



GLOBAL ORGANIZATION OF PARLIAMENTARIANS AGAINST CORRUPTION
ORGANIZATION MONDIALE DES PARLEMENTAIRES CONTRE LA CORRUPTION
ORGANIZACIÓN MUNDIAL DE PARLAMENTARIOS CONTRA LA CORRUPCIÓN

Resource Revenue Transparency:
A Presentation to the International Public Sector
Accounting Standards Board
Montreal, Quebec
Thursday, July 5th, 2007
Notes for
Hon. Roy Cullen, M.P.
House of Commons, Canada

Who is GOPAC?

- Global Organization of Parliamentarians Against Corruption.
- International network of parliamentarians, working through regional and national chapters, dedicated to the fight against corruption and the promotion of good governance.
- Founded at a global conference held in the Parliament of Canada in October 2002.
- Has grown to 700 members in 90 countries in all regions of the world.

Who is GOPAC?

- Provides peer support, information and education programs for parliamentarians, and political leadership in the fight against corruption and money laundering.
- The *Arusha Agenda (2006)* : 6 global task forces and Resolution on Resource Revenue Transparency.
- GOPAC receives funding from Canadian International Development Agency (CIDA); Foreign Affairs Canada; World Bank; International Monetary Fund; USAID.
- Secretariat in Ottawa, Canada.

The Cost of Corruption

- Corruption : diversion of public assets for private benefit.
- Corruption is pervasive and not limited to developing and emerging economies.
- Case studies in Africa - bribery adds 8% to the cost of doing business.
- In China corruption estimated to comprise 15% of GDP.
- A one unit decline on a ten point corruption index lowers real GDP by 0.3%-1.8%.

The Cost of Corruption

- Undermines public trust and confidence in public institutions.
- Inequitable distribution of national wealth and income can foster political instability.
- Reduces foreign direct investment (added cost and uncertainty).
- Transparency of political decision-making diminished.

The Cost of Corruption

- Introduces inefficiencies in markets.
- Can compromise the achievement of sustainable development objectives.
- Increased risks to health and safety of citizens.

Why Focus on Natural Resource Revenues ?

- Countries dependent on natural resource revenues can be particularly vulnerable to corruption.
- Dependence on natural resource revenues
 - Eg average annual hydrocarbon revenue (2000-2003) as % of total fiscal revenue.
 - Nigeria (77%); Russia (40%); Indonesia (31%); Mexico (32%); Venezuela (53%); Angola (81%)
- Inadequate control systems, lack of transparency in accounting and reporting.
- Often decentralized projects generating significant `hard currency` revenues passing through many layers before landing in national treasuries.

Why Focus on Natural Resource Revenues ?

- Many international organizations have recognized the `resource curse` .
 - Extractive Industries Transparency Initiative;
 - Publish What You Pay Coalition; and,
 - Revenue Watch Institute

What can the International Public Sector Accounting Standards Board do ?

- Demonstrate leadership and support for this important initiative.
- Make Minor revisions to IPSAS 1, Presentation of Financial Statements,
- and to the Cash Basis IPSAS, Financial Reporting under the Cash Basis of Accounting.