

THE BROOKINGS INSTITUTION

FALK AUDITORIUM

TRANSPARENCY, ANTI-CORRUPTION, AND SUSTAINABLE DEVELOPMENT:
IS PROGRESS POSSIBLE?

Washington, D.C.

Monday, September 18, 2017

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P R O C E E D I N G S

MR. EISEN: Good morning. I want to welcome everyone to Brookings. I'm Norm Eisen, I'm a senior fellow in Governance Studies here at the Brookings Institution. Whether you are here in person with us or are joining us via webcast thank you for being here for today's discussions of whether new progress is possible in the global effort to use transparency and other open governance tools to fight corruption and promote sustainable development.

As someone who has spent a quarter of a century on these issues, considering them from every different angle in the public and the private sector in civil society and as a scholar, I believe we are at an inflection as we gather here this morning. Yes, corruption remains stubbornly entrenched around the world, costing as much as \$2 trillion globally. But there has also been a surge of effort and innovation to address corruption crescendo-ing in recent years.

A vast amount of transparency and accountability data, initiatives, and alliances now exist. This makes possible new efforts to better use all that data to fight corruption and promote sustainable development, new and comprehensive assessments of what has and has not worked. And if may begin our day on a note of hope, new progress and perhaps even new breakthroughs against this ancient scourge of corruption.

Today's opening remarks and the first panel will assay a global view of prospects for progress on transparency, anticorruption and sustainable development starting with the experience of the IMF and its plans to do even more to help. The panel will look broadly at our issues from the perspective of the international financial institutions, national governments, and civil society. We'll take a round of audience questions at the end of the panel after the discussion so be ready with your questions.

Then we'll take a networking break. I'm so excited to see friends and colleagues from all over the world who've come in for this day's events and I know you want to talk to each other coffee and Brookings' legendary pastries. That's why you've come in from all over the planet. (Laughter)

After that the second panel will focus on a particular and one of the most challenging sectors, extractives, and ask whether open governance can advance anticorruption and sustainable development along the natural resource value chain, truly one of the most daunting sectors for this

problem historically. As part of that discussion I'm very, very excited that we will be introducing two major and complementary new multiyear research projects, one from Brookings with our partners, Results for Development and the Natural Resources Governance Institute, and the other from the World Bank and the IFC. Both look at open government in the context of other factors, necessary complements that we'll hear from our introductory speaker about like the rule of law and regulatory and enterprise reform.

Because so many experts have joined us from all over the world, after brief opening remarks in our second panel we will proceed to a town hall format so we can hear the toughest questions; challenge us, push us, do not be polite. We can hear the toughest questions from all of you in our town hall on transparency, anticorruption and sustainable development.

Before I introduce the opening speaker I'd like to recognize some of the people responsible for today's event. We are very, very grateful to our event cohosts, the Partnership for Transparency's Anticorruption Forum, the World Bank, the International Finance Corporation, and we're delighted to be joined today by our project partners from R for D and NRG. I want to recognize all my colleagues at those institutions and here at Brookings who have worked so very hard to make today a success.

I'd also like to recognize the BHP Billiton Foundation and its chair, Karen Wood. The Foundation is among the generous supporters of the Brookings Governance Studies program that made this even possible. Geoff Healy, the BHP's chief external affairs officer will join our second panel today as a subject matter expert and I look forward to hearing his personal perspective on the issues. I also want to thank Brookings Governance Studies Project Progress for their support of this event.

Now, for our distinguished opening speaker, Madame Christine Lagarde. Christine Lagarde is the managing director of the International Monetary Fund. Having served her first five-year term she was reappointed in July 2016 for a second term. She was previously the French finance minister from June 2007 to July 2011 and has also served as France's minister of state for foreign trade. Madame Lagarde has had an extensive and noteworthy career as an antitrust and labor lawyer and was the chairperson of Baker and McKenzie from October 1999 until June 2005 when she joined the government.

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Madame Lagarde has degrees from the Institution of Political Sciences and from the Law School of Paris X where she also lectured prior to joining Baker and McKenzie in 1981, and she has been a great champion of the issues that we are discussing today within the IMF. I would like to welcome Madame Christine Lagarde to the stage. Thank you. (Applause)

MADAME LAGARDE: Thank you very much, Norm. When I listen to you I think to myself that you should have been a lawyer, and when I look at your bio I know that you were a lawyer. (Laughter) I'm delighted to be back at Brookings and so delighted because last time I was here I think I had a broken ankle, so the situation has improved on that particular front if not on all other fronts.

Now, thank you very much, Norm, for introducing me, and I would like to endorse your recognition, acknowledgement, and thanks to all the institutions that you have mentioned and that will spare me the task and duty of having to say thank you to all of them. But I would only recognize as well, in addition to all those, Brookings for hosting this and for having us all back together here, and of course my colleagues from the IFC and the World Bank, and my very good friend Ngozi who is with us, one of the bravest women in the world.

So, this is an important event, and why do I say that? Because in order to tackle corruption we need to acknowledge the problem plainly and measure its impact as accurately as we can. The measurement part is from the IMF perspective critically important. So, our gathering of policymakers, business leaders, and civil society experts is in my view a step in the right direction. When talking about corruption I always have in mind this beautiful movie "Casablanca." When Captain Renault closes the casino in Rick's Café and the Captain says, "I'm shocked, I'm shocked to find that gambling is going on there," which of course does not stop him from pocketing his share of the earnings before he walks away. Are we shocked in this room? No, we are not. We know that corruption is a problem and we are trying to do something about it and this is what brings us together today.

Now, I want to begin my address by asking three questions. First of all, how does the IMF define corruption? Second, what have we got to do with it, we the IMF? And third, what more can we do to actually help our membership fight corruption?

So, what do we mean by corruption? How do we define it? Not unlike many other

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national organizations we define it as the abuse of public office for private gain, and each and every word actually matters. We all know that corruption is a complex problem, often involving multiple actors who operate generally in the shadows.

Let's take just one example. And I don't want to borrow from the second panel but I think that's the most obvious example and the easiest in order to understand the ramifications of it. If we take just a bribe in the extractive industries, which is probably the basic most obvious standard of corruption, yes, a local official may very well demand a bribe or a government ministry or agency can actually turn a blind eye on what is going on and possibly pocket a little bit of that. But what about the company that actually offers the money? Surely that company, private sector, participates in the process. After all, for every bribe accepted there's a bribe that is offered.

So, for this reason as we assist our members in fighting public corruption -- and our members, just to remind you, are the 189 countries that are members of the institution; they're not private actors, they are public actors, states only. So, although our membership is public actors only we also are committed to looking at transnational private actors who influence public officials. Private actors may help generate corruption through as obvious and direct means as the bribe that I just mentioned. But that's not it. They can also facilitate corruption through indirect means such as discrete ways of organizing money laundering or tax evasion.

The recent example of the Panama Papers highlights the importance of these facilitators and underscores the pernicious way corruption can quietly spread across borders inconspicuously up until such point. So to be effective our approach must recognize the practical realities of the problem and aim to identify the many different dimensions of corruption. And that brings me to my second question. What has the IMF got to do with corruption given its mission which has to do with financial monetary stability and economic prosperity? This is not the core business of the IMF to tackle corruption, to identify it, and to fight it, nor to interfere in the political affairs or budgetary decision of a particular member. The answer though that we have elicited and continue to elicit is that there is a growing number of our members who believe that corruption is a macro-critical issue for many countries. And that I ask you to just remember that from our perspective, IMF, macro-criticality is going to actually define and delineate the

work that we can do, the areas where we can interfere and those where we don't and actually can't.

So, thanks to the work that many of you in this room have done it has become clear that systemic corruption undermines the ability of states to delivery inclusive growth and lift people out of poverty. It is a corrosive force that eviscerates the vitality of business and stunts a country's economic potential.

Norm has mentioned the annual cost of corruption is estimated -- bribery only -- anywhere between \$1.5 and \$2 trillion which is what? Two percent of global GDP. That's enormous. And these costs we believe represent the tips of the iceberg. The long-term impact goes much deeper and is probably far more difficult to actually measure and assess.

Think, for instance, of a government spending taxpayers' money on a glamorous totally unnecessary convention center or big sports stadium construction of which the ulterior motives is actually to generate kickback. A year after construction begins it turns out that the funds in the social service coffers are somehow no longer available for their original beneficiaries, and over time the money diverted from health, education actually perpetuates inequality and limits the possibility of better paying jobs and better life.

And as this type of corruption becomes institutionalized distrust in the government grows and poisons the ability of a nation to attract foreign direct investment and to generate the motivation of young people to actually serve that nation. So, the result is a negative feedback loop from which it is difficult to break free.

Millennials, if any, feel this reality very acutely. We conducted a recent survey of global youth and that survey revealed that young people identify corruption, not jobs, not lack of education, as the most pressing concern in their respective countries. And those questions were asked in multiple languages in order to draw and elicit responses from many, many constituencies. And there is wisdom in this insight since corruption is a root cause of many of the economic injustices young men and women experience every day.

Young people also understand another truth. Corruption is not limited to one kind of economy or one kind of country, it can impact every nation. From embezzlement to nepotism to terrorist

financing, corruption's nefarious tentacles can take on different forms depending on the environment where it incubates.

And that leads to my final question and the launching point of our conversation. What have we already done and what more can we do going forward? Tackling corruption is not exactly a new subject and the IMF has been at it somehow for a long period of time. Last month the IMF executive board, which is the governing body, took stock of our progress and committed to confronting the problem even more directly moving forward. The board agreed that our members would benefit from an increase in granular policy advice and a candid even-handed assessment of the economic impact of corruption. It was not an easy discussion, I can assure you.

To achieve this goal new methodologies are needed to better quantify and analyze the problem, and that is why I'm really pleased that today's event marks the launch of two new anticorruption research initiatives led by Brookings, the IFC, and their partners. I know that the IMF will benefit from your work and I trust that your experience can be helpful to you as well.

Allow me to elaborate on that experience briefly. Our work, like yours, begins with initiatives to improve transparency and increase accountability. As Supreme Court Justice Louis Brandeis said, "Sunlight is the best disinfectant." Let's take the example of Gabon for instance. After consultation with our staff the government committed to publishing data on all major public investments in next year's budget. By 2020 the budget law will outline the financial risks associated with every public company including those in the extractive sector.

Now, for some of you it might sound like a very small step; for some countries it's a major step. And this work goes hand in hand with our effort on regulatory reform and strengthening legal institutions.

What do I mean by regulatory reforms? I don't necessarily mean either more regulations or deregulations, but instead streamlining in order to reduce the number of gatekeepers in charge of permits, in charge of licenses, in charge of approving contracts. On the legal front it is often the institution charged with enforcement, the police, the public prosecutors, and the judiciary where the rot of corruption sets in.

Let's take the example of Ukraine where we've been extremely engaged for the last three years now. The government invited the IMF to help conduct a comprehensive review of national corruption. The subsequent report has led to a series of reforms including the setting up of a national anticorruption bureau. These reforms are only first steps. Investigators need increased authority and budget to pursue suspected criminals and prosecutors must be empowered to bring charges in an anticorruption court whose magistrates are independently appointed.

The Ukrainian situation underscores one broader challenge. To make a lasting difference international organizations, civil society, and political leaders must work in concert. And it's not always easy but it has to happen that way because otherwise everybody moves in their respective silo or channel and there are no meetings of the respective purposes of these institutions toward an improvement of the situation and eradication of corruption.

And we must also be realistic about the progress that we make. Cultures, habits are not things that can be eliminated or changed in a matter of six months. It takes decades to actually change the course of culture, to change the course of those habits, good or bad.

Since corruption is often hidden and difficult to measure new policies will take years to become effective. Meanwhile, some governments are reluctant to even engage on the issue because they see corruption as a political and not an economic problem. That's the response that we receive very often. Why do you ask questions in that field? It is not an economic issue, it's a political matter. Well, sometimes it is and we have to recognize that we don't interfere in political choices. But when particular habits, particular channels of moving money around have a macro-critical impact and are clearly falling under the definition that I have mentioned earlier on then it becomes an economic issue and we have to look at it and we have to take a stand and we have to include those considerations when we put in place a program or where we conduct a surveillance of an economy as part of our job.

