Extractive Industries Transparency Initiative

Final Report

International Advisory Group

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Foreword

Tony Blair, Prime Minister, UK and Jens Stoltenberg, Prime Minister, Norway

More than three and a half billion people live in countries rich in oil, gas or minerals. These natural resources provide great opportunities to improve the lives of poor people. But there are risks. Bad management and lack of transparency of these resources can lead to poverty, conflict and corruption. However, this is not inevitable – as experience in the UK and Norway has shown.

This is why the Extractive Industries Transparency Initiative (EITI) was launched in 2002. It sets a new standard in collaborative working between companies and governments, civil society and investors. By requiring transparency over both payments made by extractives companies and revenues received by governments, EITI makes it more likely that resources will be well managed.

Remarkable progress has been made in the last four years. From an idea that was piloted in four countries, today EITI is being implemented in 20 countries around the globe, from Peru to Mongolia, from Nigeria to Azerbaijan.

Much remains to be done. We welcome the International Advisory Group's report, which lays out the path ahead for EITI. The recommendations will turn EITI from words into action and promote a new standard of international governance.

We agree completely with the Group's recommendation that EITI must introduce a way of checking that countries are doing what they say they are. The approach proposed in this report will establish the global EITI standard for governments and companies. The international community must support efforts to meet this standard.

The report notes some of the challenges that lie ahead. It will be essential to ensure emerging economic markets become full and active participants of EITI as it becomes a truly global initiative. Brazilian, Russian, Indian and Chinese oil, gas and mining companies are increasingly active in exploration and production across the world. Their support for EITI will be vital.

EITI's strength lies in its diversity. We have no doubt that those committed to transparency in the extractives sector – governments, companies, investors and NGOs - will continue to help this initiative flourish, and enable the people of countries with natural resources to prosper.

Tony Blair Jens Stoltenberg

September 2006

Executive Summary

In the four years since its launch, the Extractive Industries Transparency Initiative (EITI) has come a long way. Of the 53 natural resource-rich countries in the world, more than half have now either committed to implement EITI, or are well on their way to doing so. Through recognising the important and relevant contributions of all stakeholders, EITI is becoming – quite rightly – the internationally accepted standard for transparency in the oil, gas and mining sectors.

As a voluntary initiative, it was recognised that for EITI to succeed in the long term and to be accepted as a global standard, it needs international credibility, a clear management and governance structure to take it forward and its supporters need to be able to explain clearly to others the benefits to be gained from implementation. In July 2005, the International Advisory Group (IAG) was set up to address the following specific questions:

- How can we judge that countries are doing what they say they are in implementing EITI?
- How can EITI better understand and communicate the incentives for different stakeholders in EITI?
- What management and governance arrangements will best ensure the achievement of EITI's objectives?

The IAG has now made 10 key recommendations tackling the above questions and other key challenges that emerged during IAG discussions.

The recommendations fall into four categories:

- Validation of EITI;
- Incentives for implementing EITI;
- Future Challenges for EITI; and
- Future Arrangements for EITI

Validation

It is vital to be able to validate how countries and companies are progressing in their implementation of EITI. The IAG has produced the EITI Validation Guide (Annex A) to describe how countries can validate their implementation.

The IAG agreed that there would be two categories of countries implementing EITI - Candidate and Compliant:

> **Candidate** countries are those who: have committed to implement EITI, working with civil society and companies; have appointed an individual to lead implementation; and have produced a Country Work Plan.
>
> **Compliant** countries are those who have fully implemented EITI. They have published and distributed an EITI Report – in full accordance with the EITI Principles and Criteria.

Validators will produce a report containing an overall assessment of whether a country is a Candidate, Compliant, or if there are serious concerns regarding implementation. The report for a Candidate country should also include an assessment of progress in that country. Reports will be published once they are agreed by the multi-stakeholder committee, the government and the EITI Board. A Compliant country will be validated every two years; a Candidate country may, if necessary, be validated more frequently.

Validation will be done by a Validator selected by the Multi-stakeholder Group in the country being validated, from a list of suitable organisations or individuals pre-approved by the International EITI Secretariat and the EITI Board. Validation will be paid for by the country being validated.

Incentives

To ensure continued success it is clear that EITI will need to communicate with all groups of potential implementers and supporters of EITI – such as producing country governments, companies, emerging economies, international organisations, investors and the governments of supportive countries – in a clear and credible way about the benefits of EITI. There are benefits to be derived both directly from EITI and indirectly from increased transparency and accountability.

The IAG recommends EITI should work to improve the evidence base further on incentives, examining in particular: development outcomes; the business environment; and security of energy supplies.

Future Challenges

During the discussions of the IAG, some key policy issues emerged which are likely to present challenges to EITI as it goes forward. Time has not allowed definitive conclusions to be reached by the IAG on these areas – but recommendations are made in the report for taking them forward under the new EITI Board.

- <u>EITI and Mining</u>
  There are significant differences that affect implementation of EITI in mining countries compared to countries whose extractive industries are largely oil or gas. These include the ways that companies operate, the scale or economic impacts of the sector and the social context in which the mining sector operates. The IAG recommends that EITI pay more attention to the specific needs of the mining sector.
- <u>Sub-national Implementation of EITI</u>
  Sub-national revenue flows in some countries are significant along side transactions at the national level and this could have implications for implementation of EITI in these countries. The IAG has suggested that EITI gives further consideration to this complex issue.
- <u>EITI and other programmes</u>
  Links with other *relevant* initiatives are likely to be beneficial to EITI in the long-run. There are however many different processes and organisations which EITI could consider links with. In working out which programmes to work with, EITI will need to consider how closer relationships will support EITI to become an internationally accepted norm and at the same time take into account the resource implications.
- <u>Emerging Economies</u>
  Demand for natural resources in emerging economies such as Brazil, Russia, India and China is increasing rapidly. Companies from these countries have become increasingly active in exploration across the globe. The IAG suggests that engaging with emerging economies and their companies should be a priority for EITI.

