

# Introduction

In practice, oil, gas and mineral resources have had an adverse effect on the economies of several resource-rich nations. Instead of contributing to poverty alleviation and economic growth, resource revenues often lead to large-scale corruption, underdevelopment, and in some cases has fueled conflict and war. This can be attributed to the absence of strong, transparent, accountable governing institutions and sound legal and regulatory frameworks that would lend to managing resource revenues effectively. In these countries large and unregulated inflows of funds to government have created incentives for corruption. This undermines the relationship between citizens and governments. In these environments, policy makers are easily tempted to provide short-term solutions to long-term social and economic problems in return for economic benefit. As a result, these economies depend less on revenues from taxes and non-extractive sectors. . In order for natural resources to be used effectively and for development purposes, more accountable and transparent mechanisms must be adopted and supported by a wide range of stakeholders such as governments, multinational corporations, the media, political parties, civil society organizations (CSOs) and, most importantly, legislatures.

The mineral value chain represents the stages involved in exploiting mineral resources. These stages include: the decision to extract; bidding and management; contracting with companies; revenue management; budgeting and expenditure management; and public service monitoring. The three core functions of parliament—representing constituent interests, legislating, and overseeing the executive branch—are crucial to improving governance and management of resource revenues along all six each stage of the value chain. This is because legislators are responsible for ensuring government allocates revenue appropriately, scrutinizing government’s expenditure of revenue and implementation of policy. The legislature is also responsible for ensuring extractive legal and regulatory frameworks address citizen’s needs and interests and making sure government holds industry accountable in complying with these frameworks.

Establishing a framework where natural resource wealth can be used to contribute to sustainable development is an enormous challenge. Policy makers face a myriad of difficult choices including deciding the pace at which extraction should occur, how best to minimize environmental damage, and implementing measures to take to avoid social conflict. Inter-generational in nature, these decisions have to be made in a highly volatile and uncertain environment largely due to the unpredictable nature of the industry. However there are several practical guiding principles that can help boost transparency, accountability and social and economic development in a resource-rich setting.

This document outlines the role parliament’s can play in the extractive industries sector, describing the stages of the extractive industries value chain, including the link to the national budget, with possible action steps for Members of Parliament for each of the stages Through these learning modules, members of parliaments (MPs) and their staff will be able to identify strengths and weaknesses in government’s extractive industries policy and how to make the extractive industries (EI) sector more developmentally oriented. The modules contain best practices in the area of EI governance and management. MPs can use these modules to better understand and analyze the costs and benefits of extractive industries policy outcomes, their effect on stability, growth and on the budget. These modules would also assist MPs to learn how to enhance benefits and mitigate the risks related to the extractive industries sector, so that they can more effectively oversee the executive branch of government. They will also equip MPs with information they can utilize to better inform debate around EI issues. Parliamentarians can also use these modules to enhance their ability to promote transparency and accountability throughout the extractive industries value chain, and they will learn how to effectively participate in the Extractive Industries Transparency Initiative (EITI).

## Parliament and the Resource Curse

Research indicates that a democratic government with strong checks and balances can minimize the resource curse (A. Wiig, 2008). A legislature effectively carrying out its three core functions – oversight, representation and lawmaking – is critical to the success of natural resource management. This is because parliament is the only public oversight institution with the constitutional mandate to oversee the implementation of policy by the government, scrutinize public expenditures, influence and shape policy through the lawmaking process, and represent citizen concerns and needs in decision making.

Parliament holds the ‘power of the purse’ (control over **public expenditures**), giving them the authority to review, amend and authorize national budgets. Given the sizeable impact of extractive **profits** on the national **budget** in resource rich countries, as components of both national **revenue** and **expenditure**, an understanding of the budget process is necessary for development of **national natural resource strategies**. By exerting its oversight authority during the budget process and in the development of medium and long term economic strategies, parliament can guide **economic policy** towards countering **Dutch Disease**, **economic diversification**, and **trade** openness.

