



EITI International Secretariat Oslo

## Making resources work for people



**The last two months have seen many countries make significant progress towards implementing the EITI standard. In this edition of the EITI Newsletter we take a special look at Liberia that now has become the second EITI Compliant country.**

I witnessed firsthand the tremendous strides that the **Liberia** EITI has made when I visited the country recently. In February, the recently war-torn country published its first EITI report that compares what companies

say that they have paid in taxes, royalties and fees, with what the government say that they received. While the report contains sizeable discrepancies – some related to accounting processes and errors, some suspicious payments, and one clear-cut case of fraud – I am impressed by the commitment to have an open dialogue about these issues. Practical steps are really being taking in order to tackle the suspicion and distrust that led to much of the conflict in the past.

Progress has being made in many other countries, including **Kyrgyzstan, Norway, and Peru** where EITI reports have been or are about to be published. In **Gabon, Kazakhstan, and Mongolia**, EITI Validation is now underway with others expected to follow shortly. Earlier in the year we learned that **Iraq and Indonesia** have committed to become EITI Candidates. Now I am delighted that we can add **Ukraine** to the list of countries that have committed to implementing EITI.

As 2009 is coming to an end, we all should stop and reflect on how far we have come and on the challenges that lie ahead. Jonas Moberg, the Head of the Secretariat offers some thoughts in this Newsletter, reflecting over some of the expectations that EITI are being met with.

Best wishes,

Peter Eigen, Chair of the EITI

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"The Central African Republic is committed to tackle the challenges of managing an entirely informal mining sector and to implement the EITI", was the message when President of the Republic François Bozizé met with Tim Bittiger from the EITI Secretariat.



## EITI Validation?

Anyone who has followed the EITI for some time has no doubt encountered the term EITI Validation. But what is it?

**Validation is EITI's quality assurance mechanism and an essential feature of the EITI process. It serves two critical functions. First, it promotes dialogue and learning at the country level. Second, it safeguards the EITI brand by holding all EITI implementing countries to the same global standard.**

Validation is not an audit. It does not repeat the disclosure and reconciliation work that is carried out to produce EITI reports. Validation has broader objectives: it evaluates EITI implementation in consultation with stakeholders, it verifies achievements with reference to the EITI global standard, and it identifies opportunities to strengthen the EITI process going forward.

Validation is also the mechanism that the EITI Board uses to determine a country's Candidate or Compliant status. Liberia and Azerbaijan have already completed Validation and have been admitted as EITI Compliant. There are 28 Candidate countries. These countries have met the four "sign-up" indicators and are at different stages in EITI implementation. The EITI requires that these Candidates complete Validation within two years to assess whether they have achieved EITI Compliance. As many countries were admitted as Candidates early 2008, these are now facing the deadline for undertaking EITI Validation in March 2010.

The Validation process is carried out at the national level and is overseen by the national multi-stakeholder group. Currently, Validation is underway in Mongolia, Timor-Leste and Gabon. Many



other Candidate countries are close to start Validation shortly.

In addition to the EITI Rules that contains all rules relating to Validation, the EITI

maintains a Validation Fact Sheet; see the list of EITI Publications elsewhere in this Newsletter.

## Niger civil society return to EITI

On 28 September 2009, the members of civil society have decided to return to work with the EITI national committee in Niger. This decision follows the provisional release of Marou Amadou and Wada Maman, two civil society members in Niger.

The civil society representatives on the committee in Niger had suspended their participation in the EITI process on 16 August 2009 after incidents of harassment and intimidation had occurred against civil society activists campaigning for good governance and transparency in Niger.

For more information about EITI in Niger, contact Tim Bittiger at the EITI International Secretariat.

## New EITI countries

### Iraqi Prime Minister to host launch of Iraq EITI

Nouri Al-Maliki, Prime Minister of Iraq has announced that Iraq will hold their EITI launch conference in Baghdad on 10-11 December, with the intention of assisting the country to meet its EITI candidature requirements before the end of the year.

