Timor Leste

RWI, the East Timor NGO Forum and the organization Luta Hamutuk are working closely with the government to design and implement the multi-stakeholder component of its EITI process. We have held a series of EITI trainings for civil society and parliamentarians and have worked with civil society to amend the EITI reporting templates, including the addition of disaggregated reporting.



accountable



leadership

# Strengthening Leadership and Oversight

- Capacity Building / Technical Assistance
- Partnerships and Grants
- Advocacy
- Research and Publications

**Understanding that reforms must be internally driven to be sustained, RWI empowers citizen groups, legislators, journalists and government officials with the knowledge, skills and networks they need to promote responsible management of their countries' natural resources.**

We provide high-quality training and mentoring programs that respond to local demands and instill genuine ownership and continued capacity development.

### Trainings and fellowships

While each country faces unique challenges, there are core areas of expertise and skills that any country engaged in natural resource management requires. RWI is mapping these sector-wide needs and producing training modules that can be readily adapted to national circumstances. Our courses cover fundamentals such as the extractives value chain, revenue volatility, contracts and legal frameworks and implementation of the EITI.

RWI is creating several training hubs around the globe. Each hub is housed at a local educational institution that can share ownership of the program's strategic vision as technical and financial support from RWI decrease over time. The first Extractive Industries Knowledge Hub was launched in Accra, Ghana, in 2009. This independent training center serves civil society, legislators and the media and assists these groups with regional networking. Similar hubs will be developed in Latin America, Central Asia and the Asia Pacific region, each tailored to the specific needs of the region.

RWI's Capacity Advancement Fellows program helps build a cadre of leaders in the field. Each year, with funding from Norway, RWI selects a small number of civil society activists to spend six

months in New York—working, learning, sharing knowledge and experience with RWI staff, taking courses at nearby universities, and networking. During this time, they design a project focused on the needs of their home country that they will execute with continued RWI support upon returning home. To date, RWI has hosted Fellows from Uganda, Ghana, Mozambique and Sudan.

Our training modules, research and contributions from our network of global partners are available through an online Resource Center, offering users background on key topics, case studies, guidance on good practices and materials to compare extractive policies from around the world.

### Sub-national governance

RWI has pioneered programs with governments and communities at the sub-national level in Ghana, Indonesia, the Niger Delta and Peru to bring about more effective and accountable management of their share of mineral revenues. Although local governments are directly responsible for delivering public services financed by extractive sector revenues, the technical skills and transparency required are often particularly lacking at this level of government.

Developed and conducted with partner organizations, our sub-national projects build local capacity to project revenues and plan spending, and help the community establish monitoring mechanisms. RWI also works to engage producing companies in the process.

### Legislator workshops

Legislatures in producing countries must oversee extractive policy and ensure the government's accountability to citizens. But legislators frequently operate at a double disadvantage, lacking policy

*"The RWI Summer Course was conducted at a time when Tanzanians need extractive industry knowledge most. Since February 2009 Tanzania became an EITI implementing country and by mid-September civil society groups will launch the Tanzania Publish What You Pay national campaign. Specialized knowledge of the extractive industries has become vital for Tanzanians."*

*Bubelwa Kaiza  
ForDIA Tanzania*

training in the extractive sector and often excluded by the executive from key decisions.

RWI partners with national parliaments to ensure that they have the knowledge and skills to draft and revise policy. In Ghana, huge oil discoveries have the potential to add billions of dollars to the national balance sheet for years to come. As a new petroleum law is drafted, RWI has partnered with Canada's Parliamentary Centre to boost the knowledge of key committee members in

advance of the legislative debate. To prepare legislators for decisions about a controversial mining law in Tanzania, we have held trainings on fiscal issues, industry regulations and revenue collection practices. In Mongolia, RWI was consulted frequently by parliamentary committees concerning mining tax legislation and the giant Oyu Tolgoi copper concession. In countries implementing the EITI, our *EITI Guide for Legislators* has helped steer members of parliament through the process.

## INDONESIA Supporting Accountability and Participatory Planning

The districts of Blora and Bojonegoro are the site of Indonesia's biggest oil development in 30 years. Oil began to flow in 2009 and expectations are high that this project will result in better roads, schools and economic growth. The project's significant environmental impacts have further heightened local tensions.

With our partners—Pattiro, the Bojonegoro Institute, Lembaga Pengkajian dan Aplikasi Wacana (LPAW) and the Local Government and

Public Service Reform Initiative (LGI)—RWI has helped local leaders and citizens develop a clearer understanding of the revenues they will be receiving. Our funding and technical support enabled Pattiro to analyze

the oil contract and production forecasts in order to project local revenues. The participatory planning process has also explored how to use the opportunity of oil revenue for long-term development.



*Ambarsari Dwi Cahyani, representing Indonesian RWI grantee Pattiro at a 2008 international programs meeting hosted by Revenue Watch in New York City.*

# Helping Countries Get a Better Deal

- Capacity Building / Technical Assistance
- Partnerships and Grants
- Advocacy
- Research and Publications

The Revenue Watch Institute assists governments seeking to improve their management of natural resource wealth. As an adviser to the ministries that oversee energy, finance or resources, the lawmakers who set budget and resource policies and the heads of state who seek national stability and prosperity, RWI helps leaders understand and respond to the opportunities and the challenges facing resource rich nations.



A worker at the site of an office park development in the oil-rich Nigerian state of Akwa Ibom.