I believe the IMF can only be true to its mandate if we speak about corruption with clarity using the C word as opposed to the illusive reference to good governance, oh, yes, and offer the tools at our disposal to all our members within the parameters of our mission. Now, our commitment is that the Fund can and will do more in the days ahead. It will take the course that it has to take in accordance with

our rules which is that the board is going to have to review the new proposals that we will put to it and we will work forward.

So, let me close by returning to “Casablanca.” No, I promise that I'm not going to sing a rousing Marseillaise or pretend that I'm Ingrid Bergman. I said at the start that it was an important issue; that remark was not just lip service for the purpose of this particular speech. A coordinated global effort to stop corruption can make the world a more prosperous place and improve the lives of every citizen. I don't have the illusion that suddenly global GDP is going to rise by two percentage points but we can head in that direction. So, to paraphrase not Ingrid but Humphrey, I think this is the beginning of a beautiful conversation. Thank you very much. (Applause)

MR. EISEN: Now we will invite our panelists up onto the stage. Panelists, if you'll join us for the first panel. I'll just call you up from the audience and then we're going to mic each of the panelists up here so that will give you a brief moment to breathe and consider your questions. If I can invite Ngozi Okonjo-Iweala, Dr. Ngozi, my friend. (Applause) And Hans Peter Lankes, Hans Peter will you come up on the stage please. (Applause) And finally Crick Poortman, come on up and join us. (Applause)

I'll say a word about each of my friends up on the panel as we go down the row. But first I want to thank the managing director for her strong words, for her leadership, again, and for that commitment that the IMF can and will do more considering the up to \$2 trillion in losses through bribery that we talked about. Another contemporary film came to mind, “Gone with the Wind,” when you were outlining that. (Laughter)

I want to focus on one word in your remarks, Madame Lagarde, which were so rich and that is the word evenhanded. A big focus of our program here today is the push for new progress in anticorruption transparency and sustainable development, but I think it's very important that as we push forward we consider the risks and one of the risks is that we're not fair, that we're not evenhanded. In the tradition of asking tough questions I hope you'll forgive me if I repeat one that perhaps is on the minds of some of you. How can the Fund ensure an evenhanded approach on corruption between small and large nations given the magnitude of their relative impacts?

In China, for example, some say the IMF has been too quiet and have compared that not

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always favorably to your recent work -- you spoke about Gabon, for example, or other smaller African countries where the IMF has been very engaged of late. Has the IMF been evenhanded, and most importantly how are you and the IMF going to address evenhandedness going forward?

MADAME LAGARDE: I was trying to find the exact definition of evenhandedness and I couldn't find it in my notes, so I'll spare you the notes. Evenhandedness is a critical concept in all the work that we do at the IMF, that's why it is precisely defined. But it's sort of everything being equal and depending on economic circumstances then we at the IMF we have to apply the same treatment and the same principles. But you have these two caveats of everything being equal and depending on economic circumstances that clearly indicate that it's not a one-size-fits-all and you don't apply the same criteria, the same principles, depending on the size of an economy, depending on its position in the cycle of development, depending on the institution capacity development that it has at home.

So, we have to be mindful of respecting the general principle while applying judgement as to what are the economic circumstances, what is the key objective that we have to pursue? If, for instance, a country which has corruption issues but where it's not prevalent or not reaching cataclysmic macroeconomic dimensions and at the same time is about to run into a balance of payment major crisis, or about to enter into a systemic currency crisis, we have to focus on that first and foremost. Now, having said that I'm not trying to find good excuses for turning a blind eye.

I think China, when you look at what has happened in the last I would say three to four years, has made some serious improvement in relation to corruption and has not only affirmed the principle of fighting corruption but has taken actual action against quite a lot of people. And the expression goes from tigers to flies, and we have seen a few tigers and quite a few flies as well suffer from that internal campaign that is conducted domestically with political authority. That's an area where there is progress. Have we had anything to do with it? I doubt it. Is it of macro-critical dimension? I'm not sure that it is, but it is certainly a move in the right direction by the Chinese authorities.

MR. EISEN: Thank you. Dr. Ngozi, I'll up the Managing Director's praise in saying not only one of the bravest women but one of the bravest people in your fight against corruption. You're a board member at our partner, Results for Development, the board chair of Gavi, the vaccine alliance, the

former Minister of Finance of Nigeria, and a former Managing Director of the World Bank.

I asked the MD about evenhandedness. Another big issue is voice. I know the board struggled with these issues, and before I ask Hans Peter about shifting back to the role of the IFIs let me ask you because you've seen it from every different angle inside the national government, at an IFI, in civil society. From the perspective of an anticorruption champion who has worked at the most senior levels in all those places what are the most important things that the IMF but also the World Bank and the IFC need to do better in engaging with governments in this area? And to put a sharper point on it, on voice, do they need to be more vocal or is behind the scenes engagement the key or both?

MS. OKONJO-IWEALA: Well, thank you very much, Norman, and thanks to all of you for the support and recognition.

Like you said, I've seen it from all sides and my experience -- hopefully something will come out written on that -- has shown that no external body can really fight corruption from outside. You need to be able to identify people or actors inside who are willing to work with you. So, that's the first thing that we need to bear in mind. The external has a role but there has to be an internal matching, there has to be a will within that country to fight.

So, within that context what can the IFIs do? I believe that one of the most important reasons why people (inaudible) to push away corruption is the actual lack of quantification of the issue. I have to say that a lot of stuff on corruption is anecdotes and whispers and guesstimates, things you can't really put your hands on and so people can always deny, our governments can deny, that this is not the case.

And there is a lot of talk about the difficult of quantifying corruption. It is true. It's difficult, as Christine said. But you also made a remark that measurement is one of the most important things and this is where the IFIs have a very important capacity. So, they should not shy away from doing that because once you've been able to measure and quantify and put numbers and data in the hands of a population, even if they don't do anything about it, if nothing happens to government, the information is there and they can't get away from it. So, that's the first. And I think the IFIs are not doing enough in that regard. There's a lot of analytical and theoretical work on corruption but the actual numbers and studies

are not there.

Second, very quickly, thing that the IFIs can do is tools. Now we have many tools. We have the whole open government movement and the open government partnership, and within it among the board of another very wonderful organization called the Development Gateway. And the Development Gateway within this system has looked at open contracting data systems and developed a tool for tracking and monitoring corruption in procurement. You know the governments spend \$9.5 trillion on procurement of goods and services, 15 percent of global GDP, and 57 percent of the cases investigated were under the OECD convention on procurement. So, this is a very important area where IFIs can push governments to use existing tools such as that developed by people like Development Gateway.

Then, lastly, is the issue of tracking, finding, and supporting those who are fighting corruption. Too often the organizations shy away, they believe too much in hearsay, they don't identify the reformers and who to support. You have to do that. So, three things.

MR. EISEN: We did not prearrange this at all. (Laughter) However, those are the exact three themes of the new Brookings' study that we're going to be announcing on the second panel. We're going to be talking about the need for rigorous measurement, about evaluating what tools work and don't work, and about how we can support as part of tracking the tools and evaluating the measures in the field how we can support the champions. And we're so pleased that we're doing this as a complementary project, working together with the World Bank and the IFC.

So, Hans Peter, the Vice President for Economics in the Private Sector Development at the IFC is on the panel and I'd like to turn to you now and ask you, Hans Peter. We've heard what the IMF is engaged in. I gave a plug for the Brookings project as well. Both the World Bank and the IFC, have worked on both the public and the private side to tackle corruption, improve standards in governance for some time. How can the World Bank Group bring together the public and private sector to enhance transparency, promote accountability, and reinforce sustainable development? How can the IFIs complement each other and be reinforcing? And can you tell us a word about the new program that you're announcing today as well?

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MR. LANKES: Thank you, Norm. Thanks for the plug. Thanks for having me. This is a really fantastic opportunity to tackle this issue head-on. You've already given me a segue into some of what I'm going to say, and you too, Ngozi.

The IMF report and what we've heard from the Managing Director were quite eloquent on the impact of corruption. There's no need to repeat it. Corruption is corrosive. It's corrosive for the perceptions of fairness, of equity in society, the legitimacy of the state and its institutions, it's corrosive for development and that's why it's relevant for the World Bank Group.

We've been at this for some time. President Jim Wolfensohn gave a speech about 20 years ago on the cancer of corruption which helped to put the issue on the map. President Kim has made clear that combatting corruption is one of the World Bank Group's top priorities. So, what for the IMF is macro-critical, for the World Bank is development-critical.

What have we done and what more can we do? How should the IFIs complement each other in this? I'll take three perspectives. Not trying to be comprehensive, I've got three minutes. (Laughter) One perspective is the project and client level, the second is creating public goods -- this is a particular measurement and tools -- and the third is on connecting policy at the private sector.

So, on the first perspective, the project and client perspective, that's core for us of course, we must deter corruption emerging in our own projects and the main tool for that is integrity, due diligence, and related frameworks. The IFC reviews the integrity and litigation background of its clients, we establish who the beneficial owners of our investment partners are, and we will not invest if we do not know who the controlling shareholders are. Our financing documents include strong representations and covenants on integrity and corruption. And the World Bank Group pursues allegations of fraud and corruption through the Integrity vice Presidency which may lead ultimately to public debarment by the World Bank Group and cross-debarment by other development banks. The business case for all of this is very simple, it's that investing with bad partners is bad business. As investors we have learned that dishonest people are not good business partners.

The second perspective on public goods and the powerful contribution that IFIs can make around data and tools, and the example here is natural resources where transparency is crucial. But we

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need to get better at using available information. We have to make information accessible, standardized, comparable, and that is where this project that we're engaging in, that Brookings is working in parallel, is focusing on. That's the Disclosure to Development Project to advance a global agenda on making data disclosure more effective in coming to and using this information.

And finally connecting policy and accountability of government with the work on government at the private level. This is where IFIs have complementary skills and a lot of scope for doing more systematically. This can be local. For instance, in Peru, Columbia, Bolivia we work together on municipal royalty management with support from donors and mining clients, or in large scale reforms such as the one that the Managing Director referred to in Ukraine, important in the energy sectors, for instance in Afghanistan where we do complementary work on upstream sector reform for transparent non-discretionary administration and IFC works downstream with integrity, due diligence, identifying key areas for institutional strengthening.

So, from the IFC perspective this mobilizing the private sector, public-private action to create or improve markets and IFIs complementing each other upstream and downstream is at the core of future development finance.

MR. EISEN: Thank you, Hans Peter. You'll be hearing more about both the Brookings new initiative and the parallel and complementary World Bank IFC initiative in the second panel. But it is important when we talk about progress that we don't only reinvent the wheel but we look at what we've learned, we look at the data sets that we have already and making best use of them. So, I'm very excited to discuss all those issues as we move forward.

So, Crick Poortman of the Partnership for Transparency, TI of CoST, the Construction and Infrastructure Transparency Initiative organization. Crick, I want to ask you to give us a civil society perspective on all of this. We know that for open governance to make a difference transparency, accountability, participation, it's not just enough to put the data out in the world and hope it somehow magically improves things. And Hans Peter talked about utilizing data eloquently.

A strong civil society that is capable of using that data to hold people accountable is a necessary complement, as important, I would contend, as global institutions like the IFIs as the national

governments, as leaders in the national governments, you must have the space for civil society and the strength for civil society to utilize things like the data that come out.

What are the things that the IFIs need to do better in working with civil society on transparency, accountability, and participation in order to fight corruption?

MR. POORTMAN: Thank you very much for the opportunity to be on this panel, obviously, and I hope the fact that you call on civil society last is not indicative of the general importance that is being given to civil society in this debate. (Laughter)

I think there is a wide recognition now that civil society is a full partner and should be a full partner in any program that deals with improving governance and setting up anticorruption programs. As such, I think there are concerns on the part of civil society more broadly about the way anticorruption programs are being formulated, particularly by institutions like the World Bank, the IMF, and other IFIs who carry a very considerable amount of power and force in international development and country-specific development and has obviously started to realize and given increasing attention to the issue of fighting corruption. But we feel that the relationship and the role that civil society plays in this whole process can be significantly enhanced.