### Parliament’s Legislative Function & Extractive Industries

Through its *legislative* function, parliament is responsible for drafting and reviewing bills, and passing legislation needed for effective natural resources’ management and reform. The parliament can introduce laws to open up trade, and encourage or create incentives for private sector development, and regulatory frameworks that provide controls for how private cooperation’s operate in country. Additionally, legislatures can also introduce legislation that requires extractive companies to disclose the revenue they earn as a condition for being listed on stock exchanges. This was recently done by the United States Congress in 2010 with the Dodd-Frank Bill. In some countries, legislators have strengthened the implementation of Extractive Industry Transparency Initiative (EITI) by enshrining the implementation in law. The annual appropriation process is also another avenue where legislators can influence the management of extractive revenues.

Mining or oil codes specify procedures and rules for granting concessions, conditions for exploitation, royalties, and taxes. Corporate tax structures and laws regarding employment and the environment have implications for extractive industry management as well. Regulatory frameworks regarding the management of natural resources are often spread across different pieces of legislation and government policies (NDI, 2007). Through their lawmaking functions, legislators can support reform processes to improve regulations in order to create an enabling environment for sustainable and accountable management of the extractives. Moreover, given the multidisciplinary nature of the sector, a close coordination among different government entities is necessary to avoid regulatory gaps. Parliament can utilize its lawmaking function to develop comprehensive legislation to that would establish a more coherent legal and regulatory framework for the industry and addresses the complexity of issues comprehensive natural resource management requires.

## **Parliaments Representative Function & Extractive Industries**

Parliaments are uniquely positioned to understand and monitor the effects of extractive industries on the citizens and act as a bridge between the government, private sector and civil society. Through its *representative* function parliament can ensure the voices, preferences and interests of the public are heard, respected and articulated. When a legislator represents constituents where extractive industries resources are located, there is a direct interest. By conducting public hearings, interviews with the media, constituent outreach, and other methods, legislators can incorporate citizen feedback into decision making around this sector and build public awareness about the challenges and opportunities associated with natural resource management.

Parliaments can potentially to serve as a forum for multiparty consensus on extractive industries' policies, and thus for countrywide support and ownership. This is because as an institution parliament is the most representative democratic institution in a governance system. The legislature represents people and groups, bringing their needs, aspirations and concerns to the national level where they can be factored into the policy making process. Legislatures not only represent the diversity and differences in a nation, but they mediate among the various interests they represent, reaching agreement on budgets and policies which meet national needs, even as they respond to specific geographical and group concerns.

## **Parliaments Oversight Function & Extractive Industries**

One of the main functions of parliament is its work in scrutinizing the operations of the executive that is, exercising oversight of the implementation of laws, government policies, and government departments in order to enhance performance and accountability. Through its oversight function, parliament can conduct investigations to look into particular policy issues surrounding the sector. Parliament can also engage in the monitoring and evaluation of government policies, to ensure government's implementation of programs is being undertaken effectively and legally, and that funds are accounted for properly. These tasks can be accomplished through the use of various oversight tools including: the question period, committee hearings, and making recommendations for reform.

## **Tools for Oversight**

Legislatures have developed several tools to assist them in practicing oversight. The types of tools available to parliament to undertake its oversight responsibilities are determined by parliament's **standing orders**. Some of the most common oversight tools are:

- **Question period:** the legislature sets aside time each week for MPs to question ministers. MPs typically direct these questions in advance to the Speaker, who determines whether and when they will be presented to the appropriate minister for response. Supplemental questions may also be raised during the question period. MPs use the question time to inquire a wide range of issues including government projects in their constituencies and the performance of ministries. Despite the importance of oversight, many MPs do not fully exercise this function. Some parliamentarians are concerned that oversight sounds too much like opposition. Although opposition members may use question time to gain political advantage, oversight is however not a function exclusively reserved for members of the opposition parties, rather a core function of every parliamentarian. Ruling party MPs have a responsibility to conduct oversight to ensure the government is delivering on its election platform. A vigilant press can reinforce parliament's oversight function by publicizing what takes place during the question period. Some parliaments have reformed their rules so that they have the authority to sanction or censure ministers who are not responsive during the question period. Parliaments should keep an accurate record of promises made by ministers, and if ministers fail to follow through on their promises the legislature should express its displeasure through a resolution.