Much of this work has centered on advising governments how to get a better deal for their extractive resources. Because of the scale of investment required for extractive projects, governments may inadvertently lock themselves into unfavorable deals that can last 20-30 years.

### Trusted expertise

Drawing on our expert network and full-time staff, RWI has provided governments requesting support with consultation on contract negotiations and on the formulation of extractive industry laws and policies. Our assistance has ranged from advice on the coordination of reform activities to in-depth legal, economic and policy analyses. RWI teams have developed and run economic models of contracts under negotiation, provided comparisons for the formulation of tax policies, and consulted on the design of petroleum laws and on the reform of institutional oversight structures.

*“Revenue Watch has been a valuable partner in Sierra Leone’s efforts to ensure that it gets a good deal from the mining sector. The reform of the mining sector in Sierra Leone is a top priority and we are committed to ensuring that mining meets its full potential as an engine of development for the country. The assistance of Revenue Watch and our other partners in this ongoing effort is helping Sierra Leone to meet this challenge.”*

*His Excellency Dr. Ernest Bai Koroma  
President of the Republic of Sierra Leone*

## SIERRA LEONE

### A New Standard for Diamond Contracts

Since the spring of 2008, RWI has worked in partnership with the International Senior Lawyers Project and other international advisers to assist the government of Sierra Leone in its review of mining agreements and licenses. Our team has helped primarily with the government’s legal and economic analysis of the country’s most significant industrial mining contracts. They have also advised on negotiation positions and strategies in cases where contract renegotiation was determined appropriate by the government’s “Task Force”—a body comprising key government officials but also including a representative from local RWI partner and grantee the National Advocacy Coalition on Extractives. Through policy workshops and both formal and informal advice to key officials, Revenue Watch has focused on helping

the government translate positive outcomes from the contract review process into generally applicable policies and laws. To that end, the parliament passed

a new Mines and Minerals Act in late 2009, ushering in notable improvements in mining sector governance and reforms in favor of the people of Sierra Leone.



A diamond mine in Sierra Leone, where the mining sector accounts for 80% of annual export earnings.

## MONGOLIA

### A Mining Sector Built on Trust

In Mongolia, RWI provided capacity building and technical assistance to the government as it negotiated its first large mining contract and rewrote its tax and minerals legislation. Since 2005, RWI and our local partner the Open Society Forum (OSF), have used television forums and editorials to build public awareness about the low government earnings and high environmental costs of mining operations. RWI provided extensive advice to the government and the public about alternative mining revenue structures. The new laws on mineral resources contain significant improvements regarding revenue transparency

and environmental safeguards. The government of Mongolia requested RWI’s advice on establishing a fund to invest its mining earnings. RWI provided tax and other support to the government, to the parliament and to the general public during the protracted negotiations with Ivanhoe Mines/Rio Tinto over the terms for exploitation of the giant copper deposit at Oyu Tolgoi. The companies accepted the active involvement of civil society so that the results would have greater credibility.

Thanks in part to RWI’s expert advice, Mongolia concluded negotiations for the copper

concession on far better terms than originally proposed. In a boost for transparency, the contract has been posted on a government website.

RWI and our partners successfully advocated that the government of Mongolia not only implement the EITI, but go beyond its minimum requirements by providing disaggregated company-by-company reporting. Local civil society has developed a greatly enhanced understanding of minerals contracting and law and continues to monitor developments in Mongolia’s booming minerals sector.

## PARTNERSHIPS AND GRANTS

# Increasing Public Vigilance

- Capacity Building / Technical Assistance
- Partnerships and Grants
- Advocacy
- Research and Publications

**Transparent and accountable management of natural resources requires an active, organized and informed civil society. RWI views grant-making as a catalyst for social movements, supporting local organizations to build their knowledge and their skills as agents of accountability.**

RWI offers grants in more than 25 producing countries throughout Africa, Latin America, the Asia Pacific region and Central Asia and the Caucasus to monitor revenues, identify and embed good practices, and hold leaders accountable for corruption and mismanagement. We see our grantees as our partners—working together to improve the lives of people in resource rich countries.



RWI has spearheaded the creation and growth of the international Publish What You Pay (PWYP) coalition. The network includes more than 300 affiliated organizations, spanning nearly 70 countries. The resources and support provided by RWI help these activists effect change locally and advance the global transparency movement.

The wide reach of our grant-making uniquely positions us to help partners engage across countries and regions to share good practices, analyze successes and failures and forge an international network of like-minded organizations through study tours, exchanges, fellowships and translations. When our partners' courageous efforts provoke government harassment, as they did recently in Gabon and Niger, we provide legal resources and advocate on behalf of local activists. By strengthening civil society's technical and advocacy capacity, facilitating networking and supporting independent research, we build movements that can sustain and amplify the demand for transparency and accountability.

*Left: Staff members at the 2009 opening of a new crude oil distillery in southern Baghdad. Iraq has taken significant steps toward revitalizing its massive oil sector, including plans for a new National Oil Company and new international production deals, but the absence of an established legal framework for the sector continues to heighten political and investment risks.*

*Right: Lago Agrio, Ecuador, where years of oil production in the northern Amazon region have led to pollution and enormous lawsuits against the oil industry.*

*"In Orellana, the capital of the biggest oil-producing province in Ecuador, participants were extremely appreciative to have an independent in-depth analysis of the industry that shapes their daily lives. We are convinced that our monitoring initiative can help promote dialogue between companies, civil society and government at the local level."*

*Andrea Ordóñez, Grupo Faro, Ecuador*



## Local Voices

In firsthand accounts from Indonesia, Kazakhstan and Mexico, Revenue Watch partners describe the global effort to change how governments manage natural resources.