Some of us already talked about the measurement, the stock-taking, the importance of having correct data in order to move forward. My feeling, and I think this is being shared by a number of my colleagues in the various organizations that you mentioned, is that civil society has not been playing I think the role that it can play. This is not an easy issue. Civil society in the context of anticorruption in many countries is a very sensitive political issue, but nevertheless I think the knowledge that civil society has, the intimate knowledge of the workings of an economy, of a society, is critical as an import into this. I think there is a certain degree of skepticism about the intentions that are being mentioned about them, bringing in civil society into the dialogue and we see very little of that actually translate into action. For instance, I don't want to put the Managing Director on the spot but civil society consultant in the policy paper that came out, to what extent will civil society be asked to provide comments on the final version of this document?

These are very important issues and I think having their input recognized and taken in

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would make for a stronger product but also I think would satisfy civil society that their particular concerns and their particular knowledge has been utilized. So, my voice is really for all IFIs, including the IMF, to reach out to civil society in a more systematic and sustained fashion, both at the country level and at the global level.

The country level I already mentioned, but I think even at the global level we'd like the IMF and the IFIs to become even a stronger force supporting the fight against corruption. I think what the Managing Director said is absolutely welcome. I think we've come a long way in the last 20 years. But reading the report and the policy paper I think in terms of concrete action, concrete proof that the issue has been taken onboard much more seriously in the past there are some countries where it is and some countries that are still many where I think the issues are still squarely on the table and not being sufficiently addressed. Institutions like the IMF and the World Bank can obviously have a very strong voice globally and there is this particular issue that was touched upon which is space for civil society to be able to operate.

This is a very serious issue. I'm also a member of Transparency International. I lost count, but I think the number of countries in this world that over the last 10 years have resorted to much more restrictive space for civil society is still increasing. Even countries like Ukraine and Gabon that were mentioned by the Managing Director I think are not prototypes of places where civil society can go out and speak and say what they want to say.

Again, a very difficult political issue but there needs to be, and I think there can be, more support from institutions like the IMF and the IFIs more generally to make this known and bring this out to the fore.

MR. EISEN: Very good. I saw the Managing Director scribbling furiously. I should get you to autograph that page and leave it here for the Brookings Hall of Fame. (Laughter) Like the first draft of the Constitution, put it in the National Archives.

I'll give the Managing Director an opportunity to respond. Dr. Ngozi wanted to say something. I'm curious to hear from Hans Peter, you've gotten a lot of advice for the IFIs, so we'll hear from you too. We'll let Crick close out by commenting to make up for my neglect of civil society since I, myself, am a part of that having founded a civil society group. We'll give Crick the last word and then we'll

go to our audience questions. I would only ask my distinguished panelists to be concise so that the audience has an opportunity to ask you questions, and we will take one question from the ether of social media #transparency and you can tweet that at us here @BrookingsGovernanceStudies.

So, Madame Lagarde, we'll start with you.

MADAME LAGARDE: Well, first of all I think you should not take offense of the fact that civil society is last; usually you keep the best for the last so you're bound to be in that position.

Two things maybe. One is more and more -- and we're really working hard on that (inaudible) institution led in particular by the Communication Department and the External Relationship Affairs is really taking the lead on reaching out. We have, at least at the time of the Annual Meeting two full days dedicated to the civil society representatives and we really open all topics for debates and we'll be very happy to discuss with civil society representatives the proposals that we have going forward. You see, the paper that we have just recently presented to the board was a stock-taking exercise of what have we done, where we are, do you think, Membership -- they are the owners at the end of the day of the IMF -- do you think that we should go further? And clearly the push by the management was, yes, let's please go further and improve on the tools that we use and improve on the system metricity of the work that we do. That's point number one.

Point number two, on the two countries that you've mentioned -- and without passing judgment on how respected civil society and NGOs are in those countries -- we have tried and I hope with some success, in particular the case of Ukraine, to really consult with civil society when we put in place the Anticorruption Bureau, when putting in place a court in order to pass ultimately judgement on the matters that were brought to it. We have consulted yet again on where the prosecutor should sit, stand, and be independent. So, I think there has been on that case which is emblematic I believe of the role that we want to play in the helping with anticorruption measures. I think there has been a really steady effort to not have their support, because that's not the point, but to have their views, their comments, to understand how the independence of the court in particular can be guaranteed because it's really important. The Anticorruption Bureau is one thing, what comes next is even more important.

In the case of Gabon we have also -- I think it was actually the local chapter of

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Transparency International that we worked with to see how we can make progress in understanding what's in the budget and what state-owned societies actually do with the proceeds of the sale of oil and things like that.

So, I think those are good examples of where we see macro-criticality and that was obvious in those two situations. We tried to reach out to the local actors, we tried to consult with them to hear their views, to take them on board for most of them -- I think in the case of Ukraine it was particularly clear including on suggestions for people -- and we will continue doing that. Can we do it in a systematic way in each and every of the 189 member states? No, we can't because we would clearly be held back because it's not part of the mandate. But whenever we see macro-criticality, whenever we believe that there is going to be a break on growth, on stability, then we will interfere, yes.

MR. EISEN: Because we have a hard stop at 10:00, so that some of our panelists can make it to various destinations around the city and the country including UNGA, I'm going to ask that I limit each of you with great apologies to one minute for a quick reflection or what you wanted to say and then we'll take our questions, #transparency.

MS. OKONJO-IWEALA: Half a minute. Great idea on the study about time, that's what I want to say. Make sure you really understand the pathways to corruption if you're going to look at what is important or works in fighting it. Second half minute. (Laughter) It's on civil society. Now, you've got us under the gun.

MR. EISEN: No laughing allowed; you're eating our time.

MS. OKONJO-IWEALA: You know, on civil society, very, very critical. I really want to support what Crick says. I found in my own experience civil society was very important. We had some organizations like Budget that would take budget information and publish it and analyze it. However, be very careful. Civil society organizations also mirror the societies in which they grew up in. In fact, the corrupt people have become so clever that they develop their own civil society organizations which they use to propagate these things. And I find that people coming from abroad are not discerning enough of which is the good -- who could you really work with and who not to. So be careful.

MR. EISEN: I would summarize that as civil society yes, uncivil society no. (Laughter)

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Hans Peter.

MR. LANKES: I think there's absolutely no disagreement with this view that civil society, part of it, has to be consulted. We have a variety of processes, mechanisms to ensure that, and you know them well, Crick, from your time. One of the reasons is that ultimately we want accountability, right? So how do we make a difference on corruption? It's by improving accountability and civil society is one of the main tools that we have to do that. So, yes, we want to empower civil society, we want civil society to engage, and we need to be sure that we have those touchpoints that make that possible.

The study that we're going to learn more about later is very much about that. We keep repeating ourselves, but that's the point, it's about measurement and then about how to use measurement in an effective way and that is where we want to help, in fact help civil society ensure accountability.

MR. EISEN: Crick, I think you should quit while you're ahead but I'll give you the last word. (Laughter)

MR. POORTMAN: I'd rather not take up time for the questions that might come but I'm obviously speaking to people here who believe in the role of civil society but that's usually so important to get us one step further. Far be it for me saying anything about Ngozi who knows exactly what she's talking about, but the issue here again is absolutely agree with you, Ngozi, you need the local people who understand the local circumstances to understand who is actually fighting corruption, who is not fighting corruption. And, again, here domestic civil society is an important partner to take on board just to get an understanding of what's going on in the country.

And that could apply I think to all 189 countries, Madame Lagarde, I don't know. But at least you know what you're talking about, have an understanding, a stock-taking that you're talking about. Anyway, I'll leave it to that because I hope there is some times for questions.

MADAME LAGARDE: Can I just -- don't get me wrong, we listen to all civil societies in all countries, but what I'm trying to say is that we cannot in all our Article IV have a section on corruption. That's what I meant. But we listen to all civil societies in all countries.

And I have mentioned cases where we have built with them. I should mention cases where we have stopped because of them. When, for instance, in Mozambique, or in a couple of other

African countries where matters are still ongoing, it is because of civil society was engaged and was able to say, well, there's the purchase of this thing that is not recorded in any fiscal documents and we don't see anything in the budget, could you please look into it? That was tremendously helpful and that has led us on occasion to just stop a program and say unless this comes out -- we're not passing judgment on whether or not you should buy these things, but we're passing judgment on whether or not it should be made transparent so that people know what's going on.

MR. EISEN: I think it's a hallmark of the hope for new progress that we're not only talking about anticorruption and transparency but the complementary and enabling factors, and we could have just as easily used our time to talk about regulatory reform, to talk about rule of law, courts, police, investigators, prosecutors, or any of the other necessary complements without which the progress we seek is not available.

But in order to achieve that progress we want to take some questions from all of you. I'll start with our colleague Frank Vogl who is here at the end of the third row, and one of our nice Brookings people with a microphone will come to you with your question and we'll take the next question over here.

MR. VOGL: Good morning, thank you. I'm Frank Vogel with the Partnership for Transparency Fund. In the excellent review that the Fund has just published after 20 years there is one thing missing: there is no mention of victims of corruption, there was no mention of victims of corruption on the panel this morning. But when you look at your report if you don't mention victims, and you don't mention the human rights abuses, and you don't mention the violence that are always the partners of corruption in highly corrupt countries then do you really believe your interventions at the Fund can be sustainable over time? Thank you.

MR. EISEN: I think that question was for you. (Laughter)

MADAME LAGARDE: It's obviously part and parcel and the terrible and often dramatic consequence of it and there are people on this panel who have suffered it. But I don't think that mentioning that is going to necessarily be the conduit to sorting it out, identifying it, making people accountable and responsible for those acts, concealment, misrepresentation, you just name it. So, I think that the role that we play, we just have to continue at it. And we have to be mindful of where we cannot

go because then we will be completely useless. So, we have to push the envelope as much as we can within the parameters of our mandate, within what our membership tolerates from us. I said push the envelope but we can't go beyond that because otherwise we are nowhere and we are of no use.

MR. EISEN: I'll take a question on this side over here. This gentleman in the front with his hand raised.

MR. MURRAY: Thank you very much, Ambassador Eisen. My name is Matthew Murray and I've worked on anticorruption in the private sector, the civil society, and the government most recently as a member of the Obama Administration. Question for the esteemed representatives of the World Bank and the IMF. How in this new world where we have more data and evidence and metrics are you seeking to define and measure a very key subjective variable in the fight against corruption which is political will? Have you put definition or thought into how you define and measure political will in a given partner country to fight corruption when you see it go up, when you see it go down, and what you can do to in effect bank that political will?

And another related question about terminology which is do either of your institutions consider using the word in the most egregious cases of kleptocracy, which is increasingly out there as a term of art in defining how a government which has strong criminal elements in it and has institutionalized corruption within its government structures by putting criminals in charge in effect of public goods. Do you use that -- are you willing to use that term in bank and IMF deliberations?

MR. EISEN: Hans Peter, maybe we'll ask you to tackle that first.

MR. LANKES: Thanks. These are really very interesting perspectives. How do you measure political will? I'm not aware of a sort of systematic effort to try to put numbers around political will. We see the consequences of political will in the different measures on corruption that we have. Can we move from there to have some kind of political will index? Probably difficult.

We're trying at the IFC right now to develop -- actually it's a World Bank Group effort -- to develop what we call private sector diagnostics in country. One of the dimensions we look at is the political probability for reforms to happen within a reasonable timeframe. In that context we will try to come to such judgments. We do that because this is where we feel we can make the biggest difference,

focus on those areas where we feel that there may be enough political alignment to make progress and identify those. Can this be quantified? We're currently working with interviews with a broad range of people to try to get to grips with that concept. But it's an interesting way.

Kleptocracy, it's a good term. We are all aware of governments where this would fit or of countries where this would fit. Does this enter our official dictionary? It'd be interesting to put that on the table.

MR. EISEN: Ngozi, should be use the word kleptocracy more often?