Future Arrangements

In considering the future arrangements for EITI both at the country level and internationally, the IAG reaffirmed the principle that the primary responsibility for implementing EITI should continue to be with participating governments themselves. The international community should provide support to countries that wish to implement EITI.

It was recognised that an international structure was required to channel advice and financial support and to exchange lessons learnt. However, such a structure should be light touch and designed with an eye on the ultimate goal for EITI to be 'mainstreamed', with its criteria and principles becoming the normal way of working in all the relevant extractive industries within three to five years.

The IAG recommended the establishment of a Board with responsibility for the overall development, strategic direction, and credibility of EITI, as well as for outreach and advocacy. The Board would make recommendations on these issues to a bi-annual EITI Conference; and be supported by a small EITI Secretariat. Membership of the Board should reflect the multi-stakeholder nature of EITI.

Implementing EITI will have a number of costs. Implementing country governments, the companies that operate there and local civil society organisations will all bear some of the costs of implementation – although the international community can be expected to provide support both bilaterally and through a multi-donor trust fund managed by the World Bank. Validation will also have a cost, as will the Board and the Secretariat. The IAG were unable to make firm recommendations on funding – though they did note that any funding arrangement should reflect the multi-stakeholder nature of EITI.

Conclusion

The early stages of EITI have been a success and more and more producing countries, companies and supporting countries are now joining EITI. The ultimate goal is to ensure EITI principles and criteria become the internationally accepted standard for transparency in the oil, gas and mining sector. The recommendations in this report seek to address the key factors that will ensure this is achieved.

Introduction

EITI: Origin and Purpose

The Extractive Industries Transparency Initiative (EITI) was launched in 2002 at the World Summit on Sustainable Development in Johannesburg. It brought together a global coalition of governments, companies, civil society organisations and investors to promote greater transparency in the payment and receipts of natural resource revenues.

> The Economist magazine once described the supporters of the EITI as a curious coalition. I suppose we are. But it is a curious coalition of which we should all be enormously proud. We may have different views on the details but we share a common vision – a vision of increasing transparency, based on a very simple principle – publish what you pay and publish what you receive.
>
> Hilary Benn, International Development Secretary, UK

The revenue from oil, gas and minerals can transform economies, reduce poverty, and raise the living standards of entire populations in resource-rich countries. When a country implements EITI, its government is making a commitment to strengthen the transparency of its natural resource revenues; and its citizens are making a commitment to hold the government to account for how it uses the revenue. This helps them both build a stable, prosperous society that can function effectively in the global economy.

More than 20 resource-rich countries have committed to implement EITI, including Azerbaijan, Nigeria, Ghana and Peru. Azerbaijan and Nigeria are now regularly reporting their extractive industry revenues and payments. A further three – Guinea, Gabon and Kyrgyzstan – have produced EITI reports. Others are embarking on this process and yet more are about to start.

> **BOX 1: What is a resource-rich country?**
> The International Monetary Fund (IMF) *Guide on Resource Revenue Transparency* (December 2004) defines countries that are rich in hydrocarbons and/or mineral resources on the basis of the following criteria: (i) an average share of hydrocarbon and/or mineral fiscal revenues in total fiscal revenue of at least 25% during the previous three years; or (ii) an average share of hydrocarbon and/or mineral export proceeds in total export proceeds of at least 25% during the previous three years.

Participating countries have implemented, owned and driven the EITI process through a multi-stakeholder approach. Governments; oil, gas and mining companies; local civil society and international non-governmental organizations (NGOs); international institutions such as the World Bank and the IMF; and investors have worked together at the national and international level to drive forward the initiative. It is only by the meaningful engagement of these groups that EITI has achieved as much as it has.

> The IMF is very supportive of the EITI. It complements our own advice on transparent use of revenues from natural resources. Underlying this work is the belief that more public accountability and more transparency can raise the quality of public expenditure, cut corruption, and reduce poverty.
>
> Rodrigo de Rato, Managing Director, IMF

These stakeholders have had international support. The Commission for Africa and successive G8 summits since Evian in 2003 have urged the international community to increase its support for the initiative. France, Germany, the Netherlands, Norway, the UK and the US in particular responded. This support needs to continue and to be broadened. Emerging markets (notably China, Russia, India and Brazil) and their state owned companies are increasingly important global players. With their engagement EITI will make further progress.

A full and up-to-date list of EITI implementers and supporters can be found at: http://www.eitransparency.org/section/supporters.

The EITI Principles

The EITI Principles were agreed at the first EITI Conference held in London in June 2003. A diverse group of countries, companies, civil society organisations and investors agreed a Statement of Principles to increase transparency over payments and revenues in the extractive sectors. These became known as 'The EITI Principles' and are the cornerstone of the initiative.

The EITI Principles

1. We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
2. We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
3. We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
4. We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.
5. We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.
6. We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
7. We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
8. We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.

9. We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
10. We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.
11. We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
12. In seeking solutions we believe that all stakeholders have important and relevant contributions to make – including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors and non-governmental organisations.

The EITI Criteria

The EITI Criteria were agreed at the second EITI Conference held in London in March 2005. Participating countries need to meet the Criteria or, if possible, exceed them, to be considered to be successfully implementing EITI.

The EITI Criteria

1. Regular publication of all material oil, gas and mining payments by companies to governments ("payments") and all material revenues received by governments from oil, gas and mining companies ("revenues") to a wide audience in a publicly accessible, comprehensive and comprehensible manner.
2. Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.
3. Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards and with publication of the administrator's opinion regarding that reconciliation including discrepancies, should any be identified.
4. This approach is extended to all companies including state-owned enterprises.
5. Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.
6. A public, financially sustainable Work Plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints.

The EITI International Advisory Group

The EITI International Advisory Group (IAG) was formed in July 2005 to make recommendations about the future of EITI to the third EITI Conference, to be held in Oslo in 2006.