### INDONESIA

#### “We Have Made a Persuasive Case”

Firdaus Ilyas, Indonesia  
Corruption Watch



The extractive industries account for over 20% of government revenue in Indonesia, but remain largely opaque and a source of corruption and social conflict.

We began our monitoring by creating a comprehensive database on production, exports and contributions to the state budget, as well as production-sharing agreements and state extractive industry management policies. There were some surprising findings: discrepancies in government revenues, over-reported cost recovery by companies, backlogs on unpaid coal royalties and inconsistencies in mineral royalty policies.

These findings have helped Indonesia Corruption Watch to

become a trusted source of expertise on extractive sector and budget issues. We offer monthly media briefings on our research, and in 2009 our work was cited over 1,200 times in the press.

We also use our findings as a tool for advocacy with relevant agencies within the government, and we have made a persuasive case. Thanks in part to our recommendations, the Supreme Audit Agency (BPK) has ordered a special audit of all oil and gas contracts and is forming a Special Audit Desk. The Commission for the Eradication of Corruption (KPK) has created a special task force to monitor the oil and gas sector. Parliament has created a special industry monitoring committee, and the government is

now analyzing the cost recovery provisions of its oil and gas contracts. Our recommendation for the calculation of oil and gas revenues was adopted by the government in its 2009 budget plan.

Though Indonesia’s awareness of transparency and accountability is growing, the extractive sector is a technical one that is often intimidating to follow.

Using new types of reports and online tools, we are working to make it easier for the general public to monitor the industry themselves. We hope to increase public pressure for the Indonesian government to adopt the EITI and take other steps toward accountable extractive sector management.

### KAZAKHSTAN

#### “We Chose Dialogue Over Confrontation”

Kirill Osin, Echo Mangistau



We had almost given up hope. Along with a coalition of civil society groups, in 2008 we introduced the idea of creating a citizens’ advisory council in Mangistau oblast. Troubled by the opacity and waste of extractive company social investments in Mangistau, we recommended a multi-stakeholder advisory council modeled on the national EITI council to oversee these investments.

Despite heroic efforts to engage with local officials and company representatives, the akim—our local executive—replied that it would be impossible to grant legal recognition to a citizens’ council. We were disappointed, but decided not to stop there.

In January 2009, Kazakhstan Revenue Watch released a documentary, *Money Thrown to the Wind*. The film revealed the waste and lack of transparency of extractive company social investments throughout Kazakhstan, including Mangistau. Although Mangistau officials were displeased with the film, it must have goaded them into action because at the screening in Astana they announced their readiness to engage with a multi-stakeholder forum to monitor social investments.

Following extensive discussions, the authorities accepted a multi-stakeholder working group comprising representatives from civil society, media, the

extractive company and local government. At first, our task was approving new investments, but at our second meeting the akim expanded our mandate to allow us to monitor existing social investments as well.

We continue to search for improvements. Looking back, I believe we succeeded because we refused to be discouraged, because we chose dialogue over confrontation, and because we built a communication strategy around our documentary. However controversial, the film pulled the right strings at the right time and helped to revive our stalled talks with the akim.

“What I like about Kazakhstan Revenue Watch’s seminars for journalists is that they provide both theoretical and practical knowledge that I can use in my work. These are not one-time events, but part of a larger plan. After the seminars, I was never refused help when I asked the trainers for feedback on my articles.”

Maria Umarova (Korzheva)

Reporter, Diapazon, Aktobe, Kazakhstan

### MEXICO

#### “The Ability to Pry Open Spaces”

Rocío Moreno, Fundar Centro  
de Análisis e Investigación



In March 2008, the Executive introduced a reform proposal to overhaul the energy sector in Mexico, with important changes to the fiscal regime and to internal control and accountability mechanisms of the state-owned oil company Petroleos Mexicanos (PEMEX). In April 2008, Fundar created a clearinghouse website that was soon a reference for journalists and advocates. We posted a position paper on the need to introduce checks and balances in nominating control officers for PEMEX, and calling for reforms to whistleblower protection programs and the independent control units at PEMEX. We successfully lobbied to present

specific proposals in one of the Senate roundtable discussions on the subjects of transparency and accountability, which were well received.

While not all our recommendations were incorporated in the final approved legislation, our presentation introduced key themes to the debate that have since been picked up by legislators in both chambers, such as whistleblower protection schemes and independent investigation by congressional committees.

In July 2008, Fundar was invited to provide expert testimony to the lower chamber on the

fiscal regime and transparency mechanisms to ensure timely publication of information on oil revenues.

The key achievements of these presentations were the introduction of subject areas that would otherwise have been absent, the opportunities to engage legislators, and the ability to pry open spaces usually reserved for specialists. Fundar’s participation set the stage for a direct engagement with legislators in the budget negotiation, and it has brought Fundar closer to stakeholders such as the oil worker’s union, the Supreme Audit Institution and the Comptroller’s office.



At a 1995 oil industry event, Mexican President Ernesto Zedillo (right) speaks to Adrian Lajous, director general of state-owned petroleum company PEMEX.

