

# WHERE'S ALL THE MONEY?

Developing countries are producing trillions of dollars in oil and minerals each year, generating massive revenues that could help build schools, hospitals, and roads. Much of the earnings come from the payments oil and mining companies make to governments. However, citizens don't know how much these companies actually pay governments, or where that money goes.



Why are people in countries that are rich in natural resources living in poverty? Oxfam estimates that in just the past five years, developing countries should have received about \$1.55 trillion in value from oil companies alone. But it's hard to say how much these countries have received or what they have done with the money.

In 2010 the United States took an important step to solve this problem: it passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which included Section 1504, which requires US-listed companies to disclose their payments to US and foreign governments as a standard part of their reporting to the Securities and Exchange Commission (SEC). This information will allow citizens to fight corruption and hold their governments accountable for using the money to reduce poverty.

Unfortunately, Section 1504 is not yet in force because the SEC has not finished

the rules companies must follow. Oil companies sued the SEC to overturn the first set of rules released in 2012 in order to keep their payments secret. A federal court sent the rules back to the SEC for revision in 2013.

Despite the delays in the US, the world has moved ahead. Norway, Canada, and 28 countries in the European Union followed the US lead and adopted similar transparency laws requiring oil, gas, and mining companies listed in those markets to report payments for each project.

Several leading oil and mining companies are already reporting their payments, before the US law actually requires it. Investors worth more than \$6 billion in assets have stated publicly that they welcome payment disclosure because it helps them assess risk. These companies, along with the rest of the world, are waiting for the US to catch up.

## SECTION 1504 AT A GLANCE

- Requires oil, gas, and mining companies listed on US stock exchanges to disclose payments to the US and foreign governments for each project, including taxes, royalties, fees, and bonuses.
- Will shine a light on payments made by more than 1,100 oil, gas, and mining companies, including numerous state-owned companies from countries like China and Brazil.
- Has bipartisan authors Senators Ben Cardin and Richard Lugar; the US Agency for International Development called for strong rules for Section 1504 because they will further "US government foreign policy goals of supporting stable and democratic governments."

ABOVE: Communities in Nigeria's oil-producing Niger Delta region suffer from social and environmental problems related to oil extraction. They also lack information about how much oil companies pay the government and what their fair share of these revenues should be. *George Osodi / Panos for Oxfam America*





A primary school in Rumuekpe was destroyed in a recent conflict and is now partly rebuilt. Information about oil revenues could help local leaders advocate for more funds for education. *George Osodi / Panos for Oxfam America*

## IN NIGERIA: 'WE NEED DEVELOPMENT'

The Niger Delta region of Nigeria is where the country gets its oil, and the region serves as a stark example of the need for more transparency in the oil industry. Nigeria is Africa's largest producer of crude oil. It makes up 75 percent of Nigeria's \$520 billion economy, but the Niger Delta is one of the most impoverished areas of the country. For years it has been beset by conflict as political and military rivals fought for control of areas and the money oil companies spend there.

Nowhere is the injustice of vast oil wealth in the midst of poverty more apparent than in the seven-village community of Rumuekpe, where fighting destroyed nearly all homes, killed more than 30 people (including women and children), and caused thousands to flee. Rumuekpe is rebuilding, but the schools are in poor condition, especially the Omegwa state school, which has a decent roof but no desks, chairs, or windows. Divine Ekem, 17, who attended primary school in a nearby village, says that if she wanted

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—Gaius Sunday Ajuro, former village councilor  
Rumuekpe, Nigeria

to sit in a chair, she had to carry one to class. "There are no qualified teachers, no lockers, no security," she says. "We need development here. If we had more money, we could improve the schools."

Roughly 100,000 gallons of crude oil pass through pipelines in Rumuekpe every day. Gaius Sunday Ajuro, a former community councilor in Rumuekpe, says, "The federal government is supposed to give us 13 percent of oil revenues, but we don't see it. If we can know how much oil companies pay the government, we can hold government accountable."

## WHAT CAN YOU DO TO HELP?

There is something you can do to make oil, gas, and mining revenue information public—and to encourage countries to use their wealth to fight poverty. Join Oxfam's campaign calling for the Chair of the SEC Mary Jo White to make Section 1504 a reality: visit [oxfamamerica.org/nosecretdeals](http://oxfamamerica.org/nosecretdeals) to sign the petition.

A federal judge recently ordered the SEC to speed up its timeline to finish Section 1504. It's more important than ever to make sure the SEC meets its commitment to adopt a strong final rule by mid-2016.

**FOR MORE INFORMATION:** [oxfamamerica.org/nosecretdeals](http://oxfamamerica.org/nosecretdeals)

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