> The EITI Oslo Conference sets out to improve implementation and expand the number of participants in the EITI. The expected endorsement of the IAG recommendations will increase the legitimacy of the EITI and make it more sustainable. In meeting these objectives, we will make the Oslo Conference a milestone towards making EITI a global norm.
>
> Jonas Gahr Stør, Minister of Foreign Affairs, Norway

Peter Eigen, founder of Transparency International, chaired the IAG. This group included representatives from a number of oil, gas and mining companies, civil society organisations, governments and investors.

The International Advisory Group participants

Governments: Azerbaijan, France, Nigeria, Norway, Peru and the US.

Companies: Anglo American, BP, Chevron and Petrobras.

Civil Society: Open Society Institute, Global Witness, Central African Catholic Bishops Conference (Cameroon) and The Coalition for Improving Transparency in the Extractive Industries (Azerbaijan).

Investors: F&C Asset Management.

The IAG met in London, Washington, Abuja, Baku and again in London, to consider the challenges facing EITI. A lot of work was done by IAG working groups. The final recommendations address the following questions:

- How can we be sure that countries and companies are doing what they say they are?
- What are the incentives for countries, companies, civil society, investors and international institutions to support implementation of EITI?
- How should EITI be managed at the international level to ensure that, in time, it becomes international best practice in the extractive industries?

They also considered the key challenges facing EITI that need to be addressed to support continued progress.

This report examines these questions in the following four sections.

- **Section One,** addresses Recommendations 1, 2 and 3, explains the proposed Validation process which will allow countries to measure their performance (the full methodology is provided in the EITI Validation Guide in Annex A).
- **Section Two,** addresses Recommendation 4, sets out some of the benefits of, and incentives for, implementing EITI. (This is looked at in greater detail by three parallel publications: Revenue Transparency and Development; Revenue Transparency and the Business Climate; and Revenue Transparency and Energy Security);
- **Section Three,** addresses Recommendations 5, 6, 7 and 8, outlines a number of challenges which the IAG has identified as needing to be addressed in the future, including: work at the sub-national level; working with the leading

emerging and transition economies; work in the mining sector; and linking with other programmes.

- **Section Four,** addresses Recommendations 9 and 10, explains how EITI will be internationally managed, while reaffirming the principle of a country-owned approach at the national level. It also suggests the practical implementation support that the international community can provide.

All the recommendations accord with the EITI Principles and Criteria. The IAG was unable to reach final conclusions on all recommendations, and this report does not contemplate the creation of any legal obligations for the governments, companies, or institutions represented by the individual members of the IAG on how to carry out the recommendations or otherwise participate in the voluntary EITI process. The report has laid the foundations for future work by highlighting additional areas that EITI needs to address to become international best practice in extractive industries.

Summary of Recommendations

Recommendation 1: EITI is a multi-stakeholder initiative. The governments of implementing countries should ensure that implementation is in accordance with the EITI Principles and Criteria, with the full contribution of all stakeholders.

Recommendation 2: After committing to implement EITI, countries should be required to validate their progress on a regular basis.

Recommendation 3: Oil, gas and mining companies operating in countries implementing EITI should be validated as part of country Validation. Companies that commit at the international level should complete a self-assessment form.

Recommendation 4: EITI should develop clearer evidence of the benefits of implementing EITI as part of broader governance reform; and other benefits, such as improved energy security and a better business climate.

Recommendation 5: EITI should pay more attention to the specific context of the mining sector.

Recommendation 6: EITI and EITI-implementing countries should identify appropriate opportunities to work with other transparency, anti-corruption, development and energy security programs.

Recommendation 7: EITI should undertake further work on the possibility of sub-national implementation.

Recommendation 8: EITI should work with emerging economy governments to encourage their greater engagement with EITI.

Recommendation 9: Support for implementing EITI should be country driven and sustainable, while focusing on results and working in partnership.

Recommendation 10: EITI should establish a multi-stakeholder Board, supported by a Secretariat, to manage EITI at the international level.

Section 1: Validation

Recommendation 1: EITI is a multi-stakeholder initiative. The governments of implementing countries should ensure that implementation is in accordance with the EITI Principles and Criteria, with the full contribution of all stakeholders.

Recommendation 2: After committing to implement EITI, countries should be required to validate their progress on a regular basis.

- All countries implementing EITI should be validated regularly.
- A Validation Report will assess implementing countries as being either a 'Candidate' or 'Compliant'.
- Candidate countries should be those that have signed up (meeting all four of the 'sign up' indicators) but who have not yet fully implemented EITI.
- Compliant countries should be those that have fully implemented the initiative. This includes making their published EITI Report widely available.
- Candidate countries should agree the regularity of validation with stakeholders and include this in their Country Work Plan. However, validation for Candidate countries should happen at least every two years.
- Compliant countries should arrange Validation every two years.
- Validators should be appointed by the Country's multi-stakeholder Group and be paid for by the country being validated.
- Validators should be picked from a list of suitably qualified international individuals and groups who have been pre-approved by the EITI Board.
- Where disagreements arise regarding validation, stakeholders should raise them in the first instance with the multi-stakeholder Group, to be resolved by the validator. If the issue(s) remain unresolved, stakeholders should raise it / them with the EITI Board.

Recommendation 3: Oil, gas and mining companies operating in countries implementing EITI should be validated as part of country Validation. Companies that commit at the international level should complete a self-assessment form.

- Company validation should be rooted in the country Validation process.
- Companies should complete self-assessment forms for the national level.
- Companies that have made global commitments should fill in an international level self assessment form.

The purpose of Validation

1.0 It was agreed by all EITI stakeholders that it is vital to be able to validate how countries and companies are progressing in their implementation of EITI. The IAG agreed that validation should be consistent with EITI Principles and Criteria, including by being open, transparent and accountable. A set of additional principles were agreed (see Box 2) that should underpin validation.