- Committee Hearings: the purpose of parliamentary committees is mainly to conduct inquiries into specified matters which includes taking submissions, hearing witnesses, going through evidence, discussing matters in detail and formulating conclusions and recommendations. Committees are a convenient vehicle for this activity and by concentrating on specific tasks or subjects, committees also offer the benefits of specialization.
- Request for documentation: Members or committees can continuously ask ministers to provide them with necessary and up-to-date documentation and information to conduct their oversight tasks. It is not uncommon for parliamentary committees to have the power to subpoena documents and summon witnesses.
- Interpellations: interpellation refers to the formal right of a **parliament** to submit formal questions to the **government**. In many parliaments, each individual member of parliament (MP) has the right to formally submit questions (possibly during question hour) to a member of government. The respective **minister** or **secretary** is then required to respond and to justify government policy. Interpellation thus allows the parliament to compel the government to answer requests for information, thereby promoting transparency and accountability.
- Ombudsman: an Ombudsman is a person who acts as a trusted intermediary between an organization and some internal or external constituent interests. In many instances the Ombudsman as an officer of parliament can act as an independent accountability institution. The ombudsman may, for example, investigate constituent complaints relating and attempt to resolve the issue, usually through recommendations (binding or not) or mediation. In some jurisdictions an ombudsman charged with the handling of concerns about national government is more formally referred to as the "Parliamentary Commissioner".
- Parliamentary debates: One characteristic of parliaments is that all MPs are equal in the plenary, no matter the size or location of their constituency. Debates in the plenary provide an opportunity for all MPs to express their views on specific issues, raising points of concern based on the feedback received from their constituency and advocating for one course of action over another.
- Audit and oversight agencies: a nation's supreme audit institution (SAI) (sometimes called the auditor general or cour des comptes) typically conducts a yearly review of government spending and issues its report. In Westminster systems the SAI submits its report to the legislature. External auditors are freer to conduct independent investigations than are those controlled by the executive. Audit agencies have evolved beyond conducting simple financial audits and have added what is known as value for money audits in order to determine not just whether funds were spent appropriately, but whether government programs obtained their desired results.

## The Committee System

Another important oversight tool for parliament is the committee system. Legislatures accomplish more when they divide their tasks and responsibilities among smaller workgroups. Committees may be temporary (ad hoc) or permanent. Ad hoc committees are formed to review particular bills or deal with specific issues and are disbanded when their work is completed. Permanent (standing/portfolio/departmental) committees' jurisdictions tend to mirror the structure of cabinet ministries. Other oversight committees may focus on oversight specifically or may be responsible for rules, management or housekeeping matters. The types of committees in parliament include:

- Audit Committees (for example Public accounts committees): Audit Committees follow up on the findings of public audits. They study the audits, invite ministers, permanent secretaries or other ministry officials to the committee for questioning, and issue a report of their findings, often making specific recommendations. Typically, the government is required to report back to parliament on Audit Committee recommendations within a specified period, usually 2 to 6 months. Often an opposition member chairs the Audit Committee – this is particularly the case in Commonwealth countries. Audit Committees face several challenges: SAIs are often poorly funded, and their reports may be lengthy, complex, poorly organized, and difficult to understand. Funding and staff shortages mean that audit reports are often years behind. In many cases auditors are appointed by the executive and so may have little incentive to uncover problems. Investigating report findings is time and labor intensive so parliaments will need professional staff. Finally, sometimes governments are not responsive to parliament, and there may be few tools at a parliament's disposal to compel government compliance.
- Departmental, portfolio, permanent, or standing committees: as the name suggests, these committees are responsible for legislation pertaining to – and for oversight of – specific government ministries. Acting in their oversight capacity, these committees often have authority to question ministers and staff of ministries about the implementation of budgets and laws, and to determine whether specific public policy objectives have been achieved and, if not, make recommendations for reform.
- Temporary investigative committees: sometimes called select or ad hoc committees, these are temporary committees whose jurisdictions are limited to investigating the matter for which they were established.

