

OGP¹ position on transparency

We are in favour of transparency² and oppose corruption in any form. We are committed to honest, legal and ethical behaviour in all our activities, wherever we operate.

OGP supports the principle of financial transparency of resource revenue streams. Revenue in kind (for example share of oil production to state companies as royalty) should also be completely transparent. OGP is committed to working with multilateral institutions, regulatory bodies and other appropriate parties in their efforts to reduce corruption and maximise transparency. However, such transparency should allow for protection of proprietary information and be within the laws of host countries as well as contractual obligations.

Revenues generated by resource development, if not properly managed, can create distorted economic and social impacts. Good governance is crucial and we therefore support World Bank Group efforts to promote sound financial, legal, judicial, social and physical management capacity and infrastructures to deliver long-term economic development. The discussion of transparency should involve a variety of stakeholders, including the oil and gas industry, governments, regulatory agencies, multilateral organisations, financial and lending institutions and non-governmental organisations.

In addressing issues of transparency, the following should be taken into account:

- The sovereign right of host governments to limit or prohibit disclosure of financial information is recognised, as is the obligation by companies to comply with any such restrictions. Gaining the consent of host countries to greater disclosure of financial information is a process we support. This can be achieved through government-to-government and company-to-government dialogue. This may include the assistance of international organisations.
- A consistent approach to disclosure is necessary to avoid a situation where some, but not all, companies in a particular country (or even worldwide) might suffer an unfair competitive disadvantage. Care should also be taken that such disclosure does not jeopardise competitive bidding or tendering in the award of oil and gas concessions. Such bidding and tendering is beneficial to developing countries.
- A clear and consistent approach as to the nature and level of aggregation of the payments to be disclosed is necessary. For example, clarity would be needed on types of payment: taxes, fees, royalties, future revenue streams, signature bonuses, production bonuses, funding for local development initiatives; and their destination: local, regional and federal agencies, government institutes, state oil companies and state operating companies.



**International
Association
of Oil & Gas
Producers**

¹ The International Association of Oil & Gas Producers (OGP) represents a wide variety of members – including publicly quoted multi-national oil companies, private companies, national oil and gas companies, contractors, industry associations and research institutes. OGP members produce more than half of all the world's oil and over a third of its gas.

² We understand the term 'transparency' to mean the clear public reporting of the size, nature and destination of payments made to governments or their agencies, in this case in the context of the oil and gas industry.