**ADVOCACY**

# Forging Alliances to Establish International Norms

- Capacity Building / Technical Assistance
- Partnerships and Grants
- **Advocacy**
- Research and Publications

**RWI and our partners advocate the adoption of laws, regulations, accounting principles and formal policy agreements that embed transparency and good practice in the culture of natural resource governance. We focus primarily on the countries that are home to oil, gas and mining companies, but our advocacy also includes resource rich governments and multinational institutions. Bolstered by our research and monitoring efforts, RWI works to establish the links between improved transparency and socio-economic benefits.**

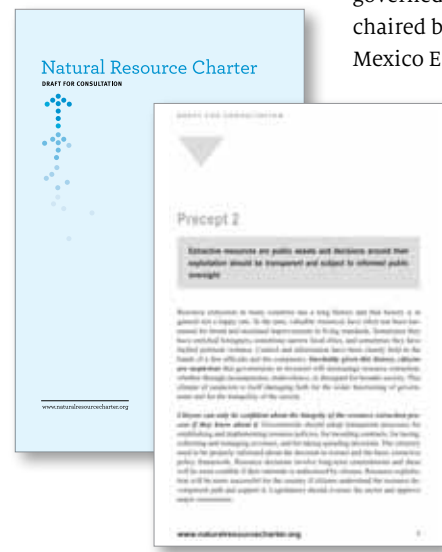
**Liberia's leadership**

The Extractive Industries Transparency Initiative is powerful not only as a standard for disclosure and revenue management, but as a set of principles upon which a responsible government can build. Recognizing this, Publish What You Pay Liberia, with support from RWI, campaigned for a presidential proclamation by President Ellen Johnson Sirleaf in support of the EITI. Not only did President Sirleaf issue this proclamation, making it mandatory for extractive companies to publish disaggregated payments and for government agencies to publish receipts, but her actions helped pave the way for Liberia's EITI Act, establishing Liberia as one of a few pioneering countries with a law explicitly dedicated to the EITI. Green Advocates, an RWI partner and PWYP member, helped to co-author this landmark bill, which was signed into law in 2009.

**A global vision**

Revenue Watch is helping to conceive and champion an international Natural Resource Charter, a visionary document synthesizing the best economic, policy, civil society and practitioner

knowledge of extractive industry management. Stemming from research supported by RWI, the Charter offers guidelines for policy-makers in resource rich countries, on topics from the decision to extract through the uses of resource revenues. The Charter is a living document, updated as our understanding of the field grows and through consultation with civil society, governments and scholars. Among the leaders drafting the Charter are Revenue Watch director Karin Lissakers and RWI board members attorney Joseph Bell, Paul Collier of Oxford University, Robert Conrad of Duke University, Thomas Heller of Stanford University and Michael Ross of UCLA, as well as Tony Venables of Oxford University and economist and Nobel laureate Michael Spence. The Charter is governed by an oversight board chaired by former President of Mexico Ernesto Zedillo.



*The Charter is organized around twelve core Precepts, with each presented first in brief, then through specific recommendations, and finally in a more technical discussion.*

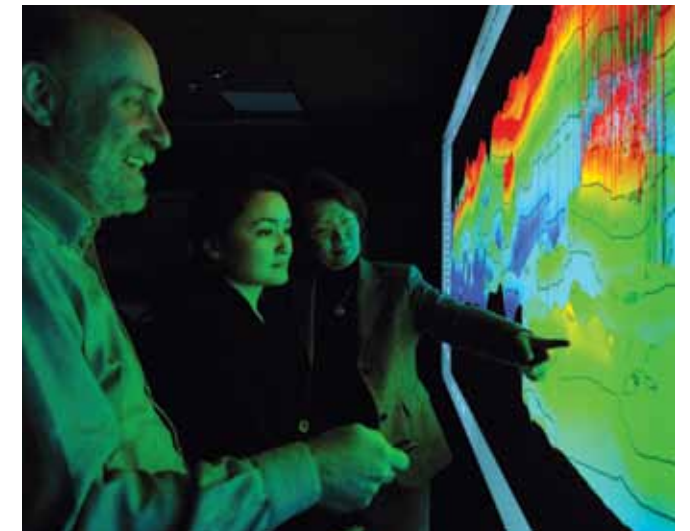
*“The Revenue Watch Institute is an enthusiastic and persistent group in pursuit of a laudable objective—trying to get resource revenues to go where they are supposed to. We were able to see eye to eye with their desire for companies to report payments on a country-by-country basis, and are working to make this possible.”*

*Tom Jones  
former Vice Chairman, International Accounting Standards Board, U.K.*

**ACCOUNTING STANDARDS**  
**Toward a New Global Regulation for Company Reporting**

The Revenue Watch Institute and our partners in the Publish What You Pay coalition are working with the International Accounting Standards Board (IASB) to reform accounting rules and require that extractive companies report key information on a country-by-country basis. Such dialogue is unprecedented between the IASB and civil society. In response to proposed rule changes at the IASB that would allow companies to lump together information—which would result in a decrease in transparency—RWI briefed the IASB on the value of country-by-country reporting. Civil society groups followed up with a letter-writing campaign.

RWI co-hosted a roundtable that brought together the IASB and company, investor, civil society and regulatory representatives. In 2009, the IASB released a discussion paper on new extractives reporting standards that



found country-by-country to be the right unit for financial reporting. The paper dealt extensively with the Publish What You Pay case for disclosure of payments to governments, but did not take a position on the issue. The dialogue will continue as the IASB proceeds with its deliberations. If adopted, the

new standard would have almost global coverage, ushering in much-needed changes to reporting practices for more than 100 countries and most of the world's extractive companies.