## **Actions for Parliament: use the committee system to oversee the extractive industries sector**

Extractive industries policies are most effective when they are well-managed and monitored, and when the results are publicized. Through organized and coordinated committee work, legislators can use their oversight authority to affirm their role in representative and accountable policy implementation. A committee on extractive industries is an effective way for legislators to organize and coordinate their involvement in the extractive industries sector. In some cases, committee mandates might overlap. In these cases, coordination between existing committees can also be useful: often several committees—budget, oil or mining, anti-corruption, lands, public accounts—have purview of various aspects of the extractives sector. . At other times, depending on collective committee mandates, parts of the extractive industries sector do not fall under any of the committee's mandates. In this case, adjustments of the committee mandates might be necessary, or the legislature can establish ad-hoc, select or investigative committees to investigate specific issues. In any case, effective oversight throughout the whole extractive industries sector requires that the activities of these committees be coordinated and that information be shared between them. Committees need to have clear mandates, roles and responsibilities as well as skilled members and support staff with access to relevant and accurate analysis and information.

### ***Norway's Legislature Plays an Important Role in Oversight of the Gas and Oil Industry***

When oilfields were discovered in the North Sea off Norway in the late 1960s, the country was already one of the world's wealthiest and most open societies. Norway's highly efficient and professional civil service offered better career prospects than the private sector, and societal norms and the threat of heavy criticism by the legislature and the media discouraged political leaders and other interests from trying to influence their work. Strong institutions of accountability, in place since the eighteenth century also guarded against political interference.

During Norway's national debate over the exploitation of the country's oil resources, farmers, fishermen and environmental activists were among the groups who expressed concerns over the possible risks of becoming an oil-dependent economy. Their concerns were taken into account in the recommendations made by the Norwegian Parliament in 1974 favoring moderation and long-term planning in oil sector development. Decades later, Norway's legislature plays an important role in overseeing management of the oil and gas industry. For instance, the legislature creates the framework for the oil and gas sector by: passing legislation and other instruments; debating white papers outlining executive branch proposals; and revising and approving major development projects.

An independent Auditor General's Office that reports to the legislature conducts regular financial and performance audits of all government accounts and state-owned enterprises and monitors management of state interests in companies.

*Source: Transparency and Accountability in Africa's Extractive Industries: the role of the legislature (2007)*

## **Factors that influence the role the legislature plays in the extractive industries sector governance**

How effectively a parliament is able to discharge its oversight authority is contingent on a number of factors including the specific oversight powers provided to parliament under the constitution and standing orders. Other factors include the ability of parliament to access adequate information to perform their oversight tasks sufficiently, the technical parliamentary and extractive capacity of individual MPs, committees, committee leadership, and the political environment in parliament.

**Regime type:** No two parliaments are the same. However, most parliaments can be classified as falling within a parliamentary, presidential or hybrid system, with the key variable being the degree of separation between the executive and legislative powers. Legislatures in political systems with significant separation of powers between the executive and legislative branches have greater incentives to develop an independent parliament than legislatures in systems where the powers are unified.

- **Parliamentary system:** In parliamentary systems where the chief executive and cabinet are members of parliament selected from the majority party or coalition within the legislature, the legislature will have less incentive to develop independent capacities, especially if the political party system is strong (Barkin, 2009). Committees are controlled by the dominant party or parties. Continued cooperation between the executive and legislature is required for government to survive and to be effective in carrying out its program.
- **Presidential system:** In presidential systems, the chief executive (president) and members of the legislatures are elected separately, often for different terms. The center for conflict over policy making is usually between the executive and the legislature. There are incentives for the legislature to develop a strong committee system and professional staff.
- **Hybrid systems:** The term hybrid generally refers to a system with a separate elected president who shares executive power with a prime minister, who often, but not always, sits in parliament.