BOX 2: EITI Validation principles

The IAG agreed that the following principles should guide the Validation process:

- EITI Validation focuses on implementing EITI, and not other transparency policies
- Validation is based on a common global standard, to ensure comparability across countries
- The process is country-owned and reflects the country-specific nature of implementing EITI
- The process involves multi-stakeholder participation
- The process is light touch, and does not create unnecessary bureaucracy. Wherever possible, it builds on existing organisations and capacity
- The process emphasises constructive recommendations, rather than criticism
- The Validator must have sufficient expertise, knowledge and experience of EITI
- The Validator must have sufficient capacity to carry out the role effectively
- Progress is recognised as well as absolute achievement

Validation is not a financial audit. The job of the Validator is to check that countries and companies are doing what they say they are doing. The Validator will not seek to undertake financial audits.

1.1 The IAG agreed that there would be two purposes to validation:

- For countries that were implementing EITI, but had not fully implemented EITI (Candidate countries – see below), validation would measure progress in implementation.
- For countries that had fully implemented EITI (Compliant countries – see below), validation would provide an absolute assessment of whether a country was or was not compliant with EITI Principles and Criteria.

1.2 As noted above, two categories of countries were agreed:

1.3 **Candidate** countries are those that, having signed up to implement EITI, have met all four indicators in the sign up stage of the Validation Grid (see below) and have provided documentary evidence to the EITI Board and Secretariat to this effect. The indicators ask whether a government has:

- committed to implement EITI;
- committed to work with civil society and the private sector;
- appointed an individual to lead implementation; and
- produced a Country Work Plan that has been agreed with stakeholders.

1.4 **Compliant** countries have fully implemented EITI. They have met all the indicators in the Validation Grid, including the publication and distribution of an EITI Report.

> We see these EITI reports as a catalyst encouraging all of us to continue to work in partnership to enable the benefits of oil revenues to be felt by all and thus for the economy of Azerbaijan to thrive and for the people to prosper.
>
> David Woodward, Associate President of BP Azerbaijan

The Validation Process

1.5 Figure 1 outlines the process of validation. Further detail on the agreed steps comprising validation are summarized below and contained in Annex A: Validation Guide.

1.6 The first step is the appointment of a Validator by the multi-stakeholder group. The Validator then travels to the country being validated. Three key documents will underpin the Validator's work. These are:

- The Country Work Plan
- The Validation Grid (and associated Indicator Assessment Tools), and
- The Company Forms.

1.7 Using these documents, the Validator meets with the multi-stakeholder Group, the organisation contracted to reconcile the figures disclosed by companies and the Government and other key stakeholders (including companies and civil society not on the multi-stakeholder group).

BOX 3: What is a multi-stakeholder group?

The EITI Source Book (March 2005) notes that there are many potential stakeholders in EITI: including public institutions, the private sector, civil society, EITI implementers and international partners. Implementing country governments should establish a co-ordinating committee (or Multi-stakeholder Group) to ensure that all relevant stakeholders are represented.

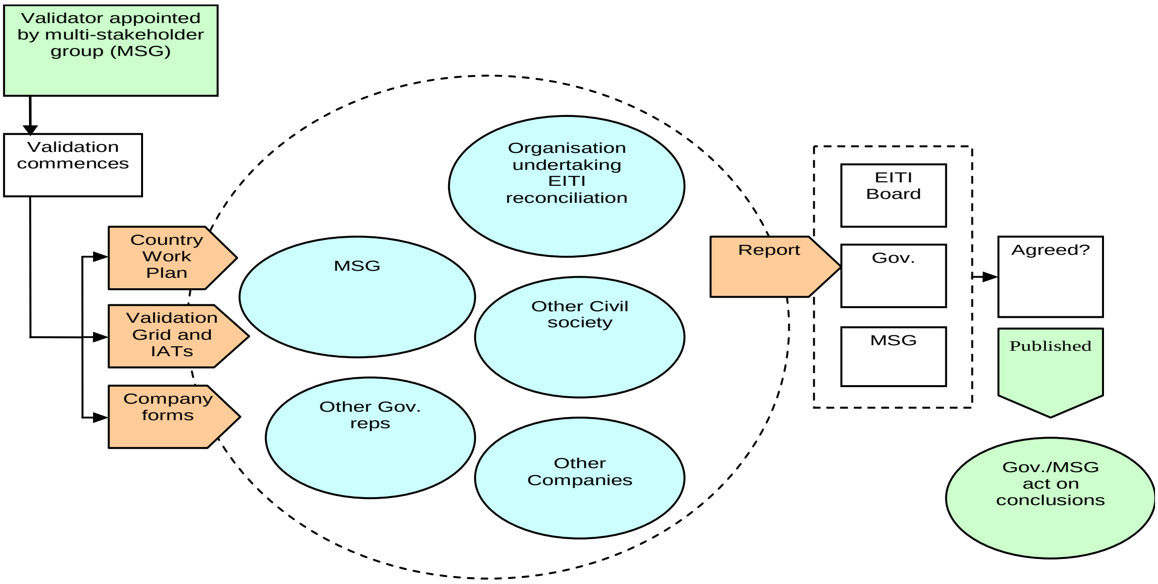
The IAG noted the important role that civil society (including community based organisations, national and international NGOs, the media, trades unions, academic and research institutions and faith-based organisations) and parliamentarians could play in the multi-stakeholder group.

1.8 Using this information, the Validator completes a Report, comprising:

- A short narrative report on progress against the Country Work Plan.
- A short narrative report on progress against the indicators in the Validation Grid.
- The completed Validation Grid.
- A narrative report on company implementation
- Collated Company Forms.
- An overall assessment of the implementation of EITI: is a country a Candidate, Compliant, or is there no meaningful progress?

1.9 The Report goes initially to the multi-stakeholder group, the Government and the EITI Board. If these groups are content with the Validation Report, it is published and conclusions and suggestions acted upon.

