

Using UK company data as an accountability tool

Miles Litvinoff, Publish What You Pay UK (mlitvinoff@pwypuk.org)

February 2017

Case study highlights

- Civil society in host countries is using data reported by UK companies under the EU Directives to proactively ask government entities to account for key payments disclosed by foreign extractive companies.
- Unlike in the EITI process, payments in question were made no more than one year ago, which significantly enhances accountability.
- Using mandatory payment disclosures, and supported by open data techniques and products, PWYP country coalitions are initiating dialogue with government entities in four host countries, and with international extractive companies including Shell, on the comprehensiveness of company disclosures, on what constitutes a "fair deal" for citizens and on host government accountability.

Introduction and background

After well over [a decade-and-a-half](#) of campaigning by the Publish What You Pay anti-corruption movement, oil, gas and mining companies are starting to report payments to governments under long-awaited mandatory disclosure rules. Although the voluntary Extractive Industries Transparency Initiative (EITI) has resulted in a growing body of available payment data since 2003, company disclosures on a worldwide basis began only under transparency laws in [Norway in 2015](#) and in France and [the UK](#) in 2016. Similar laws in other EU member states and in [Canada](#) will require company reporting from 2017, and [US companies](#) are due to report from 2019.

By 2019 an estimated [84% or more](#) of the world's 100 largest oil and gas companies by market capitalisation, and [at least 58%](#) of the largest 100 mining companies, will be required by law in one jurisdiction or another to disclose their payments. The global extractives transparency standard will have well and truly arrived.

Getting oil, gas and mining companies to publish their payments to governments is necessary to [deter opaque or corrupt deals](#) and poor revenue management. But civil society's work does not stop there. We also need to act as [watchdogs](#) by using company disclosures to hold governments and companies to account so that squandering natural resource revenues becomes a thing of the past.

[Open data](#) makes numerical analysis of payment disclosures easier. But resulting [CSV](#) files and data-filled company PDFs are not always the best tools for citizens and civil society to use when discussing payments or questioning government officials. Hence the need for data [infomediaries](#) to work with the data and enable citizens and civil society to assess company reports and hold duty bearers to account.

Project activity

As part of the Data Extractors programme, [PWYP UK](#) has focused on payments to governments made in 2015 as disclosed under UK regulations and rules by UK-incorporated and London Stock Exchange-listed oil,

payments in kind, making it impossible for data users to check its pricing of in-kind production entitlement payments. We are considering how to take this issue forward.

Tunisia

PWYP UK contacted the PWYP-affiliated [Tunisian Coalition for Transparency in Energy and Mines](#), who confirmed that infographics along the same lines as the Nigerian example would be a useful tool for dialogue with the Tunisian government. It was agreed to focus on payments made in 2015 by [BG Group](#) (Tunisia's largest gas producer, [acquired by Shell](#) in early 2016), mainly for gas but also partly for oil, and by [Petrofac](#) for gas.

We put relevant data and questions for the Tunisian government into two [infographics](#). Tunisian colleagues wanted three priority questions included in the infographics: about the [constitutional provision to allocate a percentage of natural resources revenues for regional development](#); about the government's [2012 commitment](#) to join the Extractive Industries Transparency Initiative (EITI); and about social responsibility payments to local authorities.



In analysing Petrofac's Tunisia disclosures, PWYP UK noted deficiencies in the company's data regarding the valuation of royalty payments in kind and the identity of recipient government bodies. We notified the company about this, and it responded by publishing a new corrected payments report containing the previously missing information.

The Tunisian coalition are checking Tunisia's published resource contracts and licences and will use the infographic as part of their planned forthcoming dialogue with the government. The coalition presented their work on BG Group's and Petrofac's disclosures at an open data workshop for Tunisian civil society and media organised by the Natural Resource Governance Institute in November 2016. PWYP UK has offered the Tunisian coalition to engage with Shell/BG Group and Petrofac headquarters to seek further information about the companies' social responsibility payments to local authorities.

Indonesia

PWYP UK's fellow Data Extractors [PWYP Indonesia](#) agreed that an infographic highlighting payments to Indonesian government entities by [BP](#) and [Shell](#) would be a useful engagement tool. We created an [infographic](#) combining both companies' payments and including verification questions for the government.

Colleagues at PWYP Indonesia report that government officials have refused to verify the disclosed payments and have said that civil society must wait for the next Indonesian EITI report to check the data. PWYP UK has suggested in response that, as in Nigeria, PWYP Indonesia make a



formal Freedom of Information request to pressure the government to release the information.

Iraq



The PWYP-affiliated [Iraqi Transparency Alliance for Extractive Industries](#) are also interested in using payment disclosures by [Shell](#) and [BP](#) to seek greater accountability from their government and the companies. With the need for translation into Arabic, we agreed to start with a simple [summary presentation](#) of the payments and other relevant information. The Iraqi alliance, which is particularly concerned about risks of corrupt accounting for operating costs, plans to cross-check the data with the country's forthcoming [EITI report](#) on 2015 and indicated that it has already identified a significant discrepancy in the tax payment data reported by Shell.

Project outcomes, impact and conclusions

PWYP UK's Data Extractors project has been one of the first collaborations between PWYP coalitions in home and host countries using mandatory reported extractives data to hold host governments and companies to account for specific extractive sector payments. Civil society in host countries has asked, or is in the process of asking, governments to account for key payments disclosed by foreign extractive companies. Unlike in the EITI, civil society is questioning payments made no more than a year ago.

Interim outcomes in Nigeria and Indonesia have proved disappointing but not surprising in view of the major change in attitude and practice we seek in terms of government accountability. It is too soon to assess initial outcomes in Tunisia and Iraq.

At the same time, civil society engagement with the disclosed data sends an important signal to host governments that civil society is vigilant and will be ready to expose corrupt or questionable dealings. And the project has demonstrated to two companies – Shell and Petrofac – that civil society is monitoring their disclosures and expects them to fully address their legal obligations.

The project confirms that there is no simple “magic bullet” to bring about the open and accountable extractives sector that PWYP works for. Despite its urgency, the change we seek is likely to occur only incrementally over the longer term and will require persistent coordinated effort across the global PWYP coalition.