*Engineers in Kazakhstan study a projection of oil reserves for an area near the Caspian Sea.*

**IN THE U.S. CONGRESS**  
**Embedding Transparency in Financial Rules**

The Revenue Watch Institute and the Publish What You Pay US coalition have been working in Washington, D.C., to bring a new level of transparency to all payments from extractive companies to governments. After several rounds of testimony to multiple House and Senate committees, our coalition won key bipartisan support in 2009 when five senators introduced the Energy Security Through

Transparency Act (ESTT). The legislation's rule change would require any U.S. or foreign company on the U.S. Securities and Exchange Commission to publish its natural resource payments to foreign governments on a country-by-country basis, creating a vital new tool for public accountability. Speaking to the U.S. House Committee on Financial Services in 2008, RWI director Karin

Lissakers said, “Information is the lifeblood of healthy markets. United States investors face increasingly greater risk from our dependence on resources in unstable countries. With this bill, we can reduce that risk by improving government accountability abroad and leveling the playing field for U.S. companies.”

## RESEARCH AND PUBLICATIONS

# Deepening Knowledge for More Effective Action

- Capacity Building / Technical Assistance
- Partnerships and Grants
- Advocacy
- Research and Publications

**Revenue Watch research translates complex ideas into accessible terms and applies rigorous research methods to pressing concerns of policy and practice. Timely policy briefs, guidelines for decision-makers, and comparative case studies bolster our training and technical assistance efforts and help to inform all our partners.**

### Expert research

*Managing Commodity Windfalls:* RWI has partnered with Oxford economists Paul Collier and Tony Venables to produce a handbook on harnessing non-renewable natural resources for development. The volume will include eight country case studies (Cameroon, Chile, Iran, Kazakhstan, Malaysia, Nigeria, Russia and Zambia) and will serve as a useful aid for policy-makers from resource dependent developing countries, bilateral donors and multilateral organizations such as the IMF and the World Bank.

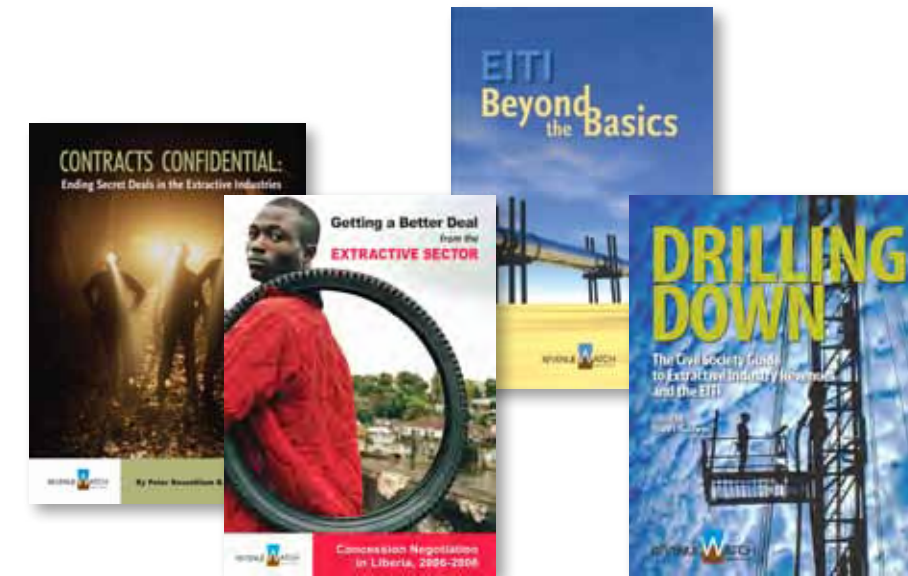
*Contract Transparency:* For years, companies and governments have resisted disclosing extractive sector contracts, building a culture of secrecy that breeds not only corruption, but diminished negotiating capacity in governments. With support and collaboration from RWI, Columbia Law School conducted a multi-year review of hundreds of contracts and confidentiality clauses. The resulting report, *Contracts Confidential: Ending Secret Deals in the Extractive Industries*, finds that despite industry and government claims, there are few legitimate reasons for contract secrecy. In fact, when disclosed, contracts can help governments secure a better deal, dispel public distrust and foster a more stable investment climate. The report serves as the basis for new advocacy and training initiatives by RWI.

*Revenue Transparency Index:* With support and collaboration from Revenue Watch, Transparency International released a new report—*Promoting Revenue Transparency: 2008 Report on Revenue Transparency of Oil and Gas Companies*. The survey highlighted the largely inadequate disclosure and anti-corruption practices of 42 oil and gas companies around the globe. RWI is producing a companion index that will assess producing countries for their own disclosure practices and institutional support for transparency and accountability.

*“In a century and a half of Liberia’s existence, natural resource contracts negotiated by the President have been sent to the legislature for rubber-stamp approval. But with the help of analysis provided by Revenue Watch on the \$2.6 billion China Union Iron Ore concession, I was able to work with lawmakers to identify flaws in the contract. Revenue Watch provided a cost-benefit analysis of the fiscal regime and did it in plain language. I was able to raise these concerns to the legislature, and approval of the contract was delayed until the Executive could provide the missing information.”*

Alfred Brownell

Green Advocates, Liberia



*National Oil Company Transparency Strategies:* National Oil Companies (NOCs) play a central role in the management of the petroleum sector and in a country’s economic life. If they are well managed, NOCs can help countries build sophisticated petroleum operations that advance development. In our analysis, *NOC Transparency Strategies: A Survey of Company Practices*, RWI examines some of the successful transparency mechanisms that have been put in place by NOCs in various regions. The examples provide policy-makers and company officials with a brief review of tools that companies have developed and implemented for improving transparency.

