

Oil and Gas Governance Network disappointed at approval of Natural Resource Fund without stakeholders' consultation

Tuesday, January 4, 2022

The Oil and Gas Governance Network (OGGN) is extremely disappointed that the Government of Guyana has rushed through the passing of the Natural Resource Fund (NRF) Act without consultation with the parliamentary Opposition or other civil society stakeholders. For such an important bill described as the “mother of all bills,” that governs how the country’s oil revenue will be spent, a national consensus is essential versus the Government imposing its Act without involving national stakeholders and without parliamentary debate. A special petition to parliament asking to hold the Bill for further consultations with civil society was denied. Such a unilateral and triumphalist approach goes against the principles and standards of oil and natural resources-related international bodies of which Guyana is a member. With no bipartisan support, the Act will be an ongoing point of dissension, inimical to the Government’s “One Guyana” rhetoric.

Guyana is a signatory of the 56-member Extractive Industries Transparency Initiative (EITI) - the global standard for the good governance of oil, gas and mineral resources. EITI has 7 standards. Standard 1.3 focuses on [Civil Society engagement](#). In accordance with the civil society protocol, some requirements that must be adhered to by countries implementing the EITI include: Civil society must be fully, actively and effectively engaged in the EITI process; the government must ensure that there is an enabling environment for civil society participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI; the fundamental rights of civil society ... must be respected; the government must ensure that there are no obstacles to civil society participation in the EITI process; the government must refrain from actions which result in narrowing or restricting public debate in relation to implementation of the EITI. (See: <https://eiti.org/document/eiti-standard-2019#r1-3>).

Guyana is also a member of the Escazu Agreement which has high expectations for stakeholder involvement. The Escazu Agreement also known as the “Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean,” signed by 24 countries, was adopted in Escazú, Costa Rica, in 2018. Apart from the right to a ‘healthy environment,’ the agreement fosters the rights that are believed to be fundamental for sustainable development: access to information, public participation and justice in environmental matters. Environmental democracy is about the protection of human rights – the right to be heard, the right to have a say and the right to know about what happens to the place that you live in.

Similarly, the “Santiago Principles” govern the operation of Natural Resource Funds also known as Sovereign Wealth Funds. The 24 “Santiago Principles” emerged from an International Working Group of Sovereign Wealth Funds -IWG- established at a meeting of countries with Sovereign Wealth Funds in 2008, in Santiago, Chile, facilitated by the International Monetary Fund – IMF. See: https://www.ifswf.org/sites/default/files/santiagoprinciples_0_0.pdf). Many of these principles called Generally Accepted Principles and Practices (GAPP), require clear rules and procedures, and public disclosure and transparency.

In other oil countries, there has been much documentation of Oil corruption and abuses of Natural Resource Funds also called Sovereign Wealth Funds. Guyana must not become another statistic in this regard. (Steve Coll’s book, “*Private Empire: Exxon Mobil and American Power*,” has documented oil corruption and is a recommended reading).

On Anti-Corruption Day, 2021, US Ambassador Lynch had advised, “We continue to look forward to the government’s initiatives to combat corruption, including Natural Resource Fund legislation that offers both transparency and clear oversight, and to a meaningful and inclusive process of stakeholder engagement. A strong anti-corruption stance now will show Guyanese citizens, and the rest of the world, that the government is committed to transparent institutions that utilize the country’s resources to the long-term benefit for all Guyanese” (SN, 8/12/2021; <https://gy.usembassy.gov/international-anti-corruption-day-december-9-2021/>). We hope Ambassador Lynch and the ABC/EU countries (America, Britain, Canada and the European Union) have taken notice that there has been no meaningful and inclusive process of stakeholder engagement in passing this railroaded Bill.

The approved Act is missing many operational and procedural details and is likely to lead to built-in biases in future fund composition and stability. In the best interests of national unity and national consensus, OGGN encourages the Government to convene national consultations and make appropriate amendments to its Act.

Sincerely,

Darshanand Khusial & Dr. Jerry Jailall for Oil and Gas Governance Network (www.OGGN.org)

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