

Activity Brief
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FRIDE
FUNDACION
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Y EL DIÁLOGO EXTERIOR

Transparency in the Extractive Sector: Perspectives for Deepening Spain's Commitment with the EITI

About FRIDE

FRIDE is an independent think-tank based in Madrid, focused on issues related to democracy and human rights; peace and security; and humanitarian action and development. FRIDE attempts to influence policy-making and inform public opinion, through its research in these areas.

Introduction

On 28 May 2008, FRIDE facilitated a meeting of members of the Commission for International Cooperation of the Spanish Parliament (Congreso de Diputados) with representatives of the Board of the Extractive Industries Transparency Initiative (EITI) and the CSO platform Publish What You Pay (PWYP). The meeting was a parallel activity to the PWYP outreach event on 25 May and the EITI board meeting in Madrid between 26 and 28 May. Specifically, it aimed at, firstly, discussing the state of the EITI process and, secondly, exploring the specific contributions of Spain and the Spanish Parliament to fostering governance in resource-rich developing countries by improving transparency and accountability within the EITI.

After a brief introduction, the representatives of EITI and PWYP¹ congratulated Spain for its significant contribution of the EITI Multi-Donor Trust Fund in December 2007 and

¹ Peter Eigen, Chair of the EITI Board and Founder of Transparency International, Marie-Ange Kalenga, PWYP Coordinator for Africa, and Sarah Wykes, expert in corruption in oil, gas and mining at Global Witness

expressed their gratitude for Spain's commitment in organising the meetings and conferences related to transparency in the extractive sector. The participants stressed the paramount value of the parliamentary impulse towards the government, expressed in a non-binding law on EITI, passed by the Congreso de Diputados in December 2005.

EITI and PWYP: strong civil society engagement as a factor of success

A lively debate addressed the progress of and challenges to the EITI process. While its methodology is robust but flexible, implementation requires strong local political will in the resource rich developing countries in order to progress towards the validation stage of revenue transparency. Nigeria and Azerbaijan were cited as success stories, in which the multi-stakeholder spirit of the EITI became reality and achieved important changes in the attitudes and performance of governments, extractive companies and civil society. The empowerment of civil society, engaged in the global platform PWYP, plays a central role in advancing towards better transparency and accountability as triggers for better revenue management and use. Also, in industrialised countries, civil society activities are crucial for strengthening the credibility of and building constituency for the EITI process. Northern governments require strong support for efforts to develop a more transparent environment for extractive multinational enterprises. Thus far, EITI has been successful in fostering the active participation of several companies, such as Statoil and BP. Yet, in order to overcome the traditionally opaque characteristics of the sector, it is still necessary that Northern governments and societies engage proactively in the fight against corruption through a tighter control system and tough persecution.

Spain's opportunities to deepen commitment with EITI

In the second part of the meeting, the participants discussed the role of Spain as a relatively new supporter of the EITI. The active participation of Spain in the EITI Board would help promote transparency and accountability, especially in Latin America, while deep concern was expressed regarding the difficult situation in Equatorial Guinea, which presents an urgent and complex issue for Spain's foreign policy agenda.

In exploring opportunities for the near future, three main ideas were raised with regard to Spain's consistent adherence to the EITI process.

Firstly, the interest and commitment of the Spanish government stills needs to exceed its current focus on development cooperation policies. Other government departments, such as the Ministries for Economy and Finance and for Industry, Tourism and Trade, need to be actively engaged in the design and implementation of an overall government policy on transparency in the extractive industries.

Secondly, EITI's multi-stakeholder philosophy should be fostered in Spain by promoting an informed, progressive and pragmatic dialogue between Spanish stakeholders, such as the distinct government departments, the parliament, companies, civil society and think-tanks. The role of the parliament was highlighted as crucial, especially regarding the monitoring and strengthening of a coherent commitment even in "harder" policy areas, future legislation for the extractive sector and the interplay with parliamentarians in oil and gas producing countries. Spanish stakeholders, among them the

Members of Parliament, are aware of the huge responsibility to engage more consistently with Spanish extractive industries, which are still too passive in the EITI implementation.

Thirdly, the participants addressed the perspectives for full implementation of the parliamentary mandate on EITI. The non-binding law passed in December 2005 outlines several measures for the Spanish government, which include the reform of the Spanish stock market (towards a compulsory publication of payments made by listed companies to developing countries), the promotion of national, European and international norms for transparency in the extractive sector and the promotion of the EITI among Spanish extractive companies, of which Repsol YPF is currently the only supporting company. Regarding the reform of the Spanish stock market, the recent US bill covering obligatory transparency of companies' payments could constitute an important incentive for Spain. For the current term (2008-2012), the government has committed to revise the existing law, which dates from 1988. This represents an historic opportunity to deepen Spain's support for transparency and accountability in the extractive sector.

The participants agreed to deepen the debate on future Spanish engagement with the EITI. The Commission for International Cooperation has already submitted several queries to the Spanish government exploring future steps on EITI, which government representatives will address in a parliamentary control session on June 3. Furthermore, FRIDE was asked to coordinate, over the next few months, a seminar with representatives from the government, the Congreso de Diputados, civil society and think-tanks, which could identify feasible steps for further investment in a broad Spanish political and entrepreneurial commitment to the EITI.

Further information

EITI Secretariat: <http://www.eitransparency.org/>

PWYP: <http://www.publishwhatyoupay.org/>

FRIDE backgrounder on EITI, PWYP and Spain's role: <http://www.fride.org/publication/71/>

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