MS. OKONJO-IWEALA: Absolutely, where it suits. You know in some countries you can have a kleptocratic elite that just has a stranglehold on the resources of the country and if that is the case we should use the word if it fits. But we should do our homework to make sure that it's really the case, that we have a segment that has a stranglehold on the country. So, yeah, absolutely we should do that.

MR. EISEN: Last question, the lady on the aisle.

MADAME LAGARDE: Can I just add one thing?

MR. EISEN: Yes, while the microphone is making its way.

MADAME LAGARDE: Just very briefly. Data and indicators, those are really critically important issues because in the work that we do, for instance, if we rely on third parties' indicators that are not either sort of UN-approved -- World Bank would be just perfect as a reference -- but if we start moving into other indicators whose accuracy, bias, non-bias is eventually questionable by some then we have a problem. I think the cooperation between the Bank, IFC, and other international institutions is paramount for us to be able to move forward because we don't have the ability, the skills, or the data emission to actually produce those indicators properly. We need to rely on institutions like the Bank and we hope that that can be the case.

MS. OKONJO-IWEALA: On political will, very quickly, I was talking to a former head of state a few days ago who showed plenty of political will to allow information in the fight against corruption in their country and what happened was exposing this corruption also led to the country being designated as being very corrupt. And this person now had on the transparency index the country downgraded and everybody blamed this head of state and said they were more corrupt than the previous one. I just want

to tell you some of the perverse effects of political will. We have to account for that.

MR. EISEN: The adverse effects of corruption. I'm sorry, we've run out of time and I'm not going to be able to take the last question, but I am going to let Crick comment on this question.

I'm going to say today's genesis comes from just such a confrontation. When the gentleman who now works at the organization Results for Development where you are on the board, Nathaniel came to see me when I was working for Obama in the White House, so proud of our anticorruption and transparency initiatives. And he came to see me and said, "We're downgrading the Obama Administration." (Laughter) Why? What more can I possibly do? And he explained the evidentiary basis of the organization where he was then working, how it was, and it was a matter of evidence. It was not qualitative, it was quantitative.

So, that's the genesis of today and that is very much a motivation for both of these projects you're going to hear more about in the second panel. The motivation is to bring some of this, to build on the great work that's already been done, look at the gaps, and build some of this new rigor, additional rigor inspired by some of the champions who've come before to these problems to help you when you make your argument to your boards, to your stakeholders, to your colleagues.

Crick, the last word. (Laughter)

MR. POORTMAN: Thank you for that. There is impatience. I mean, we've been at this game now for quite a long time and I must confess that I was very pleasantly surprised that the policy paper came out, the IMF policy paper, and I must compliment you on the fact that it was quite frank and in a way that it was disconcerting. We have been talking about this for 20 more years and if we're now all of a sudden sitting in a room here together saying we need better data then let's do that but let's put some action behind this. I mean, every day that goes by this becomes an even bigger problem.

So, the best thing that can come out of this meeting is to say, look, let's not do another set of studies -- well, we should do the other set of studies because obviously the data is important -- but let's put some urgency behind this and let's put this out into the international global environment that this is an issue that we're now focusing our full attention on. And that is lacking.

MR. EISEN: And you're going to hear about the new urgent action in panel number two.

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I expect to see everybody back sharply at 10:15. Help yourself to refreshments. I want to thank our panelists. Thank you, everyone. Thank you. (Applause)

(Recess)

MR. EISEN: All right. Oh yes. Let me remind everyone that there is an overflow room. If you do not have a seat, we are pleased that we had an overflow crowd today. Sorry for those of you who are watching me on television; I assure you I'm even worse in person, than I am on television. But we do have an overflow room upstairs.

And now I am going to introduce our second panel on the case -- or rather our Moderator of our second panel, on the case of the extractives sector. And the Moderator of the panel is Barbara Kafka, who serves as the Senior Advisor, at the partnership for transparency.

She's asked me to remind everyone that you can tweet at hashtag-Transparency. We will, we ran out of time in the first panel, but we will feed Barbara some questions from Twitter, from social media. There is hashtag-Transparency up there, for the town hall portion of this section. And there was a woman who wanted to ask the last question, and I'll find her and make sure that Barbara calls on her for a question in the town hall as well; she was waiting very patiently.

And Barbara served for over 33 years at The World Bank in a range of posts, which involved her in the economic and social development of countries across Africa, the Middle East and North Africa, and East and South Asia. She was also involved in World Bank Corporate Policy and Strategy Development and several Bank-wide corporate committees, as she is today, a member of the board of directors, of New Futures East Meets West Foundation. She holds a B.A. in Economics from Duke, and received an MBA from MIT Sloan School. In addition, she studied at the Harvard World Bank Executive Development Program, and at Georgetown.

On a supplemental note, when I served as Ambassador in Prague, the U.S. Ambassador in Prague, I lived in the house built by Barbara's grandfather. So, we got to be friends long before we dreamed of this panel, we got to be friends because of that.

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And now I'd like to welcome Barbara and the rest of our distinguished panel members to the stage, and Barbara will introduce them all after they've been mic'ed. Thank you everyone. (Applause)

MS. KAFKA: Maybe while everybody is getting mic'ed, I will just tell you who our panelists are. And we have, the only lady up here is Sheila Khama, who is a Practice Manager in the Energy and Extractives Global Practice at The World Bank. I actually met Sheila a couple of years ago while doing some work for the African Development Bank, where she was a Director before coming here.

We have Geoff Healy, the Chief External Affairs officer of BHP Billiton, sitting next to Sheila. And on his right, we have Danny Kaufmann who was a long-time World Bank colleague; and is now President and CEO of the Natural Resource Governance Institute. And immediately to my right we have Ian Gary, Director of Accountable Development Finance in Oxfam America.

So, let me go sit over there, and we can start. Thank you. I'm going to start with Sheila. You've heard this morning about the reference to the research projects that are not coming up in Brookings R for D, World Bank, IFC, and you are probably wondering what they are all about and what they are going to contribute to what is already known out there. So, let's kick off by letting Sheila tell us about the one -- of The World Bank and IFC; the World Bank Group.

MS. KHAMA: Thank you, Barbara. And thank you, everyone for being here. The initiative that we at The World Bank and the IFC have the pleasure of being part of is called From Disclosure to Development. And this is an initiative that we are undertaking with our partners, BHP Billiton Foundation.

So, from disclosure to development essentially, is to use data more effectively to ensure that extractive industries impact positively on the lives of people, but also more importantly that it contributes to what's the vision of the Sustainable Development Goals. The Disclosure to Development Initiative initially has three pillars. The first is essentially that we want to use data more effectively to inform dialogue.

The second is that having disclosed data, we believe it's not sufficient just to put data there in the public domain, but that data must be broken down and analyzed so that it is much more user-friendly. So that would be the second leg of the data for the Disclosure to Development Initiative.

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The third leg of the initiative deals essentially with dialogue and deliberation, which is to say, having gathered data, having analyzed it and made it user-friendly, then you put it out and ensure that you can facilitate people interested in the data to deliberate over the data, to dialogue and then to say: based on this data, what do we know, how can it help us in the extractives industry move towards a more sustainable development of the resources?

So, in a nutshell, that is the initiative, and I hope many of you here will stay with us today, because in the afternoon after lunch we break into smaller groups, and hopefully many of you can then contribute to helping us shape how we move forward with these pillars in order to make disclosure of data much more (crosstalk). But that would be about it, Barbara.

MS. KAFKA: Can you just tell us why you chose -- the World Bank Group chose to focus on the extractive industries?

MS. KHAMA: Well, for one, I supposed speaking from my own perspective, I'm a miner, so mining and extractives come naturally to me, but I suspect that the answer is much, of course, more broader than that. First of all, natural resources, minerals, oil and gas are finite. They are really nature's windfall. We get it right once, or we get it wrong forever.

And so naturally, from a development perspective, the intervention is very important in ensuring that the resources are used beneficially, but more importantly also, many of our member states are very well endowed with natural resources, and for many countries natural resources either go-between economic development and the lack thereof.

But the important intervention is naturally how they are governed, and how they are turned into benefits for citizens of those countries. And so it's the recognition that in many countries the development of the management of natural resources is a major challenge that we saw it necessary to be part of this initiative.

MS. KAFKA: Okay. So, let me move now to Danny Kaufmann. Danny, we've heard about the World Bank Group Research, there is also another research that is going on with Brookings, the Natural Resource Governance Institute, R for D, can you tell us about that, and what it is aiming to accomplish, and how it links with what the World Bank Group is doing?

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MR. KAUFMANN: Thanks Barbara, and linking it to what Sheila and The World Bank just said, and to the earlier morning. So, not to have it too dry, let me link it to a couple of nations that Barbara just mentioned. One, is its estimate that I take some responsibility, the \$1.5 trillion in bribery from around the world, let me just make it very clear that that came through a methodology, and a lot of measurement.

This is from over 12 years ago when I estimated, within a range to be \$1 trillion, but then we've been looking at the data very, very hard over the past 20 years, we have the Worldwide Governance Indicators, we will release them in a few days for the update, and there's no compelling evidence, looking at all the datasets, that control of corruption, has improved over the past 20 years, on average around the world.

Of course some countries have shown that it is possible to improve, and there are quite a few, and others have gone down, and there's the middle. Unfortunately, one group of countries which not only has not improved but slightly deteriorated over the period, are the resource-rich countries.

So that links to Sheila's point, and to your question also; why we are here today. On that basis one can extrapolate a round estimate of \$1 trillion or back then to now. But one has to use that with a lot of caution. The methodology and all the data was done 12 years ago, and let me also suggest that it's also very important to focus on other quantitative estimates of the cost of corruption. How a country that does address corruption, in the long run, increases its per capita income three-fold by 300 percent. We have done that work in the past, so let's not get stuck only with one briber estimate, it's just bribery which is a trillion-plus dollar.

Now, in terms of the Brookings Project, where R for D, and as you know, RGI are beginning to collaborate now, and let me make it very clear from Natural Resource Governance Institute's perspective, it's incredibly important, and I know for Brookings' R for D too, the complete independence in terms of this project. And I know that a significant amount of funding goes from the BHP to Brookings, we don't receive any of that funding, and we are totally independent, and so our partners, and it's absolutely critical that for any research project.

Let me mention very quickly, three key components on this project. One is applied

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research, build the body of evidence to figure out which approaches and interventions have worked, do work, and which ones do not, and why, particular focus in resource-rich countries, for the reasons just mentioned.

The focus is on transparency but not just on transparency, accountability and participation. The issue of civic space that was brought up, it's absolutely crucial. In the natural resource sector, in resource-rich countries, as well as other complementary factors that are needed for success. Second; power of data, the power of data to address the natural resource governance challenges in order to improve corruption control.

So the whole issue of providing effective access including with open data to -- and the dissemination of natural resource governance data for anti-corruption is very important.

Last, and certainly not least, is partnerships, partnering and supporting key stakeholders in the NGO public and private domain, and each state, in framing already, that's why we are here today, in framing the evidence, the design, dissemination, drawing lesson. Let me very quickly mention two very important considerations in this context, because today is such an important event in the early stage of that.

First, is how to fight against, sorry for the expression, the duh-factor? Okay? How to go beyond the obvious in transparency; we know that transparency is necessary but insufficient. A lot of work has been done on that. We know that civic space is crucial, and needed as well, but what else is also key, is critical: the issue of impunity, the role of state-owned enterprises, particularly oil, but also in the mining sector, the responsibility of the private oil company is crucial in that.

Second and last consideration is how to achieve the critical aim in this very difficult field, of both taking into account the context of each country. This is context-specific of each country and uniqueness on the one hand, while still aiming to draw some lessons which apply more broadly, for a set of countries in this context.

There's quite a bit emerging from EITI, from others, and our research including our address for at least 2017, Resources Governance Index, where there are many important insights, I am not going to get into that, but one of them is the major challenge of implementation which we can discuss

more later.

MS. KAFKA: Thank you very much, Danny. I guess I was shocked as some others of you might have been to hear that there's no evidence, that all of the work of the past 20 years has had any impact on reducing corruption. Did I get that right?

