

## The environment is material

The need for fiscal transparency in the extractive sector has been well established. If payments are kept hidden from the public, opacity can facilitate corruption, mismanagement and waste – not only will citizens fail to benefit from their resources, some will actively be harmed by extraction. Without being able to follow the money, it is more difficult for citizens to hold their governments to account and ensure that natural resource revenues are spent properly. But what of social-environmental costs? If communities are to truly benefit from their natural resources, and be protected from the negative effects of extraction, social-environmental costs must be published. When it comes to natural resource management, they form an indispensable piece of the puzzle.

### What is social-environmental transparency?

Social-environmental transparency covers a wide range of issues, but at its heart it aims to make public information related to the environmental and social costs and effects of extraction. This could include how much water is being consumed by a mining project, fines paid by a company regarding environmental violations or environmental fees paid with regards to mitigation plans.

### Why is it crucial?

The increase in extraction over the past decade has contributed to a rise in conflicts in Latin America. In Peru for example, 85% of conflicts are tied to energy and mining projects. Of these conflicts, due thirds were linked to environmental issues. (Source: The Dialogue)

In Cerro San Pedro (Mexico), the results of the environmental impact assessment were hidden from mining communities, and they were given false information. This has led to a sustained conflict in the zone which has lasted over a decade, lawsuits and irreversible environmental damage. (Source: Asamblea Nacional de Afectados por la Minería)

Conflict recently erupted in Peru's Apurímac region, as changes to the environmental license were not communicated to the local community. So far four people have been killed and the government has declared a state of emergency (Source: Observatorio de Conflictos Mineros en Perú).

Community conflict also costs the extractive sector: delays due to conflict could cost a large-scale mine up to \$20 million a week during operations. (Source: University of Queensland)

... a study of community disputes revealed that in two-thirds of the cases, conflict had a materially significant impact on investors. (Source: TMP systems)

Environmental costs may be hidden for the most part, but that doesn't make them any less real. Disclosing these costs will help companies, investors and governments assess the true worth of profitability of a project.

Good natural resource management depends on an informed citizenry – but a citizenry unaware of environmental costs is only aware of half the story.

## What next?

Countries are already looking at – and looking for – social-environmental data. It is a constantly echoed concern in Latin America, and elsewhere in the world Mongolia, Philippines, Côte d'Ivoire, Liberia, Mozambique, Norway and Zambia have already incorporated environmental costs in their implementation of EITI.

RLIE and Publish What You Pay have therefore decided to campaign together on this crucial issue. Our first step has been to commission a report that examines the importance of social-environmental issues to Latin American civil society and communities and assesses how - and whether - the EITI could prove a useful tool towards the publication of social-environmental data.

Environmental organisations around the world have recently sent a letter to the EITI Board and Secretariat, calling for the standard to take into account the climate risk. This is another information of how environmental information is becoming increasingly important for and demanded by various sector of society.

The environment isn't a soft or an anti-modernity issue, it is material and intrinsically linked to the value and viability of an extractive project. It's time to catch-up and incorporate environmental costs into all conversations about making natural resources work.

## Stay tuned

[www.publishwhatyoupay.org](http://www.publishwhatyoupay.org)

[www.redextractivas.org](http://www.redextractivas.org)

[info@publishwhatyoupay.org](mailto:info@publishwhatyoupay.org)

Twitter: @RLIE\_

Facebook: Red Latinoamericana Sobre Las IE - RLIE

With the support of the Natural Resource Governance Institute