The conference agenda will include discussing and approving a Work Plan, governance of the multi-

stakeholder group, and confirmation of the nomination of civil society representatives.

Iraq announced that they intended to implement the EITI last year. For more details contact Eddie Rich or for a request for an invitation, please contact the Iraqi EITI National Secretary, Mr. Alaa El-Deen (ig@oil.gov.iq).

### Ukraine announced that they will implement EITI

The Cabinet of Ministers of Ukraine adopted a resolution stating that Ukraine will implement the EITI and. Resolution #1098 ("On joining the Extractive Industries Transparency Initiative") was adopted on 30 September 2009 together with a statement that confirms that the government is ready to cooperate with Civil Society and extractive companies to implement the EITI.

The EITI Chairman Peter Eigen welcomed the Ukrainian decision by

making the following statement:

*"We look forward to working with the Ukrainian government as they prepare to become an EITI Candidate country. Greater transparency relating to both domestic production and trade in gas and other commodities is a prerequisite for improved accountability. Secure energy supplies depend on good governance and transparency. Through its commitment to the EITI, the Ukraine is demonstrating its willingness to play by the highest standards."*



Peter Eigen was interviewed by Jonathan Charles on the BBC news programme HARDtalk 4 November.

## EITI Good Practice Notes

The EITI Secretariat is launching a new series called EITI Good Practice Notes. The EITI Good Practice Notes provide examples of ways implementing countries can improve implementation. Good Practice examples are not intended to elaborate EITI requirements. Requirements for EITI Compliance are found in the EITI Rules. The EITI Good Practice Notes describe practices that go beyond the basic requirements for EITI Compliance.

A draft of the first Good Practice Note on how to improve EITI reporting is available at the EITI website now: [www.eiti.org/document/good-practice-eiti-reporting](http://www.eiti.org/document/good-practice-eiti-reporting)

EITI Reports lie at the heart of the initiative. If they are produced accurately, comprehensively and accessibly, they form the basis for better informed and more participatory

management of the extractive sector.

To improve the overall quality and accessibility of EITI Reports, the International Secretariat has undertaken a review of all EITI Reports published by September 2009. Guidance in this paper also draws on recommendations made in the World Bank's, Toward Strengthened EITI Reporting, and the Revenue Watch Institute's paper, The Case for Company-by-Company Reporting of Data in the Extractive Industries Transparency Initiative (EITI).

The aim of the paper is to give guidance on the structuring, content and presentation of data in EITI Reports and not to address issues relating to the quality of underlying data series.

The next Good Practice Note that the Secretariat will be publishing is on communications. A draft will likely be available in December.

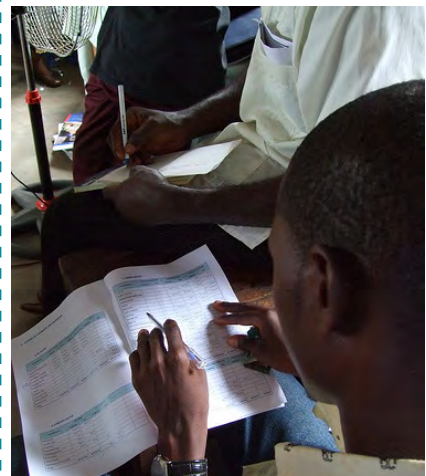
## Workshop "Transparency in the Extractive sector in Latin America" Lima, Peru 1 to 3 December 2009

The EITI, as part of a series of workshops organised in cooperation with InWent, the capacity building arm of the German cooperation, announces the next workshop "Transparency in the Extractive sector in Latin America". Participants are selected from the whole range of stakeholders in the extractive sector in the resource-rich countries across the region. Speakers and participants will take stock of the efforts made in the region to advance transparency as the standard practice in resource management. Case studies will be also discussed to illustrate these current efforts and EITI implementation in particular.