MR. KAUFMANN: As on average globally, but there are dozens of countries that have increased, while many have gone in the wrong direction, and then many have muddled through, so we need to draw the lesson. And there are great examples. I come from Chile in Latin America, we have had our challenges but we made progress, and a number of countries in Latin America, a number of countries in Africa, the Botswanas of this world and others, that showed, yes, it can be done, but let's face it, also the Venezuelas, the Azerbaijan and others that have gone in the other direction.

So that, they should be no major criticism to the field as a result, but it's a sobering reality compared with many other areas, where there have been progress for the whole world on average, but it's not being the case according to the data in a significant manner here. But there are many countries, and what has happened in the Baltic, and so on, that how, yes, it can be done, and improvement has taken place.

MS. KAFKA: Okay. We may want to get back to some more discussion on that later. I want to turn to Ian Gary. You have mentioned in the past the term, transparency industrial complex, where you referred to actors, stakeholders, governments, international financial institutions, just doing these things, so that they can burnish their images, and so forth.

Tell us frankly, what do you think of these two research projects that you hear our colleagues talking about? Do you think this is another study in that same mode? What can they do to be constructive and make it a useful addition to what is out there, rather than just another piece of that complex?

MR. GARY: Great. And thanks to Brookings and the other organizers of this event for having Oxfam on the panel. I think first I want to just explain what I mean by the transparency industrial complex. I think there's a plethora of initiatives that have been ignoring the political dimensions of the problems these transparency initiatives are trying to address, sometimes willfully ignoring those.

And as Danny and others have said, since the late '90s, Oxfam and many other organizations, in the Publish What You Pay Coalition have been pushing for transparency with the clear notion that this is only a first step in addressing some of the problems of resource-rich countries.

It's been a long struggle, so one of the points I want to make is that there have been obstacles and opposition all along the way to increasing transparency in the extractive industries. There have been companies such as Exxon Mobil who sued the U.S. Government to block transparency initiatives in the extractive industries, but at the same time there has been real progress that's been including mandatory disclosure laws, new policies, for example, at the IFC requiring payment disclosure and contract disclosure.

That said, the transparency agenda is far from finished. We need the contracts out, we need the open contracting processes, we need beneficial owners disclosed to the public. There's a great deal of information that is not yet available, so I think one of the contacts point I want to make is that we shouldn't be sitting here saying that the transparency revolution is complete, now we are trying to understand why the information is not having any effect.

Yes, there is some information out there that's good, but we need more information. So there are significant political uses for transparency initiatives, such as EITI, and we've seen in some cases where it's being used as fig leaf to cover up bad behavior by companies or by governments.

So, for example, if you look IFC project document, and they say, under governance the country is implementing EITI, and that's basically the discussion of the governance contacts of the country. That's not sufficient, so we need to understand what those political dimensions are.

And with the IMF, for example, the question I would have asked Madame Lagarde, is around the kinds of loan programs they are making to countries in Central Africa like Gabon and Cameroon, where these are some of the most corrupt countries in the world. They are not using EITI to achieve the aims. In fact, some of those countries have arrested activists while serving on the EITI board.

So there are definitely these political uses, and as Danny and others have mentioned, the growing restrictions on civil society organizations, so on the one hand you have increased uptake of

transparency initiative, but on the other hand new NGO laws. Just this weekend, The Washington Post reported, that 60 activists in India have been killed since the Right to Information law has been passed.

So, we can't underestimate these kinds of issues, and not look at the use-case of data only in technical capacity terms, but also in political terms. I think in terms of what these projects should do and not do, as Danny said, avoiding the duh-factor, don't ask questions that we already know the answers to.

We know that transparency needs to be complemented by rule of law, civic space. We know that there are other key determinants as the project talks about that need to complement open governance. We need to look at how these projects will build on, and not duplicate other initiatives such as the Publish What You Pay, data extractor's project, and we need to take a close look at the theory of change behind these projects, and I hope we have time to discuss the theory of change behind these projects.

If we are looking at a five-year project that will come out with recommendations, what is the theory of change in terms of how those recommendations will be taken up by governments? What happens when governments know the right thing to do, and simply don't do the right thing, and how can these contribute -- how do these projects contribute to that?

One of the gender dimensions of these transparency initiatives we should look at those questions, Oxfam has been doing some research on social accountability in the extractive industry, so looking at the gender dimensions and the fight against corruption. And then what are the complementary roles of formal and informal accountability mechanisms? I think this was mentioned in the first panel, but very little work done on actually increasing the sanctions, against people who are doing corrupt acts.

And then I think the final point I would want to make is, these projects as their unit of analysis, the country context, but we should be very clear that these are multidimensional problems that go from the local to the global level. So, looking at the role of international actors in facilitating corruption, looking at the role of The World Bank, and the IFC, and the IMF themselves, in implementing their own policies, I think these are some of the issues that should be taken into account.

MS. KAFKA: Thank you very much. Geoff Healy, your organization is what's making all

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this research possible. And one might ask, coming from business, why are you interested in this? Why do you want more research in this area? Cynics would say that business might have a different motivation, they'd like to get on with their work, and be able to play what bribes they need to pay in order to get their contracts. So, where are you coming from?

MR. HEALY: Sure. Thanks Barbara. And good morning everyone. It's a privilege to be here and on this panel. No, I think it's very easy to answer the question what the business case is, you've only got to look at the realities at being the largest natural resources company in the world, and what that entails to understand how important transparency is.

Now, quite simply, for a company like ours, public acceptance and trust is at the forefront. And if I can just give a concrete example about that, a few weeks ago now, my company committed another \$2.5 billion to the extension of a copper mine in north of Chile, a mine that's been around for 12 years or so now, and that commitment of 2.5 billion will preserve that mine for another 50 years.

And what goes along with that is a diesel plant, power plants, water line. So to be very clear, when we turn up at a place like that we invest ourselves in the middle of that community for decades to come. And you can't just say, sort of somewhere along the line, look it isn't really working out here, so I'm just going to pack up and move on, it doesn't work that way.

So, you know, our operation really does depend upon winning and maintaining trust with our communities, and it's trust that will behave ethically, and it's trust that will hand to the communities around just a fair share of the value that we create. So, I talk in terms of trust, but they best we believe to build trust is through transparency, and when you look at the lack of trust in corporates over the last decade or so, transparency becomes even more to the core.

And I don't just mean, you know, putting data out, because while that's helpful and that's a proof point, what really matters when you put the data up, is that you really have accountability to make what underlies that work properly. And we get held to account, and the more we put forward as well, the more governments will be held to account.

So, I guess, Barbara, you know, the answer is, it's not a (inaudible) to have for BHP, it's an absolute imperative to our business. And I would just underline the fact that this isn't window dressing

for us, just to give you a couple of examples of what we've done in this area. We were founding member of EITI back in 2002, we are the first extractive company to come out and report, project-by-project, the revenues that we provide into government.

In our next report, that's our third, will be released on Wednesday. We do disclose beneficial ownership information, particularly in the wake of Panama, that's critical where we have fortunately now, very few numbers of entities, and now structures that operate in low tax jurisdictions. We publish when they were incorporated, what their purpose is, and what we are doing about trying to bring those arrangements to an end.

And I guess finally, Barbara, I'd say that the work of the Foundation which we are, you know, very pleased to be here playing a part in today, also shows that the Foundation puts its money where the collective BHP mouth is on this. We have deliberately, through the Foundation, set up to look at the whole value -- natural resources value chain, from arrival at the exploration stage through to the sale of our commodities, and it is through that emphasis that we come to where we are today.

There already is a project up and running with Transparency International on the very front end of the value chain, the issuing of mining licenses and permits, with a very sensible rationale, but if you don't get that front end of the value chain right, then you are likely to have problems all the way through the value chain. And I'm sure as we go on a little further in the panel, we'll talk about the importance of the two projects that we are delighted to have a part in supporting.

And if I could just say, that in relation to data, it's such a critical project, I think that so much great work has been done by people in this room, the transformational change on information from a decade ago. And I see that project really building on and taken to the next level, was a very important part of capturing data in a meaningful way, as we talk about at the BHP, purposeful transparency, that's what we are looking for.

And the work that Brookings are leading to ask, and I think answer the difficult questions: what's all this work led to for the citizens in resource-rich countries? It's really going to be a fascinating piece of work, and something I'm sure, again, building on the work that's been done, and talking about the coalition of all the different interests here, will lead to some strong outcomes, which we are all looking

forward to.

MS. KAFKA: Thank you. (Inaudible), you have an immediate question of clarification? Okay, we'll do one, another brief round of questions, and then we'll open up to the audience.

Sheila, I'm going to go back to you a minute, to ask you about data, and what you are trying to achieve in this project. There's tons of data out there these days. You know, 10, 15 years ago that wasn't the case, but there's a plethora of data, there's a plethora of information, and people are kind of overwhelmed by it.

What are you expecting to do to -- We understand that the data hasn't been used the way people had expected, and that the data, perhaps, is not the right data, I don't know, but can you explore a little bit more, what the data issue is, and what your project hopes to accomplish?

MS. KHAMA: So, it is true that there's a lot of data out in the world, but some of the factors, I think, are very important when we think about the subject of data. First of all, it's data access. A lot of the people that are affected by the extractive industries are not in the group that has access to data. Part of what we hope to achieve is to balance that information asymmetry to make sure that the data reaches those that need it most. I think is the first thing.

The second thing also is that data, per se, is indeed transparency. It's not a panacea. We think that there are many other aspects of data, and that is why we have three aspects of the projects, which is not just disclosure, but also dialogue around that data. What we hope to be able to encourage, those interests that in sustainable development of resources to understand better, once they have the data, what is the data telling us. How can we use this data to trigger a behavioral change on the part, not just of politicians, but of the citizens themselves?

But also we hope to be able to use that to empower those who need to dialogue with the leadership with concrete verifiable facts, that can encounter the often pushback from politicians. So, we think that it's not enough just to have the data, but also data needs to be current. True, there is data, but some of the data, I may say, is outdated, and so the data itself needs to continuously be made current and relevant to the travailing challenges.

And so, part of what the project seeks to do is not just to disclose but to also ensure our

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currency, but more importantly to serve as a trigger mechanism for behavioral change, particularly in the policy space, particularly in the development space, but also particularly in the space of investors themselves and how they interact with communities and create a near level playing field. This is what we are trying to achieve.

MS. KAFKA: Thank you. Danny, if I could turn to you now. You mentioned before that in resource-rich countries performance on corruption has deteriorated. We have this EITI Initiative, which was introduced with great fanfare, I don't know, 10 years ago or so. Why hasn't it solved the problem? What's happened and what can we do about it?

MR. KAUFMANN: Okay. First, about that type of work, the deterioration over the past 20 years has been mild, and it's again, on average. And I will discuss that in a second, that there are at least two very distinct groups there. Second, let's keep in mind the EITI, and I'm not totally neutral, for full disclosure, I'm a Member of the International (Crosstalk).

There are key executives from the Secretariat here that would attest that I'm continuously pushing there, so we want to improve, and improvements are always needed. But EITI, just started with a conference in 2003, it's not until 2009 that the first set of rules become subject to implementation by the country, and only for payment transparency very narrowly. That evolves to 2011, a new set of rules, it barely broadens. It's by 2013 it starts expanding its scope to other dimensions of the transparency, and it has recently been revised to be the new standard in 2016.

So that's important to get into those details, because in terms of research design to try and see what has happened from 2003 to 2011. That's a (inaudible) to lead to results. And that's why it's so important the issue of the research and timing, key new innovations of EITI had only come recently, and that's where the metal is going to be tested in terms of research, and findings in the coming years including on the impact of anti-corruption.

In addition to payment transparency, transparency above revenues, we think that it's now the commitment to more granularity, project by project, and that's in response, and that's a great achievement that we had in the EITI, in response to a major disappointment by U.S. Congress having vacated the rule for now, of a Dodd-Frank 1504.

Now 52 countries have to be committed to do so, but that's within a timeframe, that's payment transparency, that's basically how much, but then there's also the what. How much should have been the receipts? That's contract transparency, that's now also in the standard, it's not as obligatory as it should be, that's for the future.

