



## TI Report Calls for Increased Revenue Transparency in the Oil & Gas Sector

**Washington, D.C. April 28, 2008.** Seeking to forestall the corruption which has plagued many resource-rich developing nations, Transparency International (TI) today issued a report calling for greater transparency and accountability from companies in the oil and gas sector. The *2008 Report on Revenue Transparency of Oil and Gas Companies* draws attention to the perverse phenomenon of the “resource curse,” when corruption undermines the potential economic development benefits that should flow from natural resources, and recognizes that “the thrust of revenue transparency is on making host countries accountable for their natural resources income.”

“Newly discovered energy resources and record prices have the potential to transform many of the world’s poorest nations and provide a path out of poverty for millions – but only if the governments of these countries and the energy companies doing business with them act in a transparent manner,” said Transparency International-USA (TI-USA) President Nancy Boswell.

Revenue transparency is essential for citizens to track how revenues are spent and to help ensure they are used effectively and not diverted for corrupt ends. The *2008 Report* finds that most companies evaluated do not report sufficiently, but also recognizes they are operating in “a complex regulatory environment that requires supportive participation of governments in the process.” It recommends that home governments consider revenue transparency requirements, in part to counteract host government demands for confidentiality, and notes that “if all governments were to call for revenue transparency by companies . . . a level playing field would be created for companies and all host governments could be held accountable.”

The *2008 Report* points to the Extractive Industries Transparency Initiative (EITI) as “the most significant multi-stakeholder initiative to promote revenue transparency” and credits it for its “positive effect on the transparency of company payments to host governments.” “The multilateral approach of the EITI has been encouraging, with examples that demonstrate change is possible even in the most challenging circumstances,” said TI-USA Chairman Alan Larson, former Under Secretary of State for Economic and Business Affairs. “For example, some of the companies covered by the *2008 Report* have actively engaged with governments and civil society within the EITI framework to develop important and productive partnerships, such as those underway in Azerbaijan and other countries. We need to build on those and move faster to establish more such partnerships.”

“Companies’ adherence to robust anti-bribery programs can also contribute to a better governance environment, particularly when global competition is intense,” said Boswell. The *2008 Report* highlights key elements of good programs and calls for reporting on them as a means to encourage good practice and promote accountability. However, the *2008 Report* rates companies only on whether they publish their programs and not whether they adhere to them in practice.

The *2008 Report* is the first of three reports to be published on the revenue transparency challenge focusing on, respectively, the roles of companies, host countries (where resources are located) and home countries (where companies are based).

The *2008 Report* evaluates companies for transparency regarding revenue payments, operations and anticorruption programs based on indicators adapted from international standards for this survey. Ratings were based solely on an assessment of available public information. The *2008 Report* does not evaluate the efficacy of reported anticorruption practices nor compliance with legal requirements and, in some measure, reflects differences among countries in current law and practice on public disclosure.

**Transparency International-USA** is the US chapter of Transparency International, the Berlin-based non-profit global network of local organizations working in multi-stakeholder coalition to fight corruption and instill integrity, transparency and accountability in the public and private sector.

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