

“The Public Eye Awards 2006”

Nomination form B (Positive Award for an NGO)

You may nominate either your own organisation or another NGO.

Only NGOs may be nominated that are/were leading campaigns focusing on the policy or the behaviour of one or more multinational corporates.

The nominations will be made public before the Awards Ceremony. Handing in a precise, detailed and formulated nomination (please do not just send keywords, but full sentences) in the given form saves us a great deal of (editorial) work!

If you nominate your own organisation, please give detailed answers to the questions below. If you nominate another NGO, please answer the questions as detailed as possible. If needed, we will get back to the nominated NGO.

Enclosures such as your own studies or newspaper articles we should include something press coverage – oil team will have plenty on the case as well as film material are most welcome.

Nominated NGO:

Name: Global Witness

Headquarters: London

Founded in: 1993

Website: www.globalwitness.org

Number of employees: 31

Field of Action: Natural resources, human rights, sustainable development and conflict resolution.

This nomination highlights Global Witness' Revenue Transparency Campaign

General Aims: Global Witness campaigns to achieve real change by highlighting the links between the exploitation of natural resources, environmental destruction and human rights abuses, particularly where the resources are used to fund and perpetuate conflict and corruption. Through a combination of covert investigations on the ground and in-depth research, we gather first hand evidence that is compiled into hard hitting reports and put before those in a position to effect change. By advocating for transparency and good governance in relation to natural resource management around the world, we aim ultimately to achieve our vision of a world in which the populations of countries rich in timber, minerals and oil equitably benefit from the sustainable use of these resources.

Reasons for the nomination:

Aims of the Campaign / Campaign Background:

The strategic objective of Global Witness' Revenue Transparency Campaign, which was launched in 1999, is to secure revenue transparency in the oil and mining industries and states with large extractive sectors. Global Witness believes that the disclosure of royalties, taxes and other payments to governments by

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natural resource companies is a necessary precondition for just and equitable development, and for democratic and accountable governments in resource-dependent countries.

The campaign aims to add to the global development agenda by advocating for an increased focus on governance and transparency in poor countries and also, crucially, among the international institutions and companies that deal with them.

Corrupt governments are rightfully cited as a fundamental barrier to socio-economic development in the developing world - across the globe, revenues from oil, gas and mining that should be funding sustainable economic development are being misappropriated. What is often ignored however is the complicity of 'outside' international elements, working hand in hand with corrupt ruling powers or militias to exploit natural resource riches and to elicit short-term material gain.

Whilst it is apparent that the leaders of many resource rich countries continue to embezzle foreign investment in state owned natural resources for their own personal enrichment, it is equally clear that numerous extractive industry companies are willing to do business with them. Foreign companies that extract minerals or oil generally pay various access fees and royalties. In the worst cases, corrupt governments siphon off such revenues for personal use whilst their populations can subsist on international aid programmes - commonly with the full knowledge, or the convenient ignorance, of those international companies and financial institutions paying them and backing the ventures in the first place.

Description of the activities in the campaign:

Key activities of the campaign are:

Investigating: Global Witness investigations have exposed the multinational corporations playing a willing role in facilitating off-the-books payments, misappropriation of state assets, and other nefarious activities such as arms shipments, as part of an anti-competitive, under-the-table method of winning business with unaccountable regimes. Their activities show utter disregard for the sustainable development of the countries in which they do business and leave ordinary citizens, who often own a country's resources under its constitution, without the information to call their governments to account over the management of their revenues. The end result is a litany of corruption, social decay, increased poverty, reinforcement of authoritarian government and political unrest, which can ultimately lead to state failure and the spread of instability across regions.

Through a combination of covert, in-country investigations, in depth research and partnerships with local people, civil society groups, journalists and academics, we gather first hand evidence of environmental destruction and human rights abuses resulting from the exploitation of oil and gas resources.