Most democracies in the world blend characteristics of these different systems and rarely conform precisely to these models.

**Formal powers:** constitutions and the legislature's standing orders generally define a legislature's formal powers. Some systems allow members to introduce legislation and some permit committees to introduce legislation, and some parliaments have formal authority to override a presidential veto. Other aspects of a legislature's formal powers are the time allotted to consider legislation and the right of executives to rule by decree during periods of national emergency and, in some cases, when the legislature is not in session.

**Political environment:** Political environment is a more subjective factor that determines parliament's power. The willingness of the executive and other political actors such as political parties to share information and the lawmaking role with parliament determines parliament's ability to meaningfully discharge its lawmaking function. "In countries where ruling party control is pervasive, legislatures are often used to rubber stamp executive policy after little or no debate (NDI, 2007 p. 11)." Additionally, "constitutions, legislation and other rules of procedure vest significant legal authority in the executive, thereby diminishing the ability of legislatures to oversee the oil and mining sectors (ibid)."

**Capacity:** The legislature's capacity and resources influence its ability to play a constructive role in governing more broadly and in particular governing the executive. Aside from political constraints, many parliaments are unable to execute the full extent of their formal powers due to the following: limited

resources in the form of facilities, money, professional staff, a lack of services available to parliament through independent budget, research, policy, and legal analysis offices, and in some cases a lack of clarity about the role and responsibility of a legislator or committee member. As a result, parliamentarians are often not able to perform provide well informed input into legislation, regulations, and policies.

## **Actions for Parliament: Tools for Parliamentary Reform**

Legislatures wishing to strengthen themselves as institutions need to do more than conduct legislative strengthening activities. Fundamental institutional changes need political leadership and support. Some suggestions are:

1. Establish a leadership group responsible for institutional strengthening, preferably established in law. This can be a parliamentary reform committee, which is often called a modernization committee, or the standing orders committee.
2. Draft a modernization plan that includes the goals of the institution, the steps to attain those goals, a timetable and resources needed, and potential sources of funding and expertise. Parliaments often draw upon regionally or internationally endorsed benchmarks to help guide their modernization plans.
3. If donors are involved, the legislature should establish a system of donor coordination.
4. Many legislatures have found Parliamentary Service Commissions (PSC) effective in building cross-party consensus on issues relating to the legislature's budget, professional staffing, and capacity needs. These bodies are typically independent commissions that include distinguished former legislators can also be used to review funding for the legislature, and even controversial issues such as remuneration levels for MPs.

## **Staying informed on developments in the extractive industries sector**

For parliament to be effective in playing a role in the governing of the extractives, it is essential that MPs are informed about the government's strategic framework to include, where and how resource revenues are reflected in the budget and medium term development strategy for revenue collection and targeted appropriations. It is also critical that MPs are well versed in extractive legislation and regulations and informed about developments in the extractives. Equipped with all this information, MPs are better placed to provide well informed inputs into policy debates related to the governing and management of the sector. Staying informed on industry developments is not an easy task and it is time consuming. As representatives of the people, MPs have busy schedules and multiple concerns and needs to address on behalf of citizens in other policy areas.