For more information contact Francisco Paris at the EITI Secretariat.

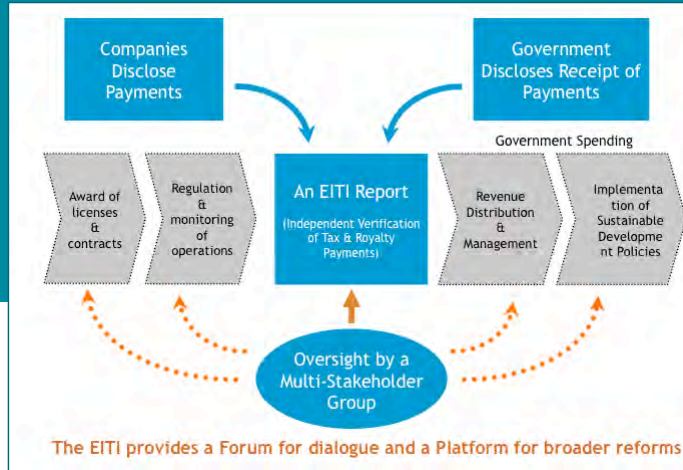


Civil society organisations in Cameroon have designed a comic that explains the EITI. The comic is used in Cameroon's efforts to spread awareness about the EITI in the country.



## Impact of the EITI

The EITI Secretariat is in the process of finalising the publication "Impact of the EITI" which aims to compile some of the early evidence of impact that the EITI has had on the ground.



## EITI necessary but not sufficient

**With 22 of the 30 countries around the world having to go through the EITI quality assurance mechanism, Validation, by March 2010, it is tremendously encouraging to hear about implementation in full swing in so many countries.**

We at the International Secretariat often get questions about why the EITI doesn't cover things like contract transparency or require company-by-company reporting or improved transparency about how governments spend their money. I am therefore in this posting revisiting some of the arguments why it is important that the EITI keeps its focus and why it is precisely this tight focus that makes the EITI important in fostering wider change.

First, I wish to be clear that the EITI does not suggest that it is the solution to what has become known as the resource curse. Revenue transparency by itself is not enough to ensure that natural resource wealth generates benefits and development for a country's citizens. Revenue transparency, probably the EITI, is necessary but not sufficient. That the EITI is not sufficient to address some of our times' greatest development challenges is something we would be the first to recognize. I therefore find it disappointing when the impressive implementation work done in many EITI countries is criticised for not being the solution. It is naive to think that the EITI would be the solution to the complex problems in the Niger Delta,

for example. The EITI's impact on the situation in the Delta may in fact be tiny, but we've got to start somewhere and that somewhere is likely to include the EITI.

Sometimes governance of natural resources is explained by a so-called value chain, originally I believe developed by Professor Paul Collier. With the EITI drawn into such a value chain, it may look like the above chart.

Just as a reminder; the EITI rests on two pillars. The first one is about transparency between producing companies and the government, illustrated above with the three blue boxes. The second pillar is about accountability between government and its citizens, illustrated above by the blue oval and the required in-country multi-stakeholder group.

A first observation is as our chairman Peter Eigen often says, "Different parts of the value chain require different kinds of governance." It is really quite simple, we don't consider that an initiative with big private companies and small NGOs on its board should be issuing requirements on how governments spend their money. It is for the citizens of that country, through democratic processes, to decide how public money should be spent.

A second observation refers to the dotted red lines below the value chain. We are seeing in country after country how even basic revenue transparency can become the starting point for other governance discussions. We are seeing how some basic information about what governments receive leads to discussions about how the money is spent or to why oil, gas and mining contracts look like they do.

The EITI is undoubtedly an ambitious initiative. Our ambition lies in helping countries implementing the EITI to do it better. And our ambition lies in ensuring that more countries implement the EITI in order to create a high global standard for revenue transparency. It is by doing our part of the value chain better that we can best contribute to changes elsewhere along the chain.