Recently we have conducted an investigation into the Freeport McMoRan Copper and Gold Inc mining company. This US company controls a gigantic mine in Indonesia which contains the largest gold reserves and the second largest copper reserves in the world. Our investigations have revealed that Freeport-McMoRan Copper & Gold has paid large sums to individual police and military officers, including \$247,705 to a general with an uncertain human rights record. The relationship between Freeport and the Indonesian military has been controversial since the unexplained killings of three teachers working for the company in 2002. After the killings, Freeport revealed payments by its local subsidiary totaling US\$10.3 million in 2001 and 2002 for military and police protection of its mine in Indonesia's rebellious Papua province. Freeport said these payments were for infrastructure, travel, food and other legitimate costs for the military and police, but the company has not told the whole story. Freeport's subsidiary appears to have made some payments directly to individual Indonesian military and police officers, rather than to the government, in a conflict region where the security forces have a reputation for corruption and brutality. This raises a big red flag about the purpose and nature of the payments. Global Witness is currently calling for them to be investigated under the US Foreign Corrupt Practices Act and other applicable US and Indonesian laws. This is a classic case of corporate complicity in human rights abuses.

Informing: Our findings are compiled into hard hitting, authoritative reports and briefing documents which are published and distributed around the globe. We provide accurate and reliable information to organisations

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in a position to bring about change, such as the United Nations, the European Commission, the World Bank, trade associations and governments. In 2004 we released a report *Time for Transparency*, which exposed five major examples of revenues from oil, mining and gas being misappropriated, focusing on Kazakhstan, Congo Brazzaville, Angola, Equatorial Guinea and Nauru. The report was particularly instrumental in exposing the almost complete lack of transparency around Equatorial Guinea's oil revenue. In the past few years, Equatorial Guinea, population 500,000, has become the third-largest oil exporter in sub-Saharan Africa, after Nigeria and Angola. Per capita, it is one of the richest countries on the continent; rated by how much money ends up in the pockets of people not related to the president, it remains one of the poorest. It would seem that Equatorial Guinea's oil money may not be paying for the country's development because much of it may not even be in the country. It has been revealed that hundreds of millions of dollars has been paid into an account privately controlled by the long-time dictator of Equatorial Guinea, Teodoro Obiang Nguema Mbasogo and his family and that oil companies ExxonMobil and Amerada Hess have paid money directly into the account.

Furthermore, over the last 18 months Global Witness has worked to expose Standard Chartered's \$2.35 billion loan to Angola's state oil company, Sonagol, in 2004. For Standard Chartered, the deal (based around repayments over five years from future oil production) guarantees an interest rate of at least 2.5 % above the base London bank rate. For Angola, the advantages of such a huge loan (the like of which could never have been raised through multinational institutions) are clear. For the people of Angola the deal has altogether different implications. Nowhere are the devastating effects of revenue misappropriation and state corruption more apparent than in Angola, where one in four children will not live to see the age of five. One in four is also the ratio of money that disappears from the state budget each year. The two figures are related: while most Angolans suffer devastating poverty, oil income has enabled some top officials of the ruling party to become very, very rich. The World Bank, the IMF and leading NGOs have universally criticized commercial loans to Angola, as expensive, lacking in transparency and fueling a parallel economic system outside the national budget which is wide open to corruption. Global Witness wrote to Standard Chartered, asking them to give assurances about thorough due diligence and the Angolan government's management of the loan, and in May last year a group of investment fund managers met with Standard Chartered to pursue the same line of questioning. In May 2005 we began work with the Guardian newspaper, which published a report into the Standard Chartered bankrolling of Angola. At this point the bank is refusing to answer detailed questions.

Pushing for change: Global Witness does not just catalogue long lists of abuses: our reports always make considered and practical recommendations for the future and we work vigorously to ensure that they are considered by the relevant bodies. We are one of the few campaigning NGOs with a consistent track record of getting related primary information, evidence and reports in front of key international institutions and donors. Our work has resulted in international initiatives such as the Extractive Industries Transparency Initiative (EITI) and the Kimberley Process and policies and concepts formulated by Global Witness are now incorporated in numerous rafts of international policy, including the International Finance Institutions, the UN, the UK Africa Commission, the Africa Commission, the FLEG (illegal logging) process and the annual US Appropriation Acts.

