COMMONWEALTH PARLIAMENTARY ASSOCIATION

MR JOE OMORODION

ACTING SECRETARY-GENERAL AND DIRECTOR OF FINANCE

WELCOME MESSAGE ON 13 January 2015

at the

Global Seminar on Transparency and Accountability in Extractive Industries: The Role of the Legislature

Parliament of Rwanda

A joint event by the Commonwealth Parliamentary Association, the International Monetary Fund (IMF), the World Bank Institute (WBI), Commonwealth Parliamentary Association (CPA), Natural Resources Governance Institute (NRGI) and United Nations Development Programme (UNDP)

13 - 15 January 2015

- Right Honorable Donatille Mukabalisa, Speaker of the House of Representatives
- Senator the Honourable Bernard Makuza, President of the Senate
- Honourable Imena Evode, Minister of State in charge of Mining in the Ministry of Natural Resources
- Honourable Ministers
- Ms Immaculée Mukarurangwa, Secretary-General of the Chamber of Deputies
A Very Good Morning to you All.

I am delighted to welcome you to this Global Seminar on Transparency and Accountability in Extractive Industries: The Role of the Legislature in Kigali, Rwanda.

This programme has been organized by the Commonwealth Parliamentary Association, the International Monetary Fund (IMF), the World Bank Institute (WBI), the Natural Resources Governance Institute (NRGI) and the United Nations Development Programme (UNDP).

We are honoured and pleased that this seminar is hosted by the CPA Rwanda Branch at this timely moment. The Parliament of Rwanda is one of the newest Members of the CPA, joining at the General Assembly in Kenya in 2010. We are very excited to be able to seize this opportunity and to work with you and your colleagues at the CPA Branch. Thank you very much for agreeing to host this important seminar on Extractive Industries.

You are all here because your countries are rich in natural resources; however, ensuring revenue from Extractive Industries (EI)
is utilized to help reduce poverty and promote shared prosperity may pose a challenge to some of you, if not most public representatives. Instead of contributing to poverty alleviation and economic growth, you may have experienced that resource revenues can also lead to corruption and underdevelopment. In some cases, they even have fueled armed conflict and war. Revenues from Extractive Industries can be substantial: In Malaysia, for example, the petroleum sector generated 14 percent of government revenue and represented 10 percent of gross domestic product and 20 percent of exports in 2011. Malaysia is one of Southeast Asia’s primary oil and gas producers, and was world’s third-largest exporter of liquefied natural gas in 2010.¹

Due to these rather significant revenues, greater participation, transparency and accountability is needed across Extractive Industries value chains. These objectives, however, can only be achieved with the support of a wide range of stakeholders such as governments, multinational corporations, the media, Civil Society Organizations (CSOs) and, most importantly, Parliaments. There are indeed samples of good practice in this regard which can be cited in this context. In Western Australia, for example, the mining industry produces 58 percent of Australia’s mineral and energy exports. In 2011, mining and hydrocarbon royalties made up 20 percent of Western Australia’s government revenue.

Australia’s Freedom of Information Act requires disclosure of information on the mineral sector. Environmental and social impact assessments are mandatory before mineral rights can be awarded. In 2011, the government announced that Australia would join the Extractive Industries Transparency Initiative, beginning with a pilot project in July 2012.\(^2\) The Extractive Industries Transparency Initiative (EITI) is an effort which sets a global standard for the management of revenues from extractable resources. The EITI is a multi-stakeholder initiative consisting of governments, companies, and civil society operating on a prescriptive set of processes, which will monitor and oversee the collection and distribution of a country’s revenue from its extractive industries.

Furthermore, Western Australia’s Department of Mining and Petroleum (DMP) publishes information on the licensing process, contracts, and environmental and social impact assessments. It also produces audited annual financial reports and maintains an online searchable database with information on reserves, prices, the value of exports, estimates of investment in exploration and development, production by company/block, production stream values, royalties, license fees, and lease income.

In Africa, Ghana is setting an example in substantial disclosure policies and an evolving legal framework.

This includes the requirement for auctions for mineral licenses as well as environmental impact assessments prior to licensing.\textsuperscript{3}

In order to ensure that a country’s population benefits from its extractive resources, transparency and accountability are vital to reassure all stakeholders involved in the field of extractives that developments are fair and benefits are spread equitably throughout society. Efforts to enhance transparency are therefore strongly encouraged, including engaging with initiatives such as the \textit{Extractive Industries Transparency Initiative} and \textit{Contract Monitoring}. Parliaments need to ensure that governments provide stable environments and efficient and robust policy, legislative and administrative frameworks for the exploration and development of extractive resources.

Consequently, this Seminar aims to:

1) Share knowledge amongst the MPs on good practice around the EI issues with a particular focus on parliamentary oversight and monitoring
2) Capture the experience of parliamentary delegations to be shared with the broader parliamentary community
3) Share recent research outcomes and experiences related to the EI sector.

As you all know, the CPA does not tell you what to do. We engage with Parliaments and their Members and expose them to examples of how other Parliaments and Legislatures handle their affairs; and whether some things are worthwhile to try and adapt to your circumstances. This is the reason why we would like to encourage you to own this programme yourselves. It has great potential, but it also is what you make of it.

Your knowledge and experience, honourable Members, is vital for its success. Do contribute and share. Do agree and disagree. Do tell us what the Extractive Industries of your countries mean for your work as Parliamentarians.

With this short introduction, I would like to wish you three very engaging, rewarding and successful days. I hope for a very intensive engagement in person and online and wish you all the best in your deliberations.

Thank you very much indeed for your attention.