### Practical guides

Our guides on EITI implementation, budget monitoring and other revenue and fiscal management issues serve as core resources that support our international capacity building efforts.

*Drilling Down: The Civil Society Guide to Extractive Industry Revenues and the EITI:* This milestone guide provides step-by-step explanations of each phase of EITI implementation and unpacks the complex technical and strategic issues that activists face at each stage. Using data from multiple countries, it also contains key information that activists can use in any country to understand the extractive sector, including government accounting systems, types of extractive industry contracts and the fiscal regimes that control the flow of funds to and from governments.

*EITI—Beyond the Basics:* This survey provides the growing EITI community with leading examples of implementation from countries taking advantage of the flexibility of the EITI to adapt the initiative to their local needs. Some countries have pushed beyond the minimum requirements, for example by auditing extractive companies or by extending EITI practices to the sub-national level.

**For a complete list of Revenue Watch Institute research, training guides and knowledge resources, please go to: [www.revenuwatch.org/publications](http://www.revenuwatch.org/publications).**



# A Catalyst for Change in Peru

- Capacity Building / Technical Assistance
- Partnerships and Grants
- Advocacy
- Research and Publications

Applying our tools for transformation in concert, RWI has become an innovator in building social movements to improve lives. Our grantee and partner Grupo Propuesta Ciudadana (GPC) is a consortium of 11 NGOs that monitor receipt and use of extractive sector revenues in the ten regions of Peru where mining and hydrocarbons are most concentrated. With financial support from RWI and working closely with our technical assistance and capacity building teams, GPC has become a trusted source of expertise on policy change.

### Capacity Building and Technical Assistance

RWI supported GPC and the Peruvian Network of Rural Municipalities in their work with local governments in Arequipa, Cusco and Piura. Together we are helping regional authorities improve planning and budgeting capacity, including reorganizing internal units, developing forecasting models, planning for changes in resource income due to price volatility, and exploring alternatives for financial management.

### Partnerships and Grants

Reports from GPC have become a key reference when experts and critics cite data on the fiscal aspects of Peru's extractive sector and related issues. GPC releases bi-annual reports as well as policy briefs and bulletins analyzing national and sub-national data on mineral, oil and gas production; taxes; royalties; and other rent payments.

The reports also examine the distribution and uses of resource revenues between central and sub-national governments. Policy-makers, members of the media and activists routinely reference

these materials. RWI is using the lessons learned from Peru to develop similar approaches in Bolivia and other countries in Latin America.

### Advocacy

GPC's monitoring and research reinforce its authority and empower it to advocate for change. GPC is frequently consulted by legislators and the executive when expert testimony is needed. Drawing on RWI's international experience with the Extractive Industries Transparency Initiative, GPC has played a crucial role since the early stages of the EITI in Peru, when the initiative was stalled because of mutual distrust between government, companies and civil society groups. GPC's involvement as a trusted objective source helped the process move forward. Peru released its first EITI report in late 2009 and will undergo validation in early 2010.

### Research and Publications

RWI and GPC partner in research to provide informed guidance on pressing policy challenges of resource management in Peru. One such report prepared by RWI at the request of the Peruvian National Congress analyzed the distribution of revenues from the extractive industries in seven resource rich countries. The report was approved by Congress and served as the basis for discussions on modifying Peru's existing regulations. The results of monitoring feed an agenda of additional research, such as GPC's study of the grassroots impact of gas resources in districts in the Cusco region and RWI's cost-benefit analysis of extracting oil from a protected nature reserve.



The village of Morococha produces silver, copper, lead and zinc. Although transfers from mining, oil and gas earnings are the largest revenue source for local governments, half of Peru's population continues to live below the poverty line, seeing little benefit from the country's abundant resources.



A monthly community meeting in a village near Cuzco.

*"The workshops and conversations we have had with Remurpe and Grupo Propuesta Ciudadana have helped us understand that the volatility of canon resources forces us to plan for the future in a different way. ... If we rely too much on oil rents, then we depend on things beyond our control."*

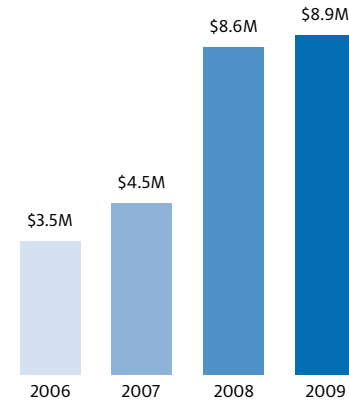
Carlos Lopez, Mayor  
Santo Domingo District Local Government, Peru

**Donors  
2006-2009**

The Revenue Watch Institute is grateful to have benefited from the support of the following donors:

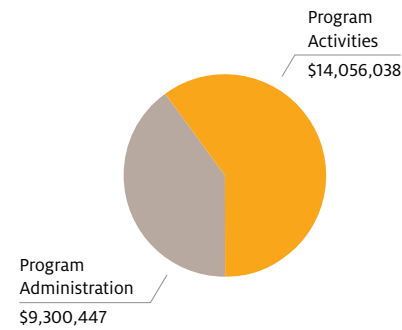
- Canadian Department of Foreign Affairs and International Trade
- The Bill and Melinda Gates Foundation
- The William and Flora Hewlett Foundation
- Netherlands Ministry of Foreign Affairs
- Norwegian Agency for Development Cooperation, Oil for Development
- The Open Society Institute
- The World Bank

**Budget  
2006-2009**

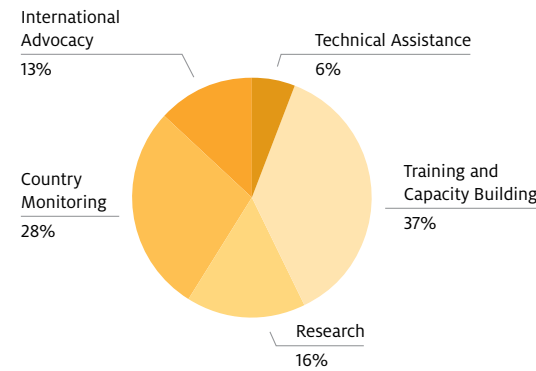


**Spending  
2006-2009**

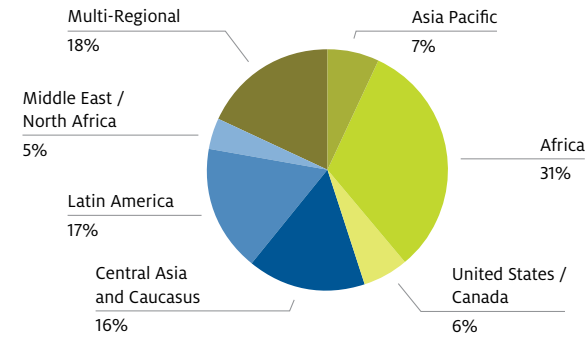
**Program Spending**



**Program Activities**



**Grant-Making  
2006-2009**



RWI is an independent 501c(3) U.S. Public Charity incorporated in the District of Columbia in 2006. To see complete financial statements, please go to: [www.revenuewatch.org/about](http://www.revenuewatch.org/about).

**Staff**

- |  |  |  |
|--|--|--|
| <b>Karin Lissakers</b><br>Director   | <b>Rebecca Iwerks</b><br>Program Officer for Training and Capacity Building    | <b>Emmanuel Kuyole</b><br>Africa Regional Coordinator                        |
| <b>Antoine Heuty</b><br>Deputy Director  | <b>Angela Mugore</b><br>Program Officer for Training and Capacity Building     | <b>Evelyne Tsague</b><br>Deputy Africa Regional Coordinator                  |
| <b>Suneeta Kaimal</b><br>Deputy Director   | <b>Matteo Pellegrini</b><br>Program Officer for Training and Capacity Building | <b>Dauda Garuba</b><br>Nigeria Program Coordinator                           |
| <b>Julie McCarthy</b><br>Deputy Director, 2006-2009  | <b>Matthew Genasci</b><br>Legal Advisor  | <b>Silas Olan'g</b><br>Tanzania Program Coordinator                          |
| <b>Morgan Mandeville</b><br>Operations and Grants Manager  | <b>Patrick Heller</b><br>Legal Advisor   | <b>Chandra Kirana</b><br>Asia Pacific Regional Coordinator                   |
| <b>Ruya Koman</b><br>Grants Coordinator  | <b>Juan Carlos Quiroz</b><br>Policy Analyst                                    | <b>Galib Efendiev</b><br>Central Asia and Caucasus Regional Coordinator      |
| <b>Ingrid Anderson</b><br>Grants Coordinator, 2006-2009  | <b>Akram Esanov</b><br>Senior Economist  | <b>Carlos Monge</b><br>Latin America Regional Coordinator                    |
| <b>Page Dykstra</b><br>Program Associate   | <b>Jed Miller</b><br>Internet Director / Communications Coordinator            | <b>Yahia Said</b><br>Middle East / North Africa Regional Director, 2006-2008 |
| <b>Rebecca Morse</b><br>Program Assistant  | <b>Kathryn Joyce</b><br>Web Editor   |  |
| <b>Vanessa Herringshaw</b><br>Director of London Office / Director of Training and Capacity Building |  |  |

**Governing Board**

- |  |  |  |
|--|--|--|
| <b>Anthony Richter (Chair)</b><br>Open Society Institute   | <b>Karina Litvack</b><br>F @ C Asset Management  | <b>Smita Singh</b><br>William and Flora Hewlett Foundation |
| <b>Bennett Freeman</b><br>Calvert Group                    | <b>Willy Olsen</b><br>Statoil, Retired           |  |
| <b>Warren Krafchik</b><br>International Budget Partnership | <b>Stewart Paperin</b><br>Open Society Institute |  |