### **Actions for Parliament: Tools to help MPs stay informed**

1. Parliament can use its available oversight tools to gather information on the extractive industries sector.
2. In addition to internally available government information, look outside parliament (internet,, civil society organizations (CSOs) publications, citizen report cards, etc.) to gather information. CSOs often have significant expertise in the extractives that MPs can utilize to undertake their responsibilities.
3. Request regularly scheduled extractive industries briefings: Committees can request that senior government officials provide briefings on a regular schedule. Committee members will need to determine how often these briefings should take place to ensure effective information exchange and government departments should provide both periodic briefings to parliament and respond to ad hoc requests for information. Parliament could also second a liaison to the ministry with purview of the extractives. The liaison could facilitate regular information exchange outside the briefings between the parliament and the executive. Aside from requesting briefings with government officials, parliament could also request briefings with CSOs.
4. Coordinate legislative efforts with local CSOs and think tanks: Local and international civil society, academic institutions, international organizations, companies, former MPs, and government representatives that are experts on the issue can be helpful in providing information and explanations when requested. International donors such as the World Bank, the African Development Bank, Revenue Watch Institute (RWI), Publish What You Pay, etc. may also be able to provide industry related information upon request.
5. Participate in a conference or workshop on extractive industries: Legislators can participate in workshops or conferences, and discuss their views on extractive industries as well as how they would like to see the legislature participate. International donors and local or international CSOs may be able to help facilitate these events or parliaments themselves can organize such forums.
6. Establish contact with peers from other resource-rich countries: Establish contact with former or sitting MPs from other resource-rich countries who confront similar challenges or have played a role in addressing them. It is useful to share information, best practices and lessons learned on a variety of policy issues. Legislators can become better informed and more effective overseers by working with and learning from their peers in other resource-rich countries by participating in regional networks.

## Transparency in the extractive industries sector

A necessary prerequisite for effective oversight and good **governance** is **transparency**. Transparency requires openness in governance practices and systems. Transparency in governance entails that information is made available, is timely, is accurate and released regularly. The **information** provided by the government to the public should also be useful and easy to understand. Access to information empowers citizens to participate in public policy debates, provide input into issues related to service delivery, and monitor the management of public goods. In so doing, transparent governance strengthens the relationship between government and its citizens. It also assists the government to manage citizen's expectation.

Transparency along the extractive value chain is essential to improving the governance and management of the industry. This is because government's and industry's activities related to licensing, the implementation of contracts, collection, management, distribution of revenue, environment, and service delivery can be monitored and evaluated in a transparent environment. Ultimately this leads to greater accountability on the part of industry and government. Opportunities for corruption in the extractive sector begin at the contracting or procurement phase. This is because contracting and other procurement in the sector is often done under a shroud of secrecy. If the rules and terms for bids or concessions are made clear and available to the public and the legislature, detecting and correcting non-compliance with contractual terms would be an easier task for the public, legislature, and administrative government agencies to accomplish.

Unfortunately many resource countries do not have Freedom of Information Laws (FOI) that facilitates access to information and transparency in government. FOIs allow citizens and the legislature to request and access information from the government that would not otherwise be made routinely available such as extractive contracts. Passage of an access to information law is only one step in promoting open governance. It is important to address the culture of secrecy that exists in most governments and public bodies. Unfortunately, many countries endowed with natural resources utilize the revenue generated by these resources for political patronage. This is facilitated by the opaque nature of the sector. Where this occurs, politicians make political gains through patronage that allows them to remain in power and as a result there is no political incentive to promote transparency and accountability in the sector. A number of measures can be taken to address the culture of secrecy:

- Legislative advocacy for legal protection for **whistleblowers**, individuals who release information about wrongdoing or serious mismanagement. Legal protection helps to nurture a culture of whistle blowing.
- Routine disclosure can also play an important role in addressing the culture of secrecy. As more and more information is routinely disclosed, officials will become increasingly accommodating to the idea of openness, and gain a better sense of the appropriate limits of secrecy in government.

## **Actions for Parliament: promoting a transparent, resource-rich society**

1. Opening up parliamentary processes to the public: Parliament can play an important leading role in promoting openness by starting with making own operations as transparent as possible. This should involve a number of institutional measures, such as televising and broadcasting the question period, publishing material online and holding public committee hearings. In democracies, general sessions of parliaments are open to the public and press, and in a growing number of countries committee meetings are open as well.
2. Setting up Constituency Offices: Legislatures are more accessible to constituents than are chief executives. In some countries these offices have been established, MPs have faced difficulties in traveling to their constituencies because of inflexibilities related to parliament's program of work and insufficient resources to efficiently utilize constituency offices (see case study below).
3. The role of and communication with media is of huge importance as well. Legislatures' debate and vote before the news media, and some even broadcast their sessions on television and radio.
4. Parliamentarians should play an active role in awareness-raising about the benefits of a Freedom of Information (FOI) law.