Figure 1: The Validation Process



The Country Work Plan

1.10 The Validation process should be built on the existing Country Work Plan. The production of a Work Plan is one of the six criteria for implementing EITI, and can be found in Indicator Four of the Validation Grid. Work Plans should be agreed with key EITI stakeholders and be made publicly available. Each Work Plan should contain: measurable targets; a timetable for implementation; assessment of capacity constraints (government, private sector and civil society); and likely costs.

1.11 The Country Work plan should also show how the Government will ensure the multi-stakeholder nature of EITI, particularly in terms of the involvement of civil society.

1.12 The Country Work Plan should identify a timetable for Validation during the stage at which a country is a ‘Candidate’. This should reflect country needs, but should take place at least once every two years. The Board may wish to consider whether more frequent validation would assist Candidate’s implementation without being unduly onerous. The Work Plan should also elaborate on how the Government will pay for validation.

The EITI Validation Grid and Indicator Assessment Tools

1.13 At the heart of the Validation process is the Validation Grid and Indicator Assessment Tools (IATs). The Validation Grid includes 18 indicators that should be assessed as ‘met’ or ‘unmet’ and qualitatively assessed in the narrative report, plus two indicators that will only be qualitatively assessed in the narrative report.

1.14 IATs provide additional guidance for the Validator in situations where assessing an indicator requires a more complex or subjective assessment.

1.15 All of the indicators are consistent with the EITI Principles and Criteria and will allow meaningful comparisons between countries. However, the IAG has designed them to reflect the fact that different countries will implement EITI in different ways.

Box 4: Testing the methodology

One challenge facing the IAG was ensuring the Validation process was standardised enough to be meaningful, but flexible enough to reflect the many differences between countries and their economies.

In October 2005, at the second meeting of the IAG in Washington, Nigeria and Azerbaijan agreed to pilot the proposed country validation methodology, and to report back on their experiences. Nigeria and Azerbaijan have very different economies, and very different considerations to take into account when it comes to validating EITI.

While the experiences of both Azerbaijan and Nigeria showed that the basic underlying approach to validation was acceptable, they also revealed how the methodology could be improved. Both pilots suggested that the number of validation indicators could be drastically reduced. They also suggested that the methodology needed to reflect any progress and improvements made, even if the key EITI milestones themselves had not yet been met.

New indicator assessment tools were developed to provide guidance needed to assess whether a given indicator had been met or not met and sub-indicators were removed.

In addition, the pilots suggested making each participating country's Work Plan a central part of the validation process since these plans are a prerequisite for implementation, and contain measurable targets and a timetable for implementation.

Company Forms

1.16 The IAG agreed that company implementation should also be validated, but that this could only be achieved in the context of country validation. The country validation process therefore contains a self-assessment form for companies to fill in and return to the Validator. The Validator will have the authority to ask the companies for more supporting information if necessary. Completed forms should be posted on the company website and the Country Validation Report will contain a collated table of company self assessment forms.

1.17 Should a company fail to complete the self-assessment form, the Validator will indicate this in the Country Validation Report, and include in the report any relevant information on the company that is in the public domain. The company will be given an opportunity to check this information.

1.18 Companies participating in EITI should post an endorsement of the initiative on their website.

1.19 Companies that have made international commitments to support EITI should fill in an international level self-assessment form, which should be sent directly to the EITI Secretariat. These will be posted on the EITI website.

Deciding Who Should Validate

1.20 The Validator is responsible for reporting a country's progress, and whether the companies in the country concerned are playing their part in the process.

1.21 The IAG discussed the issue of who should validate and agreed that the Validator should come from outside the country to be validated and should have the following key skills and experience:

- Technical and financial skills
- Experience of international development initiatives
- Expertise, knowledge and experience of EITI
- Sufficient capacity

1.22 Given their pivotal role in the EITI process, each Validator must be credible and demonstrate integrity and independence.

1.23 Detailed requirements can be found in the Terms of Reference for the Validator, in Annex B.

Appointing the Validator

1.24 The EITI Secretariat will work with the EITI Board to establish a list of approved Validators. These groups and individuals will be selected following an open, competitive and transparent bidding process. Countries initiating validation will be able to choose from a number of Validators on the list. The final choice will be made by the multi-stakeholder group and paid for by the Government.

The Validation report

1.25 The Validation Report should contain an overall assessment of whether a country is a Candidate, Compliant, or if there are serious concerns regarding implementation.

1.26 The Report should contain lessons learned, as well as any concerns people have expressed, and recommendations for future implementation.

1.27 Once the Report is agreed by the MSG, the government and the EITI Board, it should be published and made widely available in English, as well as any local languages.

Resolving disagreements

1.28 Any disagreements over the Validation Report should first be dealt with by the country's Government, the multi-stakeholder group and the Validator. If the disagreement can be easily resolved, the Validator should make the appropriate amendments in the report. If a disagreement cannot be resolved, it should be noted in the Validator's Report.

1.29 The Validator is expected to have sufficient status and skill to prevent, and resolve if necessary, disagreements.

1.30 Serious disagreements regarding the validation process should be presented to the EITI Board and Chair, who will try to resolve them and could in the most serious cases require the Validation process to be repeated. However, the Board and Chair have the authority to reject complaints that they consider to be trivial, vexatious or unfounded. Further guidance on dealing with disagreements is contained in paragraph 4.43 below.

After Validation

1.31 Where Validation shows that no meaningful progress has been made, and that there is little intention to implement EITI in line with the Principles and Criteria, the Board may decide to remove a country from the list of Candidates. However ‘de-listing’ should only take place when the country has been given adequate opportunity to make progress. For example, this could be when two successive Validations have reached the same conclusion.