One of the foremost achievements of the campaign so far has been the Publish What You Pay campaign, which was launched by Global Witness and a number of other agencies (including CAFOD, Save the Children, the Open Society Institute and Oxfam GB) in 2002 and has now become a coalition of 280 developed and developing country NGOs. The coalition calls for the disclosure of net payments made to national governments by oil, mining and gas companies in every country of operation - in order to promote the financial accountability of governments for the natural resources that they hold in trust for their citizens. By enabling public access to information, and civic involvement, the coalition aims to create a space in which civil society can hold governments to account over natural resource revenue, and in which good governance and democracy can flourish. The Publish What You Pay campaign led directly to a UK Government response, with Prime Minister Blair's announcement of the creation of the Extractive Industry Transparency Initiative, or EITI, a multi-stakeholder process to deliver revenue transparency, in September 2002. The EITI, alongside the Publish What You Pay campaign, should ultimately enable civil society to be able to track revenue from natural resources in their country into national budgets and oversee its wise use.

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A current focus of the Oil and Transparency Campaign is advocating for the links between natural resource revenue opacity and instability to be addressed as a US policy priority. Our ***Time for Transparency*** report fed into the US Senate permanent subcommittee's investigation into the Riggs Bank scandal - in which two American oil companies paid hundreds of millions of dollars of Equatorial Guinea's oil money into a private bank account held by President Obiang in Washington DC. The investigation uncovered an all-too-real example of how a dictator, awash in oil revenue, enriched himself and his family while starving his people. His conduct was aided by American companies: as detailed in ***Time for Transparency***, Riggs Bank helped Obiang shuttle millions into offshore accounts whilst oil companies ExxonMobile and Amerada Hess made payments directly to his regime via Riggs Bank.

Our recent report (August 2005) publishing Global Witness' findings regarding the relationship between the Freeport mine and the government security forces who guard it: ***Paying for Protection: The Freeport Mine and the Indonesian Security Forces***, argues that international accounting standards should in the future require multinational companies to publish the details of their payments to security forces.

Results : Key successes of the Oil and Transparency campaign in the last 18 months are as follows:

- Global Witness' ***Time for Transparency*** report contributed to a US Senate investigation in July 2004 into the Riggs Bank scandal (in which two American oil companies paid billions of dollars of Equatorial Guinea's oil money into a private bank account held by President Obiang in Washington DC). In the Permanent Subcommittee on Investigations hearing, the President of Riggs Bank was asked why the bank would willingly enter into a business arrangement with the dictator of Equatorial Guinea, a man who willingly exercises his hold over his people with demonstrations of murder and torture on state-run television. Since ***Time for Transparency*** was published, Riggs Bank, the institution that once billed itself as "the most important bank in the most important city in the world" has ceased to exist. On May 16, 2005 a merger with PNC Bank was concluded and the Riggs nameplate retired and stricken from its remaining facilities and units. The account manager at Riggs who dealt with Obiang's account, is currently under investigation. In June 2005 a federal grand jury returned a 27-count indictment charging Simon P. Kareri, the former Senior Vice President at Riggs (who had had broad authority over Obiang's account) with conspiracy, multiple counts of bank fraud, wire fraud, money laundering and income tax evasion.
- ExxonMobil, after being exposed as having paid money directly into President Obiang's Riggs bank account, have endeavoured to clean up their act, have signed up to the Extractive Industries Transparency Initiative (EITI) and released an op-ed, which appeared in the Financial Times, the New York Times, the Washington Post, the National Journal and U.S. Congress Daily declaring their commitment to 'creating an investment climate that recognizes accountability and good governance' and extolling many the many 'benefits....from improvements in the efficiency and responsiveness of those governments that have chosen the path toward greater openness'.
- Furthermore, revenue transparency provisions have been included in the US appropriations legislation - which will direct the US government's support of international financial institutions promotion of revenue transparency. The new inclusions in the Appropriations Bill have ensured that revenue transparency is high on the agenda in policy debates on Africa and the international financial institutions (IBIs).
- Following a number of submissions made by Global Witness on the future development of the Extractive Industries Transparency Initiative (to the UK Cabinet Office, senior policy makers in the UK government and the Africa Commission), lack of transparency over natural resources is now one of the UK Department for International Development's eight indicators of fragile/failing stedom. Revenue transparency was put at the top of the UK's agenda for its G8 Chairmanship in 2005, and the Africa Commission.
- Our latest investigative report, on the fiscal relationship between US mining company Freeport McMoRan and the military and police in Indonesia, was only lunched in July so we would expect to

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report back on changes it has resulted in in 6-12 months time. It has already received press attention however, both internationally and in Indonesia, and a very positive reception in Congress.