That governance in many resource-rich countries is inadequate is no secret. However, responsible contributions to solving the problem of poor governance acknowledge the complexities of the problem and resist oversimplification. So I ask those that mainly seem to find flaws with the EITI: Is it better to be negative about the world around us and keep dreaming of a silver bullet solution, or to actually contribute towards a real solution by building on the incremental changes that initiatives like the EITI are generating?

This article originally appeared on the [EITI Blog](http://EITI Blog). To comment on the article, visit [www.eiti.org/blog](http://www.eiti.org/blog)

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The EITI International Board met in Baku 14-15 October. The next meeting of the Board will be in Oslo 9-10 February.

## G-20 leaders express their support

In the statement from the G20 summit in Pittsburgh, the Group of 20 leaders expressed their support of the EITI. The G20 leaders see disclosure of payments and revenues as one way to strengthen support for the most vulnerable and to contribute to reducing poverty. In the Leaders' Statement, the world leaders state that they "support voluntary participation in the Extractive Industries Transparency Initiative, which calls for regular public disclosure of payments by extractive industries to governments

and reconciliation against recorded receipt of those funds by governments."

A few months earlier the leaders of the G8 confirmed their support of the EITI, and called for countries and companies to adhere to the EITI. The EITI has within the last year also been endorsed by all the regional development banks, La Francophonie and the Arab League. The EITI Endorsement sheet includes quotes from some of these supporters.



### Investor FFR announces its support to the EITI

The French investment fund "Fonds de Réserve pour les Retraites" (FRR) declared on September 7 their backing of the EITI. The FFR states in their press release that promoting good governance and transparency is part of their SRI strategy. The fund also encourages the members of the extractive sector in its portfolio to fully endorse and actively support the Initiative. The total value of FRR's assets under management is €28.8 billion.

Over eighty global investment institutions have so far signed the Investors' Statement on Transparency in the Extractives Sector, collectively managing assets valued to more than US\$16 trillion.

### USA grants US\$6mn to EITI trust fund

The U.S. Agency for International Development contributed US\$6 million to the EITI trust fund facility, administered by the World Bank. The EITI trust fund facility helps countries with technical and capacity building assistance to implement principles of resource revenue transparency. The U.S. Government is now the second largest donor to the trust fund, behind the United Kingdom. Other major donors include Spain, Netherlands, Switzerland, Germany, France and Norway. The United States first endorsed the initiative in 2004, one year after it was launched in London.



## PWYP crucial for the EITI's success

**Two hundred activists from over 50 countries convened in Montreal 16-18 November for the International Conference of the Publish What You Pay coalition, the global campaign for transparency and accountability in the oil, gas and mining industries.**

The delegates represented hundreds of organisations working in resource-rich nations around the globe with the aim to ensure that citizens are able to benefit from their countries' natural resources.

Canada was chosen as the location for this conference because it is home to some of the world's largest mining companies: in 2008 over 75% of the world's exploration and mining companies were headquartered in Canada – these companies operate in over 100 countries around the world.

When the Head of the EITI Secretariat Jonas Moberg addressed the conference, he spoke about how the Publish What You Pay coalition has been and still is pivotal in ensuring the EITI's continued success.

A new report documenting the origins of the Publish What You Pay (PWYP) coalition and assessing its progress between 2002 and 2007 was launched this week at the PWYP International Conference in Montreal, Canada. The report, entitled Publishing What We Learned, was authored by Mabel van Oranje, formerly of the Open Society Institute, and Henry Parham, former International Coordinator of PWYP.

