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Jana Morgan, Director

March 8, 2016

By E-Mail:

Chair Mary Jo White
Commissioner Michael Piwowar
Commissioner Kara Stein

Re: Disclosure of Payments by Resource Extraction Issuers, File No. S7-25-15, Release No. 34-76620

Dear Chair White and Commissioners:

Publish What You Pay – United States believes that transparency of natural resource revenues is critical to ensuring that citizens in developing countries can hold their governments accountable for using natural resource revenues effectively to chart a path out of poverty, thereby improving the wellbeing of their citizens, sparking economic growth, and promoting peace and stability.

In fact, evidence shows that empowering citizens with detailed information about resource revenues can enable them to monitor against corruption and successfully press governments for policy changes that improve government spending and outcomes.¹ Transparency over resource revenues is critical for fighting the corruption and mismanagement that can give rise to, and exacerbate, the resource curse. And, while some commenters have suggested that the benefits to transparency are “impossible” to quantify, that is not the case.²

Today, more than 50 resource-rich developing countries receive Overseas Development Assistance (ODA) from donor countries. That assistance is important for helping countries provide critical social services to their citizens, build stronger institutions and combat extreme poverty. In the medium- to long-term, countries rich in natural resources should – through smart investments that spur economic growth and sustainable development – be able to minimize their need for ODA. Yet as history has shown, that is not always the case. Instead, all-too-often opacity has thwarted the ability of citizens to follow the money from resources to results and enabled corruption or the mismanagement of resource revenues, leading to sub-optimal development outcomes that perpetuate countries’ reliance on ODA.

¹ Comment submitted by Joseph Kraus, November 6, 2015, available at <https://www.sec.gov/comments/df-title-xv/resource-extraction-issuers/resourceextractionissuers-98.pdf>

² See API submission to the SEC, February 16, 2016. <https://www.sec.gov/comments/s7-25-15/s72515-32.pdf>

Transparency that enables citizens to hold governments accountable for the effective use of resource revenues is thus not only critical for ensuring that natural resources lead to positive development outcomes, but also for reducing – over time – the need for resource-rich countries to receive ODA. That would free up finite funds that donor countries could then allocate elsewhere, including as ODA to poor countries that are not rich in natural resources. As such, one quantifiable benefit of the increased resource revenue transparency engendered by Section 1504 is the freed-up ODA funds that could result from increased transparency of resource revenues in resource-rich countries, funds that donor countries – including the US – could then allocate elsewhere.

In the attached tables we have calculated the global and US-only ODA to resource-rich developing countries.

- The average annual ODA between 2010 and 2014 from all donor countries to resource-rich developing countries was \$42.4 billion.
- During that same time period, the US's average annual ODA to those same countries was \$11.2 billion.

These represent the cumulative amounts of global and US-specific ODA, respectively, that could be freed up annually if resource-rich countries used existing and future revenues transparently and effectively to catalyze inclusive growth and development, thereby eventually negating their need to receive ODA. The figures do not include debt relief.

As the Commission works to estimate the benefits that will result from the implementation of Section 1504,³ we ask that it consider in its analysis the quantifiable long-term benefits that could accrue to donor countries, and their taxpayers, in the form of freed up ODA as resource revenue transparency empowers citizens to hold their governments accountable for effectively investing resource revenues to invigorate their economies and lift citizens out of poverty. A strong final rule that provides citizens with publicly available, disaggregated, project-level payment information for all countries will help that become a reality.

Thank you for the opportunity to provide our views regarding this important rulemaking.

Sincerely,



Jana L. Morgan
Director
Publish What You Pay – United States

³ This comment is submitted in response to questions 71 and 82 in the Commission's proposed rule issued on December 11, 2015.

