

NGO calls for oil revenue monitoring

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BAKU, Azerbaijan - A new Soros-funded lobby group in Azerbaijan, the Public Finance Monitoring Center looks set to take public scrutiny of government spending and transparency to new levels. Launching the new NGO's campaign, Inqilab Ahmadov, the organization's director, said that the transparency surrounding oil revenues was one of the most critical issues facing the country. "We talk about revenues and consider only the income of the State Oil Fund, but the executive director of the fund, Samir Sharifov, is correct when he says that the organization is transparent," Ahmadov said.

The oil fund regularly publishes reports on income and expenses, and holds meetings with the media and NGOs. "I believe that there are problems with transparency at SOCAR, but not the oil fund. It concerns not only the operation of SOCAR, but also the company's relations with foreign companies," he said. According to the country's production sharing agreements, foreign companies deliver profit oil to SOCAR, which then pays taxes to the state budget.

"SOCAR doesn't have effective financial management and does not carry out audits to international accounting standards," Ahmadov said. "At the moment, we cannot monitor whether the taxes paid by SOCAR are fair or not."

Ahmadov said that the PFMC had asked foreign oil companies about their profit oil payments to SOCAR.

"They are ready to give information about how much profit oil they have paid, how they settle accounts with SOCAR and the state budget," he said. "We are sure that they will keep their word and give that information, but we will face another problem. We will be not able to check these figures, because we face a black hole, called SOCAR." The initiative to set up the center arose from various campaigns, including the well-publicized U.K.-backed Extractive Industries Transparency Initiative (EITI), which was fully supported by the Azeri government at a London conference in June.

According to the EITI Statement of Principles and Agreed Actions, its signatories, including Azerbaijan, "believe in the principle and practice of accountability by the government to all citizens for the stewardship of revenue streams and public expenditure, and are committed to encouraging high standards of transparency and accountability in public life, government operations and business.

The document was prepared, after discussion with EITI signatories, by the U.K. Department for International Development. In Sept. 2002, British Prime Minister Tony Blair announced that the U.K. was preparing to lead an initiative towards the creation of an international framework for revenue disclosure. Three months earlier, billionaire philanthropist George Soros started his own campaign entitled 'Publish what you pay', a coalition of 75 NGOs seeking to establish an international structure requiring transnational extraction companies to publish net taxes, fees, royalties, and other payments to national governments.

As a participant in international initiatives and events, Ahmadov and a group of experts published, 'Caspian Oil Windfalls: Who Will Benefit?', and set up the non-governmental organization, Public Finance Monitoring Center (PFMC). Financial support was provided by the Soros-funded Open Society Institute-Azerbaijan. Ahmadov told CBN that one year ago, George Soros decided to create an NGO in Azerbaijan that would compile a database, possessing all available information concerning oil revenue, state budget and external debt.

"In countries where extractive industries are the main sector of the state economy, and provide a considerable part of public finance, non-governmental organizations exist to make civil society more active in monitoring public finance," Ahmadov said. "They serve to remind people that the incomes do not belong to the government and that people have the right to know where public finance is spent."

"PFMC is like a think-tank that will carry out research and advocacy. We will take steps to lobby in the interest of society and demand information about state budget and oil revenue from the government," he said. Currently, PFMC is preparing to hold roundtable discussions in which political parties, economic journalists, students and NGOs will participate. These roundtable events will begin Sept. 2 and last five weeks.

"We will give political leaders the chance to announce their economic platforms, including budget policies and how they will use oil revenue, if they come to power. It is a question of vital importance," Ahmadov said. "It will be the first practice of this kind. Elections show that political parties pay attention to the popular vote. A voter has to know about budget policy before voting." Not all presidential candidates will participate, but all leading political parties will be represented, he said.

Nazim Imanov, a member of the political council of the National Independence party, said that in reality, the conference will not bring together all party leaders or their representatives. But each of them will be invited at a fixed date to announce their party platform to the public. "The presentation will touch on what they consider to be the right steps to eliminate corruption and to make public finance more transparent," said Imanov. The NGO Information Resource Center for Oil Industry of Azerbaijan (RCOIA) has also conducted research on oil revenues and their use. Since last December, with the assistance of Oxfam, a British relief organization, RCOIA has implemented a project dedicated to state budget transparency. They have held conferences where public finance issues, including budget revenue and expenses, were raised. As a result of the project, they will publish a budget guide.

Each week will be dedicated to the economic platform of one party. All dialogues will be published, in the Azeri-language 525 Qazet and the Russian-language Echo newspapers.

Ahmadov said that the PFMC would seek to popularize the ideals of the EITI.

"For Azeri society, it is a topical issue because our government assumed obligations to join in this initiative," he said. Besides increasing the skills of journalists who specialize in economic issues, especially public finance, PFMC, with Initiative for Policy Dialogue (IPD), will hold a media workshop.

The founder of IPD, Joseph Stiglitz, a Nobel laureate economist, is scheduled to participate in the event. IPD is a non-profit organization based at Columbia University.

"Our purpose is to make clear the fact that journalists can make competent investigations into finance flows and public finance, and make the information accessible to the public," said Ahmadov. PFMC will also prepare a weekly report entitled, "Economics and incomes", and publish the supplement in Echo. The issue will include analytical surveys, research, news, and interviews with officials and independent experts. PFMC also plans to broadcast a weekly radio program on BBC world service radio. "Ordinary citizens will be able to say what they think about oil incomes and the effects they have on their lives," Ahmadov said.