**Advisory Board**

- |   |  |  |
|---|--|--|
| <b>Joseph Bell (Chair)</b><br>Hogan @ Hartson LLP   | <b>Scott Horton</b><br>Harper's Magazine   | <b>Valéry Nodem</b><br>Network for the Fight Against Hunger in Cameroon (RELUFA) |
| <b>Humberto Campódonico</b><br>Diario La Republica  | <b>Yuli Ismartono</b><br>Tempo Weekly News Magazine                              | <b>Anthony Paul</b><br>Energy @ Strategy Consultant, Trinidad @ Tobago           |
| <b>Paul Collier</b><br>Oxford University            | <b>Daniel Kaufmann</b><br>Brookings Institution                                  | <b>Michael Ross</b><br>University of California, Los Angeles                     |
| <b>Robert Conrad</b><br>Duke University             | <b>Walid Khadduri</b><br>Freelance Journalist                                    | <b>Radhika Sarin</b><br>Publish What You Pay International                       |
| <b>Alan Detheridge</b><br>The Partnering Initiative | <b>Leiv Lunde</b><br>Norwegian Ministry of Foreign Affairs                       | <b>Anya Schiffrin</b><br>Columbia University                                     |
| <b>Erica Downs</b><br>Brookings Institution         | <b>Ilgar Mammadov</b><br>Open Society Institute Assistance Foundation—Azerbaijan |  |
| <b>Gavin Hayman</b><br>Global Witness               | <b>Julie McCarthy</b><br>Former Deputy Director, Revenue Watch Institute         |  |
| <b>Thomas Heller</b><br>Stanford Law School         |  |  |

A woman in a pink shirt and brown pants holds a baby in an orange dress. They are in a grassy field with a large, classical building in the background. The word "lasting" is written in white text across the middle of the image.

lasting

A modern white building with a glass facade and a cityscape in the background. The word "benefits" is written in white text across the middle of the image.

benefits



The Revenue Watch Institute is guided by the knowledge that natural resources can improve people's lives when governments and companies shift toward transparent and responsible resource management. We operate at every level of society, supporting sustained grassroots movements while advocating new international standards of accountability. By connecting research to policy, training to advocacy, and leaders to citizens, we spark the dialogue that can fuel lasting change and empower resource rich countries to make the most of their valuable resources.

*Above: The string quartet of the Kampala Music School, Lake Victoria, Uganda. Lawmakers and civil society leaders in Uganda have made important strides toward transparency in extractive sector management, but as it prepares for a possible oil boom, the nation faces a range of questions about how to safeguard the benefits of its oil and mineral wealth for all Ugandans.*

#### ADDITIONAL CAPTIONS

**valuable resources:** Left: A gold mine in Obuasi, Ghana, where mining has been a longstanding source of revenue and recent oil discoveries have created new opportunities and new challenges. Right: Language students in Kazakhstan's Atyrau region, where oil companies are funding relocation efforts for communities affected by oil and gas production. (pp. 2-3)

**local dialogue:** Left: Fuel pump, Slovenia. Right: Revenue Watch grantee Alfred Brownell explains the EITI process to students at the University of Liberia. Through RWI's training programs, our wide network of international experts and local institutions helps to build the capacity of civil society, government, parliamentarians and policy-makers. (pp. 10-11)

**accountable leadership:** Left: A trader weighs gold dust in Niger, where RWI and its civil society partners work to build community coalitions and increase government accountability. Right: Liberian President Ellen Johnson Sirleaf speaks to reporters in 2006. Liberia's federal law mandating EITI practices is among the most advanced natural resource transparency laws in the world. (pp. 16-17)

**lasting benefits:** Left: A Cambodian family outside the Angkor Wat temple, built in the 12th century. Revenue Watch and our partners have worked in support of Cambodia's growing transparency movement. Right: The Oslo Opera House, completed in 2008. Oil-rich Norway has offered other producing countries effective models for managing resource revenues. (pp. 34-35)

#### PHOTOGRAPHY

Cover, Ed Kashi; p. 1, Eric M. Jukelevics; p. 2, Jacob Silberberg/Panos Pictures; p. 3, Chris Stowers/Panos Pictures; p. 5, Joe Raedle/Reportage by Getty Images; p. 6-7, George Osodi/Panos Pictures; p. 9, Marcus Bleasdale/VII (top); Debra Glasgow (bottom); p. 10, Stephen Swain Photography; p. 11, Green Advocates International; p. 12, Caroline Penn/Panos Pictures; p. 16, Pascal Parrot/Getty Images; p. 17, Tim A. Hetherington/Panos Pictures; p. 19, Andrew Henderson; p. 20, Jacob Silberberg/Panos Pictures; p. 21, Matthew Genasci; p. 22, AFP/Getty Images; p. 23, Moises Saman/Panos Pictures; p. 25, AFP/Getty Images; p. 27, Chris Stowers/Panos Pictures; p. 31, Jan Banning/Panos Pictures (top); Caroline Penn/Panos Pictures (bottom); p. 34, Dieter Telemans/Panos Pictures; p. 35, Geir Halvorsen/flickr; p. 36, Penny Tweedie/Panos Pictures.

#### EDITORS

Svetlana Tsalik, Jed Miller and Suneeta Kaimal

Revenue Watch expresses our deepest thanks to the colleagues and partners in every region who contributed their time and stories to this report, with special thanks to the following people for their effort and advice: Lynn Altman, Riah Buchanan, Ed Kashi, Judit Kovacs, Julie McCarthy, Kristin Reimer and Maya Tobias, as well as Pamela Chen, Ari Korpivaara and William Kramer of the Open Society Institute.

#### DESIGN

Michael Wiemeyer | Designlounge, Inc.

The inside of this report is printed on 100% post-consumer waste recycled paper. The report cover is printed on paper harvested from well-managed forests.

Copyright © 2010 by the Revenue Watch Institute.  
1700 Broadway, 17<sup>th</sup> Floor, New York, NY 10019