

Stakeholders

EITI is a coalition of governments, companies, investors and civil society organisations, who are all represented on the EITI Board. About 90 Companies are involved in EITI including Barrick, BHP, ExxonMobil, Newcrest, and Rio Tinto. NGOs involved include Global Witness, Oxfam and Transparency International.

Criticisms

The wrong model of Development

EITI uncritically endorses and supports the wrong model of development. It is based on the idea that large-scale foreign-owned extractive industries can improve the livelihoods of rural people. This is a model of development that in Papua New Guinea contradicts and undermines the National Goals and Directive Principles in the Constitution.

No Impact on governance, corruption or poverty

Transparency International's annual reports on corruption and a study by EITI itself show that in EITI compliant countries there have not been any appreciable improvements in governance, reduction in corruption or poverty alleviation. EITI compliant countries do not perform any better than their non-compliant peers. Many of the countries that are EITI compliant have long histories of corruption, civil violence and dictatorships and most of them retain low levels of citizen participation in politics, weak accountability systems, and corruption.

Ignores social and environmental impacts

EITI ignores the social, human rights and environmental impacts of resource industries and allows participation by countries and companies with appalling social responsibility records. EITI does not just divert attention away from these key issues it provides governments and companies with a veneer of respectability.

EITI ignores where the money ends up

EITI only deals with one part of the money chain, receipts by government. It does not follow how that money is used or where it ends up. EITI does not police how officials eventually make use of payments made by the corporations. EITI also does not address upstream activities, such as procurement, which involves large sums of money and can be a source of corruption. Therefore EITI takes focus and attention away from fighting corruption and stopping the stealing of public monies.

EITI can encourage more investment by foreign companies

By providing a veneer of respectability EITI can encourage more foreign companies to open mines or new oil and gas projects. As EITI explains, it can provide an improved investment climate by providing a clear signal to investors and international financial institutions that the government is committed to greater transparency'. This can benefit foreign resource companies by reducing their "political and reputational risks", reducing "political instability" and help companies promote their investment as a benefit to the country.

No vetting of companies

There are more than 90 companies involved in EITI including some of the worlds biggest mining, oil and gas companies. There is no vetting of the companies that are allowed to participate in EITI and some have very bad human rights and environmental records. Involvement in EITI allows them to portray themselves in a good light.

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Extractive Industry Transparency Initiative (EITI) in Papua New Guinea

A Discussion Paper



Papua New Guinea has recently signed up to the International Extractive Industry Transparency Initiative.

But is EITI a good thing for the people impacted by the oil, gas and mining industries?

Is EITI just another form of corporate green washing?

There are a number of arguments that support the view that EITI allows governments and the mining industries to look good while not delivering any tangible benefits for local populations:

- EITI endorses and supports the idea that large-scale foreign-owned extractive industries are a good option for non-industrialized countries like Papua New Guinea. But in truth this is the wrong model of development.
- EITI was established in 2002 but has not been shown to have a positive impact on governance, corruption or poverty in those countries where it has been adopted.
- EITI ignores the negative social and environmental impacts of mining.
- EITI focuses on just one part of government financial flows and

ignores where the money that governments receive actually ends up.

- Perversely, EITI may encourage more foreign companies to invest in more mines, oil and gas projects, causing yet more social and environmental problems and increasing the divide between rich and poor.
- There is no vetting of the companies that are allowed to participate in EITI and many of its supporters have a bad track record on the environment and human rights.
- EITI sucks up civil society time and other resources that could be more usefully spent in other areas.

EITI does, however, offer some positives

- Knowing how much individual companies pay to the treasury each year may provide useful information for civil society and communities.
- EITI meetings provide a forum in country where civil society can meet with government and industry and raise issues of concern.

How far do these positives outweigh the negatives?

EITI is itself very circumspect about its possible benefits. On its website it describes its benefits to civil society as being “increasing the amount of information in the public domain about those revenues that governments manage on behalf of citizens, thereby making governments more accountable”.

Interestingly, EITI does not claim any benefits for the wider public or communities living around the resource industries.

What is EITI?

The Extractive Industry Transparency International (EITI) is a not-for-profit organisation registered in Norway and based in Oslo. It is funded by governments and industries.

EITI provides a global voluntary standard it says is designed to promote open and accountable management of natural resource revenues. EITI says it seeks to strengthen government and company systems, inform public debate, and enhance trust.

In each implementing country EITI is supported by a coalition of governments, companies and civil society groups.

EITI is very cautious in its claims about the benefits of its standard.

It merely says that by encouraging greater transparency “some of the potential negative impacts [of extractive resource industries] can be mitigated”.

The EITI Standard

The EITI maintains the EITI Standard. Countries that implement the Standard are required to make full disclosure of all taxes and other payments made by oil, gas and mining companies to the government in an annual EITI Report. The oil, gas and mining companies are also required to disclose what they pay to the government.

The report allows citizens to see how much their government is receiving from their country’s oil, gas and mineral resources.

The EITI Standard sets the requirements countries must meet in order to be recognized first as an EITI Candidate and ultimately as an EITI Compliant country.

The Standard is overseen by the international EITI Board, with members from governments, companies and civil society.

Currently 29 countries are EITI compliant and 17 are EITI candidates

History

In 2013 Papua New Guinea applied to join the International Extractive Industry Transparency Initiative.

As an EITI Candidate, PNG must start disclosing payments and other data about its oil, gas and mining sector, including information on license holders and license allocations, production data and other information.

PNG must meet all of the requirements in the EITI Standard within three years to be recognized as EITI Compliant.

Each EITI country is required to establish a Multi Stakeholder Group (PNG MSG) made up of government, company, and civil society representatives to oversee the EITI implementation.

As a candidate country, the PNG MSG was required to publish a report stating the efforts PNG had undertaken to meet the EITI Requirements by 1 July 2015. That report was criticized as it was written by a foreign consultant paid by the World Bank and was not produced by the PNG government or the EITI MSG.

EITI in PNG

EITI was developed as a response to the ‘Publish What You Pay’ campaign against extractive industry companies in the 1990’s and early 2000’s. The PWYP campaign was led by Global Witness, Human Rights Watch and Oxfam.

Companies argued that rather than publishing what they paid the campaign should target government who should publish what they received.

The idea of EITI was devised by the British Government in 2002 (as British Petroleum (BP) was one of the big targets of the PWYP campaign).

The Norwegian government was one of the early supporters of EITI, hence the EITI secretariat is based in Oslo.

Funding

The EITI secretariat has an annual budget of \$5 million which comes from governments (62%) and industry (37%).