And third dimension of this key troika, is the who, and that's beneficiary ownership that you mentioned. This is all recently adopted in 2016, it's adopted beneficiary ownership but to be implemented in the coming year. So, again it's a question of research and design, one could not have expected significant impact by that.

Crucially, complementing the transparency, and thanks to our partners have all pushed, we introduced a protocol to protect civil society, because transparency alone, as you had said before, it's not going to deliver the goods, it has to be matched for civic space and accountability. So, now, and this is recent, there are safeguards which, if a country doesn't meet it, out.

The (inaudible) out, a country doesn't meet it and applying it, we cannot come in regarding protecting civic space. It's absolutely crucial. That's also very recent, so we have to introduce that in terms of the project design into the future. Data, the results are showing now, I've been looking very closely, but it's still emerging research regarding what has happened over the past few years, and it's very interesting initial finding emerges.

There are two sets of countries, the old-timers who came to the EITI in the early days, when it was much more lean and much more narrow, they are not doing better on anti-corruption. To the contrary, they are doing worse. Versus the newcomers, the ones that have come more recently, both in terms of voice or democratic accountabilities, civic space, and in turn related in terms of anti-corruption they are doing better. One has to get into the devil in the details, and start looking to that instead of just looking at the average.

MS. KAFKA: Thank you. Ian, were you around for the first panel?

MR. GARY: I was.

MS. KAFKA: You were? Okay. So, you heard the discussion around the role of civil society, and maybe it's getting short shrift or not getting enough attention in this whole work. And I

wondered if you could expand on that a little bit, on civil society's role in ensuring that corruption efforts, or anti-corruption efforts have an impact, and what do you think has been deficient until now? And what you would like to see done in the context of these projects to make sure that civil society is taking adequately into account?

MR. GARY: Well, I think as Danny has said, there has been a divorce between transparency initiatives and human rights initiatives, and in fact, I've been told by people that EITI is not a human rights initiative. It's a transparency initiative. I don't know how you can separate the two, and when you have at the country level a multi-stakeholder working group including civil society, governments and companies, and when members of that stakeholder group from civil society are arrested, harassed or intimidated there is no way that you can see the spillover effects that people want to see from transparency in that country.

At the same time, in a country like Equatorial Guinea where there is no real independent civil society, it's hard to believe that EITI can make an impact. And the IMF right now is considering whether or not to bail out Equatorial Guinea because they're in a financial crisis as a result of the oil price slump.

So there are real issues about how civil society has the space, or doesn't have the space to participate. Where they do have the space, and I think this is a very important point that I want to emphasize, data is being used, and it's being used to have impact. So, we should not start this conversation by saying a lot of effort has been put into data disclosure and it's not being used, because that's simply not true.

I've been in Ghana and Zambia over the last couple of months, I've seen plenty of examples of where data is being used, for example, in Ghana, civil society groups are taking the disclosures from petroleum revenues, following it through the national budget, and then tracking individual projects, and doing value for money audits that involve local citizens.

So that's happening on the ground. The same thing in Zambia; and I think the reason why Danny has emphasized project-level reporting is that these transparency and anti-corruption conversations really need to start at the grassroots level, and work their way up. So, I think part of the

problem we've had is that the conversation stays in a very elite and relatively closed circle of discussion between civil society, companies and governments in the national capitals, but doesn't reach all the way down.

So, in Zambia, their project-level of disclosure is being made as a result of EITI, and mandatory disclosure laws, and citizens at the local level are tracking how much money their local government is receiving and asking questions of their local government. So, that happens in places where people have the space to do it, but I think one of the things that these projects need to really grapple with, is how the results of the projects will have an impact in where civil society space is constrained or not existing.

MS. KAFKA: Okay. Geoff, what advice from a corporate perspective would you have for these research projects? What do you think is important to tackle? What's the biggest challenge? What would the corporate sector most benefit from?

MR. HEALY: Sure. I'm not sure I would sort of purport to offer advice about this to this room, who have worked with these issues for a long time, but I would just make maybe three observations about things that I think need to underpin open governance initiatives for them to have real bite, and the first of those I would say, that was around accountability, that open governance and transparency are just a means to an end.

So, when we look at it from a BHP perspective, and I said at the beginning how important it is for us to work with our communities, what's really important to us, is that there's not valued linkage out to places it should go, and while, you know, I completely understand and fully support the importance of what we are doing, in the end we all have to be accountable. That's the corporate sector, government and civil society for outcomes, you know, as soon as we can.

The second thing I would say, is there shouldn't be any free riders in open governance, and I look at that a few difference ways. I hear SMEs quite often say: it's too hard to do this, and I really don't, I don't believe that. You know, it's hard to put in tax returns as well. So, yes, we are a big company and we do what has to be done, but I just don't accept this line that there should free riders, I'm an SME, I can't do it.

I also, you know, look at the absence of SOE reporting and that has to change. I look at the way host governments report through EITI, and there's some terrific material there, but both Danny and Ian have referred to the relative porosity at the moment of the project by project, it was very high-level reporting.

We do report project-by-project, and when you start to get granular, it starts to become, you know, a lot more useful. And I will also say that donor governments need to -- I've had this discussion with donor governments, and I understand the complexity, but there are times at which the donor governments can use their muscle a little bit more in my view as well.

And look, the final, the third thing I'd say is, to make this successful, and Madame Lagarde mentioned this, everyone has to work together, there's a lot of people in the extractive (inaudible), taking different parts of the value chain, and bringing that effort together is going to be critical to it working.

And, you know, I look at the work on data, and I talked about it being purposeful transparency, now that is what we are after, but that requires a huge amount of work with the plethora that we have of compulsory and voluntary standards, just pulling that together, and giving it some more consistency, and some more purposefulness is going to be a significant task.

And finally, with the Brookings work, you know, I see the potential for a deep reservoir of information coming through that but, you know, it has to have buy-in, it has to be open, and it has to be inclusive for all actors, and it has to end up being very practical and in what it produces. So, for me it's really those three things. It's accountability, it's no free riders, and it's about working together.

MS. KAFKA: Sheila did I see a little finger-waving here?

MS. KHAMA: You did.

MR. HEALY: That's a worry. (Laughter)

MS. KHAMA: No, no. As a matter of fact, because in The World Bank our primary clients are nation states, the role of state-owned entities in the extractives is crucial, and I just wanted to acknowledge that this is a very important part of the landscape. If you think of the many of the developing countries, not only are they resource-rich, but as a matter of fact the governments in those countries are,

in many cases, the largest investors, and the driver of that investment is cheaper than the oil, mineral or gas.

And therefore the importance of this data, extending to state-owned entities is vital in many capacities, especially if we are going to not only empower the citizens but also ensure that the value of the resources reach those that need them most. If we don't touch that landscape, you spoke of Zambia, Zambia's largest investor that's (inaudible), Chile is Codelco, and (inaudible) all over the world is just full these entities in which the states have interest.

And my sense is that when states regulate, somehow they are blind-sided to regulating their own entities that the regulatory and oversight should rest only with privately-held entities. In my view, we won't be able to achieve what we wish -- we aspire to unless we somehow break that wall. That's the small finger. (Laughter)

SPEAKER: Look out for the big one.

MS. KAFKA: Okay. Before I move to the audience, does anybody else on the panel want to say something about what anybody else has said? Any burning reactions? Is that a finger?

MR. KAUFMANN: No.

MS. KAFKA: No. Okay. Let us move to the audience. There's a gentleman over there who had his hand up a while ago, so I'd like to give him the chance. And the same rules and Norm indicated earlier, no question is too tough or off-limits, so ask anything you want. Or (crosstalk).

MR. ROBINSON: Thank you, panel. Mark Robinson, World Resources Institute. Danny, you gave us a very helpful but sobering assessment to the evidence, showing very little has changed at the global level. But you also talked about some bright spots, countries that made a real difference. In your knowledge of the evidence, what is the critical mix of factors you will identify, and explain those bright spots? How much does high-level political commitment make a difference, the point from Ian, as opposed to civil society initiatives, having the right institutions, and active private sector? What's the mix that is most commonly seen in those successful initiatives?

And secondly, how do you respond to Ian's critique of the limitations of some of these global transparency initiatives? Are they limited, or are they part of the wider set of factors that help

explain success? Thank you.

MR. KAUFMANN: Go on to answer?

MS. KAFKA: Yes, yes.

MR. KAUFMANN: That fellow? Well, I forgot to mention, this is a five-year project, or two five year projects I had, and that's the reason. I mean, I'm not going to pretend I have the answer to all your very good questions. So, I'll just offer very quick reflections, and again point to the absolute paramount importance of data and evidence.

First, we know enough, and that has been said, to know that it's never one single factor. But it's a combination of factors, and one thing we are hoping in the next stage, this research, and other research is to try to understand better: what is the interaction; the confluence of which two, three key factors which vary from country-to-country, but more from types to country-to-country which are important?

Obviously, transparency is key, and that quite a bit of data is there. Obviously the whole issue of civic space and accountability are also key, and so is political will. Let me just suggest that we need to go the next stage in terms of the whole notion of political will. What does it mean in very heterogeneous political systems? In Natural Resource Governance there are great examples, just when one leader in one type of key organization was there, and had the wherewithal, had the power to do things, a lot of things would happen.

While if somebody else was there, it would not have happened, and there may have been political will, or not, at the very national level. A lot of that is happening at the sub-national level. So, we need to consider those factors very much. It was mentioned before, in terms of the very absolute paramount importance of data, we need to focus more on something really boring, and that is the challenge of implementation.

One of the key findings of the just-released Natural Resource Governance Index, is that quite a bit of progress has been made in adopting rule of laws, regulations, and related regarding transparency, but as I mentioned earlier, the homework of implementation, and making it also go to a sub-national level and so on, is enormously lacking.

One, and that's not spread uniformly across the world, there are many countries where the implementation gap is enormous, others less so, and they are doing better. When key correlate with the challenge of implementation which we need to understand better on how to get it to impact, and then when key correlate is the extent of corruption and informality in the country. So, we will need to relate those two things.

At the end of the day, the largest context specific, obviously, and it will vary from one set of countries to the other, but that some generalizations should be possible otherwise we will be much hamstrung in this type of research approach.

MS. KAFKA: Okay. Other questions? I see a hand way back there.

SPEAKER: Thank you very much. My name is Faith Wadazhi, and I'm from Nigeria. I sat through the first panel, and the second panel. But I have a concern, and that concern has been partially raised by Ian's contribution, about the involvement of the people at the grassroots; the people who live within communities where actual extraction is happening.

And I want to link that up with global initiatives and policies that developing countries like my country fall over themselves to endorse, and try to implement, without really understanding the dynamics of the culture of the people, and how to integrate that into that implementation. I find that as a key challenge in implementing a lot of these global policies that we have, because countries want to look good in the face of the global community, they go ahead to sign on to initiatives.

Take for instance in Africa, we have the very wonderful African mining vision, and countries are not pushing as hard as they are pushing to implement the EITI, the OGP, as hard as to implement the African Mining Vision.

So, my question is, this research, how will it take into consideration peculiar things within countries to ensure that in implementing or moving from disclosure to development, or ensuring that we have sustainable transparency and accountability, moving to progress, the peculiarities of countries are brought to bear. In some countries you have specific laws but they are also not implemented. Will those kinds of laws be assessed or analyzed to see how they can support countries in doing that?

And finally, how is the research going to capture the voices of people who live within

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extractive communities, who are the ones that are supposed to benefit, so to say, from revenues or the resources of extraction within their countries; how will their voices be captured without just looking at from a national level, and we are not going to the grassroots, to get the people's consent, to ensure that we have a holistic response to the entire questions we are trying to answer here today? Thank you.

MS. KAFKA: Thank you very much, Faith. Sheila, I'm going to turn to you to respond to that, how to integrate and put particularities of country culture, hear the voice of the people? What is planned in the research for that?

MS. KHAMA: So, I think the question that Faith asked, and the problem that she recognizes is a very real one. Because of course we are sitting here in Washington but contemplating solutions for up to 60 countries in Africa, and if you went through on a project-by-project basis, that number would just increase tremendously.