## Participation and Representation in the extractive industries sector

**Participation** is the process by which citizen's influence and share control over government's priority setting, policymaking, resource allocation, and access to public goods and services. Participation is important because it allows engagement of citizens and organization in public policy. Parliament is in a position to play a leadership role in promoting greater participation by opening up its practices and procedures to the **public**.

It is harder for citizens to monitor their government when the government is funded by resource revenues: the revenues typically arrive through non-transparent channels, and contracts are often kept secret. For example, some revenue may be channeled through state-owned enterprises, which are difficult for citizens to monitor.

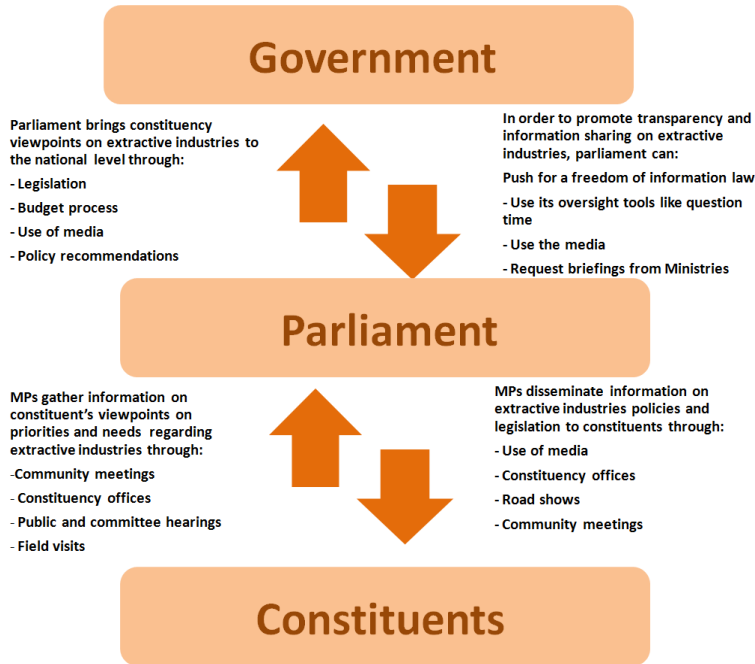
Constituents learn the opinions, decisions and actions from policymakers through the **media**. The media can be a platform that provides space for political negotiations. In countries where the media is vibrant and functions independently or relatively independently from government, parliament can spark greater citizen participation in the extractives by using the media as an outlet to inform citizens about developments in the sector.

### **Actions for Parliament: Building a participatory resource-rich society**

1. Through public hearings, interviews with the media, constituent outreach including town hall meetings and other methods legislators can build public awareness about extractive industries and policy concerns surrounding the sector.
2. Incorporate extractive industries into constituent communication: Citizens often care deeply about whether the natural resources in their country are benefitting them, but know little about what the government receives from extractive industries, or how it spends the revenue. Legislators can transmit this information through their regular contact with constituents.
3. Work through the media to build public awareness on extractive industries issues: Legislators can raise awareness on EI issues by conducting press conferences and other media activities.
4. Parliamentary debates could be televised and records of these debates could be made publicly available, including through the internet. Constituency offices can also help foster greater participation by disseminating EI related information, tracking citizens concerns and ensuring members are made aware of the concerns so that they can be followed up. Furthermore, committee meetings should be open to the public. When citizens are well-informed about their government's spending priorities, and can monitor the use of revenues, it forces government officials to act more responsibly.
5. Parliament can play a role in assuring that information is disseminated and accessible to the community. There are several ways to do this:
  - a. Publishing the legislative record after each session in Hansard, congressional record, or official daily.
  - b. Newsletters and other publications reporting on legislative and member activities.
  - c. Public participation offices that responds to citizen inquiries and conducts participatory outreach to citizens.
  - d. Open committee meetings, publishing meeting times and agendas in newspapers and on the internet.
  - e. Public hearings as an opportunity to listen to citizens and for citizens to see their MPs in action.
  - f. TV or radio, broadcasting parliamentary sessions.
  - g. Post information on parliamentary web sites.

h. Meeting with constituents: physical space to meet with constituents.

