

FACT SHEET ON REVENUE MANAGEMENT AND TRANSPARENCY

Introduction

- In many developing and transition countries, revenues from oil, gas, and mining production through taxes, royalties, and other receipts are an important engine for economic growth and social development.
- In some nations, the lack of accountability and transparency in these revenues can exacerbate poor governance, leading to corruption and conflict and increasing inequality. Hence the argument that an abundance of natural resources more often becomes a “curse” than a “blessing” for developing nations.
- The World Bank Group believes that, if used wisely, abundant resources can provide a foundation for sustainable economic growth. We are committed to increasing transparency and accountability related to revenues from the extractive industries and have pioneered transparency frameworks in several high-profile projects in recent years.

Examples

- To promote greater transparency in the [Chad-Cameroon Petroleum Development and Pipeline Project](#), where a pioneering [revenue management program](#) was established, a nine-member Independent Oversight Committee has been set up, monitored by the World Bank Group and the United States Treasury. The committee, which represents labor unions, religious groups, women’s organizations, and Chad’s parliament, will ensure that all government oil revenues are channeled into priority sectors (health, education, rural development, infrastructure, the environment) and will guard against waste or misuse. In addition, its reports will be publicly disclosed. In fact, all oil revenues will be deposited into a *dedicated offshore escrow account* to be regularly audited by the committee and the government of Chad. Audits will be monitored by the World Bank Group. Five percent of revenues will fund development in the oil-producing zone and a “future generation fund” will be allocated 10 percent of oil dividends and royalties.
- The World Bank Group’s experience in Chad has informed lending to the [Baku-Tbilisi-Ceyhan Pipeline](#), which has also set new precedents—in revenue transparency and in the publication of project-related agreements between the companies and governments involved. Revenue from the oil and gas projects in Azerbaijan will be placed in a state *oil fund*, developed through dialogue with the World Bank Group and IMF, which will be audited by the international firm of Ernst and Young and disclosed to the public.

Extractive Industries Transparency Initiative

- On December 9, 2003, the World Bank Group announced its intention to play an active role in implementing the [Extractive Industries Transparency Initiative](#). We are working with several developing nations, as well as with key stakeholders, on ways to publish revenues accruing from the oil, gas, and mining sectors.

- The EITI was launched in September 2002 by British Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg, and is being championed by the U.K. Department for International Development (DfID).
- The World Bank Group is working closely with DfID. The work is funded jointly by the World Bank and a multidonor trust fund. Activities will focus on technical assistance to further the transparency agenda in extractive industries, compile research and lessons of experience, and disseminate best practice. Pilot programs in transparency are being developed with several emerging market nations that have volunteered under the EITI. The World Bank Group will also focus on convening stakeholders—including governments, industry, and civil society—to raise awareness as well as define and implement viable approaches.
- Several major oil, gas, and mining countries have already agreed to undertake pilot projects, and discussions are at a preliminary stage with several more. The core of the voluntary pilot country approach is to find a set of workable guidelines on which all sides can agree. In February 2004, the World Bank Group and IMF organized revenue management workshops in Gabon and Nigeria for representatives of West African governments, oil companies, and civil society.

Additional Resources

- **[Petroleum Revenue Management in Developing Countries](#)**
- **[Treasure or Trouble: Mining in Developing Countries](#)**

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