So, I think we have to recognize that initiatives such as disclosure to development cannot be the entire solution, but only if a contribution the bigger picture, and our contribution is quite clear is that to provide the data, and then to ensure that data is analyzed and packaged in a way that those grassroots communities can then discern the necessary and relevant information for themselves.

The third pillar that I spoke of is the importance of them using that data to deliberate, so hopefully with this data the communities where the extraction is taking place, have the capability to bring forward evidence to engage their governments. Thirdly, where we are limited is that we can't, and this is not the object of this project, though we recognize as important, what we don't through this project aspire to do is to be an interface between those communities and the authorities, but that's not to say we don't recognize the importance of it, that's just to admit the limitations of what this project is intended to achieve.

But Faith is absolutely correct, that there is often a gap between the information reaching the people on the ground but also breaking down the cultural barriers that sometimes get in the way of implementation. This is an important aspect, but certainly it's not one that is within the scope of this project.

MS. KAFKA: Okay. Danny, do you want to speak from your side of the research?

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MR. KAUFMANN: That's an absolutely critical what Faith said. Again, for full disclosure, Faith is with us also as member of the civil society here are in the EITI, crucial question. A critical aspect of these research projects, as far as I'm concerned, any such research project is the country focus, and country selection, and already some work has been ongoing, in initially selected, a set of dozen or so countries as initial candidates where there would be research analysis, and work is (inaudible).

We've seen such countries, to go to that point; it's going to be crucial, the choice of local partners to work with in this type of work, and also drilling down at this sub-national level. Again, here, the link, let me mention, again, the link with the EITI, many of these countries to be selected to because it's a natural for friction, and the issues around it are members of EITI.

And the EITI, with all its issues and faults, two of the great innovations, there, and it was discussed in the morning, is addressing the challenge of voice, because it's tripartite, it's really a multi-stakeholder initiative in the way that IFIs are not there yet, for obvious reasons of governance. So, civil society has equal voice to industry and to government, and that's not just at the general international, or floor level, or something that, at the national level, with simply the national multi-stakeholder groups.

And that's an area of collaboration as well as going beyond in terms of all the work that is done with other stakeholders at the country level whereas I said earlier, a lot is already happening with in terms of the use of data, but also in terms of the multi-stakeholder group, and civil society being very active in those countries that has to be leverage here.

And let me mention this is, we have not discussed this fully, because a lot about the project design is where we are starting today here, is the notion of surveying civil society, engaging them in the whole data gathering and feedback process at the sub-national and national level, something that we have done a lot in the past for all kinds of indicators employing governance indicators, and others.

So, the feedback to be gathered and then retroactively feeding back, and having these consultations is going to be critical in the data-gathering process itself, as far as I'm concerned, but that's the type of thing which we'll need to have more discussions on for which we are gathering here today.

MS. KAFKA: Thank you. Okay. I'll do one from this side of the room. Further questions
-- Ah, okay.

SPEAKER: Thank you. My name is Odaya Rosini, and I work for International Alert. I was just wondering whether the research is also going to take into account the different types of -- the challenges and opportunities of natural resource governance in places that are affected by conflict, or are going through transitions to democracy. And I wouldn't dismiss the question that was made at the beginning by our colleague from Transparency, because I think it is a critical issue to look at; and, especially because these countries will rely on natural resources for their survival in many cases and sustainability.

And there, the many opportunities related to regulatory changes, the political economy of things, the interest of many people, as well as the political will, which are the issues that are going to be at the forefront. So, I would just like to know if this is being considered or it could be considered. I'm sure quite a few of the countries in your list are already affected by conflict, or have been. So, it would be interesting to consider that as an additional variable, and what that means in terms of transparency and effectiveness on that.

MS. KAFKA: A quick answer from Sheila; and Danny, do you cover countries in conflict and transition?

MS. KHAMA: So, as we said earlier, the reason we are gathered here today so you can give us those ideas of where you think, and what the approach should be, but certainly, we recognize that there has historically, been a correlation, we do not always cross between our fragility and availability of resources. And this is most likely an issue that warrants a distinct forecast.

The real question is, what data really exist on this matter, how can we use that data? And if it doesn't exist how do we gather it and break it down to the level that it can have relevance in terms of what we try to achieve? But by all means ask questions, but by all means, also, join us this afternoon to put forward aspects of what you think this project should accomplish.

MS. KAFKA: Danny, quickly; and then Ian.

MR. KAUFMANN: Very quickly. To echo that, at this stage, initial stage, nothing is off the table and that's great feedback. And I know that earlier suggestions, discussions and so on, and you mentioned it, that countries like Chile, I mention, I'm from Chile, I would be delighted that the projects

looks at Chile from that standpoint. But it cannot be at the expense of looking at the really tough cases.

Chile is a good case, by the way, of a relative success story, so we need those two and you mentioned Codelco earlier, let me say that, with some pride, and it was totally independent data analysis, Codelco comes out as the best state-owned rated in the index. So there are great stories, too, as opposed to many others in the other extreme.

So we cannot avoid looking at the tougher cases, where conflict, before there was discussion about kleptocracy, there's all the issue of totally capture type of system by the corporates, it's not just kleptocracy on the top, so it has to basically cover, basically, the whole spectrum to be able to draw lessons particularly for the tougher cases that have not been making progress.

MS. KAFKA: Ian?

MR. GARY: Yes. I was just going to make a comment in terms of conflict and the issues that we are talking about here. I think if we put up the natural resource value chain on the screen behind us, the first chevron in that value chain would probably say the licensing process. But Oxfam believes that there should be a step before that which is the decision about whether or not to extract in the first place.

And so within the context of conflict-rating countries, I think that's an extremely important question, but in many other countries we are talking about, that decision is made without any consultation, or without the consent of the population near the mine or the oil project. And Oxfam believes that that consent is right for indigenous peoples, and a principle that should be upheld for any project-affected community.

Right now there's an issue in Peru with Block 192, and the consultation law not being followed there, I don't think we want to be in a position where we are talking about transparency and use of revenues from projects where people don't want those projects anyways. And so I think we should just keep that in mind, in terms of how we deal with conflict as related to the transparency issues we are discussing.

MS. KAFKA: Okay.

MR. KAUFMANN: Very quick. To help Ian, since we don't have his slides, this is the

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Natural Resource Charter that we produced some years ago, Second Edition, this is the whole value chain, not only the person is staged in the technical aspect, it's the discovery and deficient to extract, but prior to that, and that's the blue part, one has to look at the governance foundations, and the transparency, accountability and the corruption issues that we are looking about are an absolute crucial part of an integrated chain; but that decision to extract is critical as well as the whole issue of civil society, space and participation.

MS. KAFKA: Sheila, do you have any intervention?

MS. KHAMA: Yes. So, again, I think the point that is raised about whether to or not to extract, is a very important one. I mean, it has first of all, development dimensions, but that I think Geoff can say that from an industry perspective it actually has a resource invocation, because certainly in the mining industry, that question typically arises post discovery, which is to say by then, companies that invested money.

It's not a statement on my part on whether or not it should be asked, it is just to recognize that data on understanding the investment as it gets to that stage is essential, because by definition you could say, a state that licenses, while reserving the right to (inaudible) to their licenses or not, is negotiating "in bad faith" because by definition you are investing money in order to recoup.

So, the real question from a policy perspective would be, in the event that we take the view that once discovered we must now take a step back: how do we deal with that if you were sunk in investment? I think it's one of the things we have to understand better so that, both from a government, a civil society, a convention, a government perspective, there is some kind of balance.

I want to say, too, the point that you raised about indigenous communities, et cetera, et cetera, again, an important question which I hope we can discuss in the afternoon is, you know: whose resources are these anyway? Because now we speak almost as if that answer is self-evident, and yet the truth of the matter is increasingly, it is not so obvious.

We started off over point that (inaudible) assume the stage is custodian, and that the people own, but then, which people? You say, the indigenous, or you say the elite, and who else. This is another very important question which I think is increasingly making exploitation of resources difficult,

because even the sheer notion of who owns, who negotiates, who has the right, is the question that is increasingly becoming less clear.

And so if we have any data on that that can support any policy direction, if we can discuss this in the afternoon to say, you know: how do we deal with this data? How do we break it down to help governments make these policy decisions. My sense is that that might help us, especially in the fragility space, because it is failure to answer these questions that invariably leads to the crack and it is that crack that often leads to fragility.

MS. KAFKA: Thank you. I understand from Norm, we have a few Twitter questions. So, go for it.

MR. EISEN: We do. This question is on The World Bank on being able (inaudible), The World Bank project and the IFC. "It would be helpful to have more specificity regarding what data to be used by whom, how and to what end?" And then, Danny, a question to you; and of course these are also welcome for reflection by the entire panel.

"In the Brookings R for D and RGI project --" It's all right, our microphone is not needed with me even for those on the Internet, just open the window. "On the Brookings R for D and RGI project, is it improving, the data and the evidence? Or, working out how it can be used to shift the political and other contextual dynamics, the priority for your research agenda?"

MS. KHAMA: Now that should be my answer.

MR. EISEN: It's amazing what you can get into a 140 characteristics, isn't it?

MS. KAFKA: Okay. Sheila and Danny, over to you.

MS. KHAMA: Okay. So, again, this is work in progress, we sort of know where we want to end, what lacking is exactly what is being asked, how to get there. We want to be able to have data that defines roles and responsibilities, but defines them in a way that creates an environment of decision-making that supports sustainable development, that's a mouthful. But in a nutshell to say at this stage, the reason we are gathered is to answer exactly those questions. What would be the most useful form of data, and once we have this data, what would we use it for and why?

And some people have already suggested that we should focus in the space of fragility,

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some people have suggested we should focus on grassroots communities. This afternoon's debate will hopefully afford us and equilibrium that will enable us to be more precise, but certainly the goal is to ensure sustainable development and equitable distribution of the benefits.

MS. KAFKA: Do you want to make a two-hander?

MR. HEALY: Yes. Can I just add to that and just say, as a party interested in that project, and as Sheila says, the sort of how will work itself out, but in terms of the what, and what we would really want to see through this work that The World Bank is doing, is how you end up empowering the citizens of the communities that we work with to interrogate the data.

There's a massive amount of power out there on social media, and it's about getting the formats right, the consistency right, the search ability right, and then we want to see it becomes sort of unleashed to people to then pull it apart. And that will create the accountability. So, I guess we can put in different ways what we want it to look like, from our point of view we want it to be very practically, capable of being analyzed and pulled apart, and pressured, really, to create the accountability.

MS. KAFKA: Okay. Ian wants to intervene quickly before you.

MR. KAUFMANN: Absolutely. Ian?

MR. GARY: Well, I think I want to make the point that while The World Bank and BHP have a role in implementing these projects and supporting these projects, it's important to understand that they also have a role in increasing the availability of data themselves. And so I wouldn't want to see these research projects, for example, at The World Bank delink from The World Bank's own policies and practices, and programs.

So, what I mean in a specific case is The World Bank is providing a lot of technical assistance to countries around extractive industries, that assistance provides them with some leverage. For example, in Kenya, they are spending \$50 million for a project to increase the capacity of the Kenyan Government to manage the new oil sector, at the same time they have not required Kenya to disclose any of their contractual arrangements with the oil companies operating in Kenya.

The IFC is financing the leading oil project through Africa Oil, but it's not implemented, its contract disclosure requirements, so the contract is not available. We would like to see BHP adopt a

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policy of encouraging of their contracts to be disclosed, all their relevant agreements for those projects, because starting just from the basis of what we have available right now, and the payment disclosures, are not going to make a lot of sense if you don't have access to the fiscal terms.

I could provide other examples, but I think I just wanted to make that point, to not separate the leverage that these institutions have from these specific projects that are being implemented.

MS. KAFKA: And I think, just through Ian's comments, we are seeing the importance of civil society, in emphasizing things, and holding the others to account, so this was an examples in the flesh. Danny, I interrupted you twice --

MR. KAUFMANN: You didn't interrupt me; and (inaudible) already went a long way to give the answer that we hope we will also be pushing for. Look, there are two issues. One is in terms of what's a framework, at the end of the day, one wants to effect change at the local level. It was already in the morning. We will be pretentious to say they are research projects or project from here even with many partners there, it's going to do it on its own.

