



East Asia and Pacific nations keep citizens in the dark about resource revenues

JAKARTA, May 15, 2013 – Oversight of the oil and mining industry in East Asia and the Pacific ranges from near-satisfactory in Timor-Leste and Indonesia to dismal in Myanmar, according to a new resource governance index released today. Despite their diversity, nearly every country in the region fails to publish important information on public resources.

[Revenue Watch's Resource Governance Index](#) measures the quality of governance in the oil, gas and mining sector of 58 countries worldwide. Each country on the *Index* is judged on four criteria: legal framework, transparency levels, checks and balances, and its broader governance context.

On average the 10 East Asia and Pacific countries in the *Index* relied on oil, gas and minerals for 25 percent of total exports in 2010. Yet despite the importance of the sector, none earned a satisfactory grade on resource governance. Timor-Leste was the region's top performer; Myanmar took last place out of all 58 countries.

"The *Index* research reveals a governance deficit in how transparent and accountable countries are with their natural resources," said Daniel Kaufmann, president of Revenue Watch. "But by pointing to reforming states and to solutions, we reject the tired notion of the deterministic 'resource curse'," Kaufmann added.

In [Timor-Leste](#), [Indonesia](#), the [Philippines](#) and [Mongolia](#), detailed laws help promote competition in the licensing process and make it clear which government agencies collect payments from oil and mining companies. Only Timor-Leste publishes oil contracts, which helps the public ensure they get a good deal for their natural resources.

[Malaysia](#), [China](#), [Papua New Guinea](#), [Vietnam](#), [Cambodia](#) and [Myanmar](#) all received failing scores on the *Index*. Most lack laws and institutions that encourage integrity and openness in their oil and mining sectors, and only Malaysia consistently publishes environmental impact assessments. None of these countries have effective oversight of their industries, although some, like Papua New Guinea, do require audits of national oil and mining companies, an important first step.

Nearly every country performed poorly on overall governance, suggesting that governments in the region have long failed to control corruption and win the trust of their citizens. Even Mongolia, which has the region's strongest legal framework, earned failing scores on corruption control and the rule of law, illustrating a major gap between policy and practice.

The *Index* offers recommendations, for both highly ranked countries like Brazil and for low-ranking countries like Afghanistan. In East Asia and the Pacific, researchers encouraged other countries to join Indonesia and Mongolia in passing freedom of information laws. China, Cambodia, Myanmar, Papua New Guinea and Vietnam should publish detailed data on oil and mining's contribution to state

budgets. Considering the region's history of environmental conflict, governments should require social and environmental impact assessments before projects begin, publish the results and see that a full consultation process takes place.

“The *Index* not only shows where we are now, but points out ways forward for countries, companies and global initiatives, and this matters because improved governance in natural resources is arguably the development challenge of this decade,” Kaufmann said.

For more details on the Index data and the report, visit www.revenuewatch.org/rgi.

Note: As with any governance data, this Index is subject to margins of error and therefore caution in interpretation and comparisons apply. Further, in its measure of governance, the Index focuses on transparency, integrity and accountability rather than other performance indicators related to extractive efficiency or optimization of revenues.

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oil, gas and mineral resources for the public good.**

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