Reasons for the success:

Global Witness was the first NGO to highlight the links between the exploitation of natural resources and the funding of conflict and corruption – and has been responsible for pushing the issue of conflict resources to the top of the international political agenda. We are uniquely placed to drive global dialogue on addressing how multinational corporations behave in countries rich in natural resources. We have over ten year's of experience campaigning for good governance and corporate responsibility and have used pioneering investigative techniques to compile information and evidence to raise awareness of these issues.

Furthermore, through the many various networks we have helped to facilitate, we are in an excellent position to share our expertise and information with other NGOs, to increase the strength of the call for change, and to assist other organisations; particularly within struggling civil societies. As a founder member of the Publish What You Pay international coalition of NGOs, Global Witness is well-placed to act as a liaison and a catalyst for local civil society efforts to promote transparency of payments from the extractive industries.

Our campaign staff through their tenacity, commitment, innovation and unfailing dedication to challenging established thinking on seemingly intractable global issues, have made Global Witness what it is and ensured the success of our campaigns. Our Revenue Transparency campaign team includes campaigners fluent in French and Bahasa Indonesia and all campaigners have a detailed, first-hand knowledge of extractive-industry and corruption issues throughout the world and access to a range of opinion-formers.

Follow up / future activities:

To follow up our report exposing the relationship between the Freeport mining company and the Indonesian military, Global Witness will lobby the authorities in Indonesia and other relevant countries to investigate the concerns raised in the report and will advocate the need for transparency of company payments to the state, and other relevant countries. We will coordinate with international and Indonesian members of the Publish What You Pay coalition to press in a concerted way for legislative change in Indonesia and will seek to define how companies should disclose payments to security forces in Indonesia: a model that can then be generalised for use in other countries where resource-related conflicts are taking place.

We will continue to monitor countries like Angola, Equatorial Guinea and Congo Brazzaville and to investigate the systematic misappropriation of state natural resource revenues in Turkmenistan, Ukraine and Uzbekistan.

We will continue to press governments, private banks, companies and investors on transparency: a particular focus will be on payments to the military and resource-collateralised loans from international banks. In late 2005 Global Witness will launch a new campaign on private banks with regard to how their business practices negatively affect countries at risk from, emerging from or in conflict. Under the broad banner of 'Vampire Banks' the campaign will aim to change these practices for good and to take resources out of conflict, instability and economic despoliation forever. It will identify the plunder of natural resources at all stages of the economic cycle; from the raising of capital in the developed world to the distribution of bribes and facilitation payments in operating countries. We will name and shame institutions, companies and individuals and will demonstrate to businesses, banks and officials involved in resource extraction that their days of impunity are numbered.

During the first 12 months of the 'Vampire Bank' (working title) campaign we will seek to expose and reveal the key 'baddies' in the world of private banking and resource backed loans. The aim is to raise public and government awareness of the issue and to demonstrate to businesses, banks and officials involved in resource extraction that their days of impunity are numbered.

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We will break the campaign issue by releasing a hard hitting briefing report at Halloween – to effectively and imaginatively convey the message that ‘Vampire Banks’ are feeding upon, and thwarting the aspirations of vulnerable resource rich post conflict / unstable countries. We will reveal a number of financial institutions who will then each be followed up on individually over a twelve month period.

Information for the organisers:

Nomination submitted by:

Name of Organisation: Global Witness
Name of Contact Person: Anna Bainbridge
Address: PO Box 6042, London N19 5WP
Email: abainbridge@globalwitness.org
Phone: 020 7561 6391

Award Ceremony in Davos

The NGO that wins the Positive Award will be given the opportunity to present itself and the successful campaign in Davos. Travel, accommodation and expenses will be covered by the organisers.

Option 1: You nominated your own organisation

- If you win the Positive Award, would you be willing to send a person to Davos at the end of January 2006? (If yes, please tick)

Name of this person: Simon Taylor

Address: Global Witness, PO Box 6042, London N19 5WP

Email: staylor@globalwitness.org

Phone: 020 7561 6391

Option 2: If you nominated another NGO, could you please indicate a contact person at the organisation?

Name of the person:

Address:

Email:

Phone:

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