1.32 The IAG has not finalised the details as to *how* the Board will de-list a country. While the decision would rely on the conclusions of the Validator, the Board should retain the right to override the Validators’ recommendations in exceptional circumstances - for example, if the Board agrees that it is not in the best interests of the country to de-list it. The Board should deliberate more on the nature of such exceptional circumstances.

1.33 The Board will either a) take the decision to de-list itself, or b) establish an alternative process specifically to make decisions about de-listing.

1.34 Where Board members are directly involved in a decision to de-list a country, the IAG has agreed that individual members with conflicts of interest should remove themselves from the discussions. It will only be possible to replace a member for the purposes of making a decision where the member has an ‘alternate’.

Section 2: Incentives for implementing EITI

Recommendation 4: EITI should develop clearer evidence of the benefits of implementing EITI as part of broader governance reform; and other benefits, such as improved energy security and a better business climate.

2.0 The EITI Principles affirm the belief of EITI stakeholders that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction. They also underline the belief that transparency, together with steps to enhance public financial management and accountability, are important to ensure that this happens.

2.1 As more countries sign up to and begin implementing EITI, a wide and authoritative evidence base can be built up. Transparency initiatives such as EITI are relatively young and few academic studies have been carried out on which to analyse the actual impact of transparency. Nevertheless, the IAG noted a number of possible incentives for the government of a resource-rich country and for other stakeholders to support implementation of EITI. These are set out below. In order to ensure the continued success of the Initiative, EITI will need to communicate with as many stakeholders as possible – in a clear and credible way – about the evidence base that underlies these possible incentives. EITI should do further work to develop this evidence base.

2.2 The IAG also noted that EITI is best implemented as a key part of broader reform. It is a step towards better governance – often the first step – and can support wider improvements in transparency and accountability within an implementing country. The benefits that come with EITI should therefore be viewed in this context.

2.3 If the incentives for implementation are fewer for some countries, the international community could help create stronger and clearer benefits for them. The Board may wish to give this further consideration.

Benefits for governments of resource-rich countries

2.4 Box 5 sets out some key reasons for, and benefits of, implementing EITI. The incentives are indicative but provide a starting point for further work by the Board. They include benefits derived directly from implementing EITI, and indirect benefits that come with increased transparency and enhanced accountability.

Box 5: Direct vs indirect benefits for implementing Governments

Area	Direct incentive	Indirect incentive
Economic	Improved tax collection from extractive companies	More stable and attractive investment environment Increased growth
	Improved creditworthiness for sovereign debt ratings	More access to capital
	Lower levels of corruption – less waste, more economic activity	More access to private capital
		Increased tax revenues from non-extractives sector
Governance	Greater accountability	Reduced risk of conflict
	Stronger management of public finances	Less corruption Greater stability
	Respect for the rule of law and accountability	Improved public confidence in government
		Improved public probity
Development	Increased investment in human development	Poverty reduction
	Improved employment levels and working conditions	
Reputation Management	Seen as ‘Leaders’	More trust in and respect for public institutions
	Greater knowledge leading to more accurate expectations	Greater political integrity

2.5 EITI – as part of broader development efforts – can transform societies and improve the lives of the poor. By improving the quality of government policy, lowering the costs of investment and attracting foreign capital, transparency contributes to poverty reduction and a better standard of living, especially for those in lower income groups.

BOX 6: Extractive industries and poverty reduction

Natural resources have enormous potential to reduce poverty in the countries where they are exploited. Chile’s national poverty level declined by over 41% in the period 1990-2003, with the largest reduction in poverty occurring in its mining region of Antofagasta, where poverty declined by 60%.

SOURCE: Groningen Growth & Development Centre, Netherlands

2.6 A better business climate is considered an important incentive for countries to implement EITI, especially as the revenue transparency promoted by it is a powerful deterrent to corruption. Lack of corruption is a significant factor in business confidence and trust.

2.7 Transparency can improve a country's credibility among foreign investors and the international banking community, which can improve its potential for future development. There is evidence that highly transparent countries enjoy lower costs of borrowing, and that investment funds make larger investments in such countries. Capital market investment is rapidly turning its attention towards emerging markets due to the significant growth opportunities they represent. However, poor governance can act as a significant barrier to investment. EITI, and transparency more generally, can help make otherwise unattractive investment markets appear more viable to potential investors.

> I see the devastating effects of not managing oil and mining money properly all around me in Africa. My hope and prayer is that oil producing countries in Africa who have not yet done so, as well as those involved in mining will now come on board. EITI offers us a chance to work together for a better future and I hope my government and others in Africa and the international community will now work with us and give us proper resources to put this into practice.
>
> Father Patrick Lafon, Central African Bishops Conference

Benefits for local communities and civil society organisations

2.8 A general climate of transparency empowers civil society groups. For example, implementation of EITI facilitates greater public participation in the country's governance, and improves civil society organisations access to information. Local communities might benefit economically from increased revenue flows, while social justice, accountability, anti-corruption and good governance are reinforced and promoted.

2.9 Civil society organisations could also benefit from: improved relationships and greater influence with companies and governments; increased opportunities to build and strengthen networks with investors and international organisations; enhanced governance; strengthened public institutions; and citizens who are more aware and empowered.

Benefits for companies and investors

> Corruption and poor governance make it risky and expensive to do business in the world's emerging resource-rich nations. By embracing EITI, these governments will send a clear signal to the capital markets that they are serious about creating a stable, prosperous society built on accountability and the rule of law. EITI means lower risk for investors, cheaper capital for developing nations, more transparent corporate practices and a better life for local citizens.
>
> Alain Grisay, Chief Executive, F&C Asset Management plc

2.10 Companies are required to implement EITI in countries that have committed to the Initiative. However, there are also a number of incentives that mean companies should fully support the Initiative. Implementation can mean lower capital costs, a better company reputation and improved staff satisfaction. Greater transparency leads to improved shareholder relations and market confidence, as well as better risk management and community relationships. The EITI approach of demanding that transparency is applied to all companies operating in an implementing country can help to ensure a level playing field and protect responsible companies from the irresponsible behaviour of others.