Ultimately, it's the power of data, the power of evidence, of research insights and of findings, and empowering civil society and other stakeholders also, including industry, and reformist in government that can make the difference. And there, their innovations is in how to get open data is one, open data tools, but also innovations on how to get all these disparate datasets, which need to be put together.

So you are proving the data is very important, but then in terms of the dissemination and working on the ground with the key stakeholders, so that they are empowered, particularly civil society to effect change is what's going to be critical here. There are great other case studies in Tanzania, when finally some data was disclosed, thanks to the EITI, and others, including ourselves working on that, at the sub-national level they discovered that they were not getting essentially, the transfers that were due from the resources, and then that led to changes.

And there are many cases like that. That is a key aspect of that, and recognizing then that that data is not just a technocratic tool but the power of data empowers civil society, which

increasingly is using that. Let me just suggest at the same time that we need to be also very realistic, and we have learnt from the lessons. It's not just a question of making the data available to any civil society group, they are infomediaries, they are particular, the choice of partners and who one works with, and how we, our type of NGOs and think tanks, work and including, in terms of twinning and mentoring with those groups so that that data use becomes much more effective.

I know Oxfam has also done that, it's absolutely critical. So, the answer is obviously, we want to do both but we need to be mindful at the end of the day, are the citizens themselves and the key leaders from all organizations that want to make it happen on the ground.

MS. KAFKA: Thank you. Norm, how much time do we have left?

MR. EISEN: We have 13 minutes left.

MS. KAFKA: Thirteen minutes. Okay, we have time for several more questions. So, this side of the room gets one, and the gentleman from the way back has had his hand up for a while.

SPEAKER: Thank you very much. I'm Robert Toennies, and I'm an anti-corruption reporter. This is a question primarily for Mr. Healy, and it does relate to the contract level disclosure question. There's a lot of pushback in the business community around this issue. You've already spoke to the free rider problem, but I wanted to take it a step further and ask you about the resistance based on proprietary information. Could you respond to that, because a lot what's being disclosed is payment to public entities, so that -- I mean that's public data, but I'd like you to discuss a little bit the contract-level disclosure. Thank you.

MR. HEALY: Sure. I mean, I think it's a good challenge to -- I've said, I think, upfront what we've done in relation to transparency, now over a 20-year period, and we do now as you probably know, and what we call our Taxes Paid Report, we do disclose all of the payments, whether they are contract bonuses, whether or not the taxes down to the project-by-project level. So, there's a lot of information you'll see our next version coming out in a couple of days' time.

So I think when you get to the financial terms, they are there, you will see all of the payments, we call it: an economic contribution and payments to governments report, so it's extremely wide. We are also, as I just mentioned briefly, we are doing a piece of work, the Foundation is

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sponsoring a piece of work with Transparency International, to look at the frontend of the value chain, to look at the licenses, and look at the permits, and look at what anti-corruption controls need to go around that.

So, where, you know, that work is now, I think about a year in, the end of the first phase, and clearly we'll take a look at that, and see what extra things could we be doing. I think we have led the way in the industry, and we will keep trying to lead the way in the industry. When it comes to proprietary terms, you know, there are two sides to these contracts.

So, we need to work through that, EITI and their standard, and Danny mentioned this before, you know, was calling for this disclosure as well and not -- and I think as Danny put it, with a little more discretion at this stage, not that moving to a more, you know, aggressive approach over time, as the standard has.

I guess to say, it's a fair question, it's a fair challenge, we put a lot of information out there, we'll let the TI work now take its form, and we'll see whether we need to do more.

MS. KAFKA: I think Danny has (crosstalk).

MR. KAUFMANN: Can I? This is a very important point, and given the enlightenment that BHP has shown on the payment, and a very granular one at that, let me push for the sake of discussion, because it's just so important the contract transparency. We are not fully there yet, it's very much encouraging EITI, but not mandatory requirement. However, we did that colleagues, you know, in RGI did their homework.

We have found out that the majority of EITI-implementing countries, maybe about 27, are at least partially if not fully, those countries already implementing contract transparency. So, that also goes to show that in these types of dynamics, countries and enlightened governments and the civil society are prepared just to move forward. So, there is already a major movement afoot in knowing and releasing contracts.

Your colleague in the Foundation, (Inaudible), is a great colleague of ours in EITI. We need their support and their help in civil society, and also governments to push for that. It's a no-brainer; it has to be a requirement. And the same will apply next and we -- and Eddie Rich who is here from EITI

regarding environment disclosures and so on.

So, rather than just looking what happened six years ago, and was EITI making enough progress when it was just getting started, we are all in this together and we need the collaboration, which is a multi-sector initiative, of industry at some point saying: enough is enough, let's cross that Rubicon. It's a no-brainer in 2017 to have full disclosure. So I appreciate that question about contracts.

On beneficial ownership, it's already there. We need to make more progress on SOEs as was said, and also regarding oil traders, that is still already in the new standard, but it's still pending the challenge of many oil traders who don't fully disclose. So, it's not only about contracts, but the contracts issue is the opposition of some members of industry, just like some members of U.S., big oil still oppose to project-by-project, and we have all known, in Dodd-Frank. At some point we have to say collectively, not just civil society, it's enough. We are in the 21st Century of transparency.

MS. KAFKA: Geoff, any response to this?

MR. HEALY: I think it's very fair, and I think we are doing a lot in this area, and many of our contracts are public, they are public in Western Australia, for example, where state agreements govern the way we mine in that state, and I think Danny's call was a little broader, which is doing what we can do, but also playing our part in advocacy here, and it is the next stage, and there are many good reasons why it should happen.

MS. KAFKA: Ian, you wanted to intervene.

MR. GARY: Yes. Just on the question of contract disclosure and proprietary information, I think when we are talking about disclosure of an agreement between a government and a company, where they are disposing of an asset that's owned by the people, and managed on behalf of the government, that that information has to be disclosed. And I would say that the fiscal terms do not constitute proprietary information, and rarely, if ever, is there real proprietary information in these contracts.

NRGI has done a great research on contracts, disclosure issues, Oxfam and others, so I would think we need to set that issue aside once and for all. And I think in terms of the positive examples, companies like Kosmos Energy is in the room today, they've disclosed every single oil contract

that they have, so clearly it's not an issue operationally, for them around the world, and other companies like tell us, say, it's their preference to disclose their agreements wherever they operate.

MS. KAFKA: Okay. Back to the audience. Yes?

MS. ROBINSON: Laura Robinson from Swale House Partners. There's been a lot of discussion about accountability and data, but no discussion of the accounting industry or the accounting profession. And my question is about how you are leveraging the value of the accounting profession? There are accountants and in accounting practice and body in every country that has natural resources, but they are not leveraged generally, and we have one of the most unaccounted for industries on the planet in natural resources. And I'm curious how your organizations are bringing the two together.

MS. KAFKA: Who wants to take that on? Sheila?

MS. KHAMA: Well, did you say accounting profession, as in financial accounting?

MS. ROBINSON: (Inaudible).

MS. KHAMA: The whole shebang? Okay. No, I'm not sure I want to take this, but I'll take it anyway. (Laughter) Because I'm not sure of the context, from what you are saying is, as we anticipate this initiative what role do you envisage for this? Is that what you are saying?

MS. ROBINSON: Yes.

MS. KHAMA: Okay. I mean, if I think about it, there are two legs, one is the disclosure, my sense is that a huge amount of the disclosure since in the financial transaction as it does in the legal transaction space. So, by definition financial accountants, and people that are able to audit financial transactions, and break them down in these projects of transferrable value, will be very important in dissecting that information.

And I think that for what we want to achieve when we say break it down so that it's user-friendly, that is a particular area where those professions can certainly have a hand, because they have an understanding of what lies behind the data. The same applies to contract disclosure. The question that we have been talking about on what is proprietary, these people can be very helpful in breaking that down.

But for me to be sure, as I think about what we want to achieve today, a huge part of

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what I think we should try and address is because there is so much to disclose. Is there an argument for identifying pieces of data in the value chain, in the contract space that really sit at the heart of, you know, citizen participation, and that maybe those are the ones we should focus on. If you give me, Citizen Sheila, the entire contract, are you really helpful, or are there generic clauses there, that warranted the disclosure? Because if not known, they make the difference between human rights, citizen rights, ability to act for self-value and to dialogue.

My sense is that probably what we should do is this, because I feel that if we seek to disclose everything, all we want to do is burden the very people we are trained to help with a lot of data, but data that is not necessarily useful. And certainly the fraternities about which you speak could be helpful in helping us determine: where is the real information, because otherwise it's just a lot of information, but not a lot of capacity to exercise judgment.

My sense is that information to capacitate judgment is the key. And so if you leave judgment with what is contained in the contract and the value of it, my sense is that we begin to get where we want to get to, but not just disclosure for the sake of it. But that is just a view, and I hope we can discuss it this afternoon.

MS. KAFKA: Did I see, Debbie that's --

SPEAKER: (Crosstalk) later.

MR. GARY: Can I respond to that.

MS. KAFKA: (Crosstalk) later. Ian?

MR. GARY: That kind of argument is what we heard from mining companies and oil companies over the last 15 years, and that's exactly the kind of argument I think we need to avoid. I think these projects are public goods that are being monetized and so let's try it out and see if we get crushed by data. I personally don't mind being crushed by data. And the idea that contracts shouldn't be out in the public domain, I don't think -- that's just a non-starter as Danny said.

And to go back to the question of the accounting firms, I think there are both problems and possible solutions to some of the questions that we are raising. So, for example, if the Big Four accounting firms are taking progressive policies and are advising their clients in terms of disclosure that

could be something very beneficial.

If the International Accounting Standards Board, adopts country-by-country reporting of taxes paid, as a standard, and that the Big Four support that that would go a long way in terms of avoiding tax-based erosion and profit shifting. But on the other hand, we've seen accounting firms being involved in either facilitating corruption or being accessories to corruption.

If you just look over the past week, the entire Senior Management of KPMG resigned in South Africa as a result of the Gupta leak scandal. So, I think there are pluses and minuses, but I do think, and I'm glad you raised the law of the accounting industry in this issue.

MS. KAFKA: We have an urgent intervention here.

MR. KAUFMANN: Yes. Very quickly again, to complement that, and to this issue of financial accountancy with something very concrete, and that's EITI again. And we should be looking at the local and the national level, because with all these demands and requirements of producing this financial report, they need to be, basically, reconciled and to depend on administrators and accountants who get involved there.

So, in our work we need to link to that, and second also, related to risk management. Look, we are all in the business including our organizations of helping countries with financial and fiscal models when there's a big oil field discovery, and so on. What is the path of investments and revenues, and the best way for revenue-sharing later on and so on?

We need to incorporate much better these governance factors including corruption, and the context in each country because those scenarios are going to be very different. The typical fiscal models, and some very sophisticated from the IMF, and so on, for a variety of reasons until now, they have not incorporated these risk management and risk factors.

So, that's in the next stage something that we economists and the financial profession needs to be working on, and I would look forward, possibly in the context of this project that we look into those issues.

MS. KAFKA: I'm afraid time is up. Panel, thank you, all of you, for your wonderful contributions; and thank you to the audience for being well engaged. (Applause) Norm, you are going to

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tell people what happens next?

MR. EISEN: Yes. What happens next is, we are going to digest, starting now, with talking to each other. We are going to digest the wonderful insights that we've received this morning. I appreciated the no-holds; taking our invitation to ask no-holds-barred questions.

And I want to thank our panel, and our Moderator for taking them in such good grace. We will come back -- What's unusual about both of these research programs is we are convening, instead of in the middle or at the end, we are convening at the very beginning.

You might even say it's another even earlier chevron, in the natural resource, value chain, transparency data, and analysis process, so we are going to digest this. We hope to invite all of you back to have these conversations frequently, it's been incredibly valuable.

On behalf of everyone, I want to thank you for being here for this morning's events. And I want to thank everybody on our web stream and on Twitter or joining us as well. Thank you. (Applause)

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