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A message from Daniel Kaufmann, president & CEO of the Natural Resource Governance Institute

1 message

Daniel Kaufmann, Natural Resource Governance Institute

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Reply-To: "Daniel Kaufmann, Natural Resource Governance Institute" <nrgi@resourcegovernance.org>

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A message from NRGi president & CEO Daniel Kaufmann

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Dear friends and colleagues,

With the long super-cycle of high commodity prices behind us, the party is over—it seems lower oil and mineral prices may be around for some time. Many resource-rich countries are now under financial stress.

Distilling the lessons of the past decade and monitoring the [implications of the new low price reality](#) have been areas of focus for NRGi. The latter subject was the dominant theme of our [June conference](#) in Oxford. In this new reality, many countries are not only facing [significant challenges, but also reform opportunities](#) (e.g., energy subsidies).

And though gains in extractive sector transparency have been made, much work lies ahead. Often, technical progress on obtaining disclosures has not translated into increased accountability and concrete governance reforms. In part, this is because in

many countries civic space has actually been closing as governments further restrict the work of journalists and civil society. This troubling trend has been evident in some oil-rich countries, such as Azerbaijan, where journalists and activists (among others) [languish in prison](#), in dire conditions.

NRGI will discuss these and other key governance challenges with a wide array of partners over the next few days at the [Open Government Partnership Global Summit](#) in Mexico City. And last week, we participated in the Extractive Industries Transparency Initiative (EITI) board meeting in Bern, Switzerland. Shrinking civic space in a number of countries has important ramifications for EITI's effectiveness. Since the meeting venue was Switzerland, a hub for the traditionally opaque commodity trading business, NRGI and partners took part in a special event, [arguing for](#) improved trading transparency.

In some areas, we have reason to believe that transparency progress may be in the offing. Take mandatory disclosure of extractive payments in the U.S.: NRGI made a [submission](#) to the U.S. Securities and Exchange Commission on an ideal rule for Section 1504 of the Dodd-Frank Act, complementing the work of Oxfam America, PWYP and other partners. The SEC has committed to finally providing a rule for reporting of extractive company payments to governments. In Bern, we discussed how further progress toward the disclosure of the [beneficial owners](#) of oil, gas and mining companies is necessary.

Improving natural resource governance requires advances in transparency and accountability, and also systemic reforms. These include finding ways to address the challenge of corruption, an area where we are expanding our work. In "[Corruption Matters.](#)" in the latest issue of IMF's *Finance & Development*, I discuss governance challenges in Latin America and beyond, suggesting that corruption has morphed over the years and now requires a different approach.

These themes were also present at the [World Bank and IMF Annual Meetings in Lima](#), where I noted that citizen tolerance of corruption and impunity is declining, and were also an important part of the [International Anti-Corruption Conference](#) in September in Malaysia, where protests over a corruption case were coincidentally underway.

Our evidence-based analysis, advice and presentations benefit from different data sources; one is the recently updated [Worldwide Governance Indicators](#). The WGIs have helped us to assess the [insufficient progress](#) in governance in extractives-rich countries over the past dozen years and underline the importance of governance data for the Sustainable Development Goals.

Equally relevant is NRGi's focused and detailed country-level work; I mention only a few examples here. Following over a year of research, NRGi released a [report](#) on the Nigerian National Petroleum Corporation's opaque oil sales; the report provides a detailed analysis and recommends ways forward. In Ghana, NRGi's analysis and communication with key constituencies helped to improve proposed amendments to the country's fiscal rules. There, we continue to provide analysis and [advocate](#) for a broader set of rules to anchor overall spending growth and debt accumulation. And in Canada, we helped promote the inclusion of project-level reporting requirements and an open data reporting option in draft implementation tools recently released for the country's extractives transparency legislation, already in force.

Potential for enacting real reform does not mean gains will be automatic—far from it. However, there is a growing realization by reformist leaders and citizens that current circumstances offer an opportunity for change.

We look forward to continuing to work with our many partners on the analysis and policy advocacy that can help further such change. As always, we want to hear from you; please be in touch with any thoughts, contributions or feedback on our efforts.

Best regards,

Daniel Kaufmann
President & CEO, Natural Resource Governance Institute

The Natural Resource Governance Institute (NRGI) helps people to realize the benefits of their countries' endowments of oil, gas and minerals. We do this through technical advice, advocacy, applied research, policy analysis, and capacity development. We work with innovative agents of change within government ministries, civil society, the media, legislatures, the private sector, and international institutions to promote accountable and effective governance in the extractive industries. For more information, please see: www.resourcegovernance.org.

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