2.11 In addition, supporting broader development objectives such as EITI can help a company to fulfil its corporate social responsibility objectives regarding human development, environmental responsibility and commitment to investing profits in issues of local importance. And companies might benefit from demonstrating their understanding of the impact their industry has on the natural resources of a region.

Benefits for global energy security

2.12 Energy security is increasingly a global concern, especially as emerging economies increase their demand for natural energy resources. The dilemma facing energy markets today is not so much whether there are sufficient quantities of oil, gas and other fuels to meet the demands of a rapidly industrialising world, but which sources are relatively less risky, and how those reserves can be used as efficiently and cost-effectively as possible.

2.13 By reinforcing its reputation as a secure supplier of energy, an EITI Compliant country can discourage its customers from looking for alternative sources of supply, thereby making its own revenue streams more secure. At the same time, they can also encourage consuming countries to invest in costly projects such as building distribution pipelines, thus further improving their links to world markets.

2.14 There are many factors driving global energy security and EITI is not a panacea for managing global energy security. But EITI can help to address part of the underlying cause of political instability in many resource rich countries by ensuring greater transparency of revenues and enabling greater accountability. And if a culture of transparency is not established, any other efforts to address issues of global energy security are likely to prove futile.

Section 3: Future Challenges for EITI

Recommendation 5: EITI should pay more attention to the specific context of the mining sector.

Recommendation 6: EITI and EITI-implementing countries should Identify appropriate opportunities to work with other transparency, anti-corruption, development and energy security programmes.

Recommendation 7: EITI should undertake further work on the possibility of sub-national implementation.

Recommendation 8: EITI should work with emerging economy governments to encourage their greater engagement with EITI.

EITI and the Mining Sector

3.0 The original EITI pilots included countries with strong mining industries and EITI implementation is proceeding in other important mining countries. Nearly half of those endorsing EITI are now primarily mining countries and a great deal of transparency-related activity is occurring within them.

3.1 However, there are significant differences that affect implementation of EITI in mining countries compared to countries whose extractive industries are largely oil or gas. These include the ways that mining companies operate, the scale or economic impacts and the social context in mining regions. To date, there has been more progress in oil and gas countries, and it is important that EITI now improves its uptake among mining-rich countries and mining companies.

3.2 This will require a tailored approach that properly addresses the particular circumstances of the mining sector. This approach should include the formation of a separate mining sub-group under the EITI Board for mineral-dependent countries, mining companies (and company associations), and civil society organisations with a particular interest in the sector. Other sub groups will also be established as and when they are required.

3.3 The sub-group will give industry associations, representatives from mineral-rich countries (whether or not they are currently implementing EITI), multilateral actors, institutional investors and more mining-focused NGOs the chance to be more closely and effectively involved in the EITI process.

3.4 EITI should include the key mining industry actors, such as the International Council on Mining and Metals and relevant trades unions, into the sub-group. This will give the Initiative the partnerships, support and mining expertise it needs to adapt the EITI model to this sector, and support the implementation of EITI in a far greater number of countries.

Box 7: The International Council on Mining and Metals (ICMM)

The Council was founded by a number of large, global mining companies who shared a common vision about encouraging the mining sector to have a more sustainable impact in the areas where it operated.

Consequently, the ICMM's role is very different to the business-focused industry associations in the oil and gas sector.

ICMM has instigated its own action-research project, known as the Resource Endowment Project, which is being pursued in partnership with UNCTAD and the World Bank Group, together with a wide range of other stakeholders.

EITI and Other Programmes

3.5 EITI is only one of several international programmes committed to promoting transparency and accountability. As noted above, EITI is best implemented as part of broader reforms and as a complement to these other programmes. In order to maximise the effectiveness of EITI and to reach a wider audience, share knowledge and help promote collaborative working, EITI should work closely with like-minded organisations and initiatives.

3.6 The IAG considered a range of initiatives and work being done by multilateral organisations and financial institutions that might complement and support the work of EITI. These included: initiatives which directly or indirectly support improved management of natural resource wealth by promoting improved governance and stronger public financial management; and initiatives which complemented the transparency and accountability work of EITI, but in a different sector to oil, gas and minerals.

3.7 The IAG did not reach firm conclusions on specifically which organisations and initiatives EITI should engage with. The Board should consider this as part of their future work programme. The IAG did note that the Board should consider all such potential linkages in terms of how they might contribute to the objectives of EITI; and should recognise both the resource implications involved and the varying impact.

3.8 It was also noted that it would be particularly important that the Board (in consultation with organisations like the World Bank and the IMF) consider potential linkages in terms of how EITI will be mainstreamed, so as to become the normal way of working in all the relevant extractive industries within three to five years.

Introducing EITI at the sub-national level

3.9 EITI has primarily been designed to work at the national level. However, the IAG discussed the degree to which EITI could also capture relevant payments being made to regional and local governments and authorities.

3.10 Where there are existing legislative or constitutional requirements for the sharing of revenues according to published criteria, it undermines trust if the funds do not appear to be distributed in accordance with them. In some countries, the local and regional revenue flows will be significant, alongside national level flows. At meetings of the IAG and at the two sector-specific workshops held for mining stakeholders, the IAG were told that this is a crucial issue for community relations, especially in the mining sector.

3.11 Further work still needs to be done before there can be any detailed recommendations on implementing EITI at the sub-national level. It is appropriate for this work to be taken forward by a sub-group of the new Board, chaired by a Board member with mining sector expertise given the special relevance of sub-national issues to the extraction of solid minerals, but also including other interested members of the Board and co-opted experts as required. Issues for future discussion might include templates for sub national tax payments, tracking the distribution of revenues to specific regions and demonstration projects.