Figure 1: Information exchange and participation

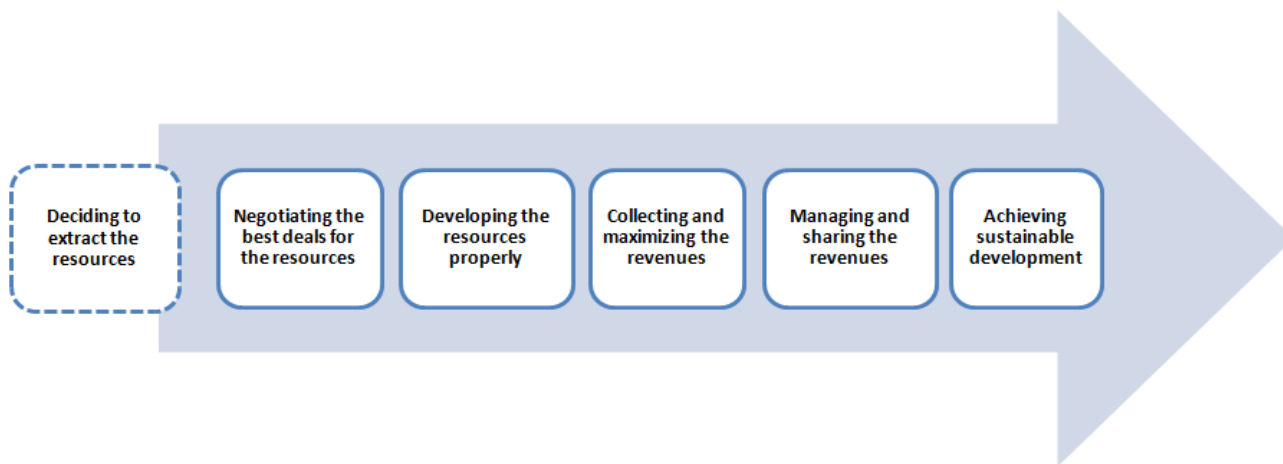


## The Extractive Industries Value Chain

Topics: Strategic Framework, Development, Poverty, Poverty Reduction Strategy, Social Development, Economic Development, National Plan, National Vision, Planning Scenario, Predicted Revenues, Forecast, Prediction, Estimates, Fiscal Risk, Predicted Expenditures, Public Expenditures, Allocation of Revenues, Public Financial Management, Social Welfare, Job Creation, Infrastructure, Health, Education, Government Finances, Debt, Deficit, Fiscal Discipline, Price Volatility, Commodity Prices, Dutch Disease, Stabilization Fund, Economic Diversification, Export, Trade, Business Climate, Private Investments, Investment Climate, Private Sector, Budget, Budget Bill, Medium Term Economic Framework

Turning natural resources in the ground into improved well-being for citizens takes a series of steps that together can be termed the 'resource/extractive value chain'. The objective of maximizing benefits to current and future generations of citizens and achieving sustainable development can be broken down into several stages: the decision to extract; awarding contracts, actual extraction/operations, revenue collection and finally revenue expenditure (see the figure below). Each of these poses substantial challenges. Maximizing the benefits requires that different questions are raised at each stage.

*Figure: Good governance along the value chain*



The ultimate goal is to make resource revenues contribute to long-term sustainable **development**. Effective use of resources requires a **plan** or **vision** for what the country wants to do and how resources can help the country in getting there. These larger goals should guide all of the individual decisions along the entire value chain. All decisions that have to be made throughout the value chain should be executed in a way that provides maximum benefit for the citizens. Citizens benefit from extractive industries if the sector's revenues are used or invested by the government in ways that result in economic and **social welfare** for all of its citizens and future generations (for example through **job creation**, **infrastructure** improvements, improved **healthcare** facilities, access to **education**, etc.)