## Publications

### Getting started



**FACT SHEETS** are short documents explaining elements of the EITI policy:

EITI Fact Sheet [www.eiti.org/document/factsheet](http://www.eiti.org/document/factsheet)

**OTHER FACT SHEETS**

**How to support the EITI – Extractive Companies** [www.eiti.org/companyimplementation](http://www.eiti.org/companyimplementation)

**How to support the EITI – Non-Extractive Companies** [www.eiti.org/companyimplementation](http://www.eiti.org/companyimplementation)

**How to support the EITI – Countries** [www.eiti.org/supporters/countries](http://www.eiti.org/supporters/countries)

**Endorsements from leaders and institutions supporting the EITI** [www.eiti.org/document/endorsements](http://www.eiti.org/document/endorsements)

**Validation Fact Sheet** [www.eiti.org/eiti/implementation/validation](http://www.eiti.org/eiti/implementation/validation)



#### EITI Progress Report 2007-2009

This publication outlines progress made in EITI implementation following the EITI Global Conference in Oslo October 2006. It was launched at the EITI Global Conference in Doha February 2009. [www.eiti.org/document/progressreport](http://www.eiti.org/document/progressreport)



#### Talking Transparency

A guide for communicating the EITI [www.eiti.org/document/communicationsguide](http://www.eiti.org/document/communicationsguide)



#### EITI Business Guide

How companies can support implementation of the EITI [www.eiti.org/document/businessguide](http://www.eiti.org/document/businessguide)



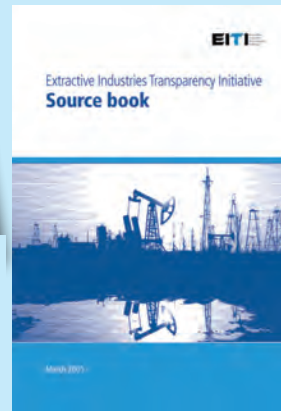
#### EITI Good Practice Notes

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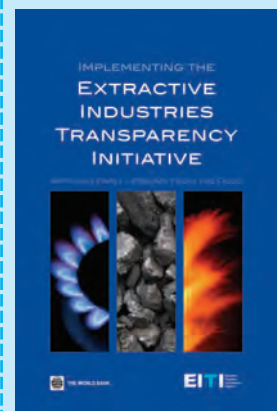
#### Case Study – Liberia

This case study contains reflections on the contribution of the EITI process to the creation of sustainable development and post-conflict reconciliation in Liberia. <http://eiti.org/document/case-study-liberia>



#### EITI Source Book

A guide to assist countries that are implementing the EITI [www.eiti.org/document/sourcebook](http://www.eiti.org/document/sourcebook)



#### Implementing the EITI

Applying early lessons from the field (by the World Bank) [www.eiti.org/document/implementingtheiti](http://www.eiti.org/document/implementingtheiti)



#### EITI Rules including Validation Guide

This publication brings together the EITI's requirements for implementing the EITI. It includes the EITI Principles, Criteria, The EITI validation guide and policy Notes issued by the EITI Secretariat, conveying decisions taken by the EITI Board. It does not change earlier agreed policies. [www.eiti.org/document/rules](http://www.eiti.org/document/rules)



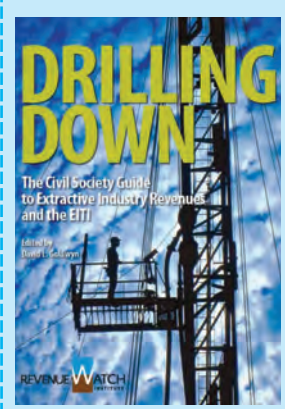
#### EITI Guide for Legislators

How elected officials can support and strengthen resource transparency [www.eiti.org/mpguide](http://www.eiti.org/mpguide)



#### Advancing the EITI in the Mining Sector

A report from consultations with mining stakeholders [www.eiti.org/document/mining](http://www.eiti.org/document/mining)



#### Drilling Down

A civil society guide to the EITI (by RWI) [www.eiti.org/civilsocietyimplementation](http://www.eiti.org/civilsocietyimplementation)