EITI and the emerging economies

> I have heard it suggested that both the Voluntary Principles and the EITI, because they emanated from the 'North' are 'neo-Imperialist'. But do they promote objectives that any of us would find reprehensible? If the answer to this is 'no' then I would urge all G20 Governments to take collective responsibility for their spread.
>
> Sir Mark Moody-Stewart, Chairman, Anglo-American

3.12 EITI is supported by most OECD governments and many of the companies that are headquartered in OECD countries. EITI should now commit to greater engagement with emerging economy governments, whose support for, and participation in, the initiative is critical for its success in the medium to long-term.

3.13 As emerging economies - including Brazil, Russia, India and China as well as Mexico and South Africa - continue to expand, their appetite for natural resources continues to grow. In the last four years, the growth in the Chinese economy alone was responsible for up to 40% of the global increase in the demand for oil.

3.14 Companies based in these emerging economies, including nationally owned oil and gas companies, have become increasingly active in the exploration and production of natural resources across the globe. Some of these companies are already involved in EITI through their operations in countries that are implementing the Initiative.

3.15 EITI should develop a specific strategy to engage with key non-OECD countries where oil, gas and mining companies are headquartered. This should include a strategy for engaging with civil society and the private sector. Seeking endorsement of the UN General Assembly may, in the eyes of some governments, confer greater legitimacy upon EITI.

Section 4: Future Arrangements for EITI

<u>Recommendation 9:</u> Support for implementing EITI should be country driven and sustainable, while focusing on results and working in partnership.

- The Secretariat should work with national and international partners to ensure that EITI stakeholders have access to political, financial and technical support.

<u>Recommendation 10</u>:
EITI should establish a multi-stakeholder Board, supported by a Secretariat, to manage EITI at the international level.

- EITI should ultimately be 'mainstreamed', with its criteria and principles becoming the normal way of working in all the relevant extractive industries within three to five years

- The Board should have 19 members that reflect the constituencies that support EITI and an independent Chair.
- The Board established at Oslo will serve until the next EITI Conference.
- As far as possible the Board should operate by consensus.
- At its first meeting, the Board should collectively agree a voting system for situations where a vote becomes necessary.
    - The Chair of the Board should be able to vote, and, if a majority voting system is adopted, then the chair should hold the casting vote in the event of a tie.
- Each constituency should have its on arrangement for representation, but the expectation is that a Member and/or Alternate arrangement will be put in place.

- A Secretariat initially comprising six full-time staff should be appointed as soon as possible after the Oslo conference, to serve for up to three years.
- The Secretariat should report to the EITI Board via the Chairman.
- Funding of the Secretariat should be shared between all groups of stakeholders.

- An EITI Conference should be held every two years.
- The Board should agree the arrangements for future conferences.

4.0 The IAG reaffirmed that the primary responsibility for implementing EITI should rest with the government of the implementing country itself. A significant strength of EITI so far is how it has been implemented, owned and driven by the participating countries.

EITI is a rare coalition that has made great progress in a relatively short time. EITI will succeed by promoting clear rules for transparency: establishing a process to monitor EITI implementation in different countries; and rewarding those nations that fully implement the initiative.

Peter Eigen, EITI International Advisory Group Chairman

Supporting country implementation

4.1 Having chosen to participate in EITI, every country and sector will need to develop its own implementation model. However a number of general lessons have emerged from our experience to date. Some of these are contained in the EITI Source Book. This should be updated on a regular basis to reflect further lessons learnt.

4.2 While responsibility for implementing EITI lies with the country itself, the international community should also commit to provide the necessary political, technical and financial support. This might include bilateral support from supporting countries, or the programmes of international financial institutions, international NGOs and global organisations such as the UN.

4.3 Such support should be:

- Country-driven – ownership of the process must rest with the implementing government, local civil society and the local private sector.
- Results-oriented – focused on outcomes, such as the EITI report and capacity building.
- Partnership-oriented – involving co-ordinated participation of all elements of the multi-stakeholder approach: government, civil society, companies and investors.
- Sustainable – designed with prior consideration of how the process will be sustained beyond the initial external support effort. As far as possible, it will build on existing organisations and capacity, without creating new structures.

4.4 The Country Work Plan will be the key element in guiding a country's implementation of EITI. In line with the EITI Criteria, the Work Plan will include measurable targets, a timetable for implementation, and an assessment of potential capacity constraints. The assistance of the international financial institutions may be sought in the development of the Work Plan. The Work Plan should be developed by the government of the implementing country and in consultation with all relevant stakeholders. The government's own efforts in support of implementation and the support of the international community should be related to the agreed Work Plan.

4.5 The EITI Secretariat should work with the governments of implementing countries, their multi-stakeholder working groups (once established) and relevant members of the international community to ensure that EITI stakeholders have access to the necessary political, financial and technical support.

4.6 The Country Work Plan should, as far as possible, be set in the context of other government programmes aimed at improving governance and development outcomes. This will help to ensure that the international community support for EITI implementation complements (and is coordinated with) related programmes.

Support at the 'Sign Up' stage

4.7 During sign-up, the international community should advocate the benefits of implementation for governments, civil society and the private sector. Such awareness-raising could include engagement with governments, civil society, companies and investors as well as the provision of capacity building and other support to groups considering their involvement in implementation.

4.8 In addition, the international community can help support countries as they consider whether or not to sign up by ensuring that the right political messaging is occurring at the international level. The international community can enable countries to take advantage of the various potential incentives around implementation.

Support at the ‘Preparation’ stage

4.9 Once a country has decided to participate in EITI, international support may be needed to ensure that civil society and companies are receiving the technical assistance and training that they require to increase their capacity and expertise, and that implementing country governments either have or are developing the skills, systems and staff needed to meet their commitments under EITI.

4.10 Such support could include:
- Providing governments with the technical assistance and training they need to manage their obligation to engage local civil society, the general public and companies in the consultation, disclosure, dissemination and debate of revenue figures.
- Helping governments overcome capacity constraints or lack of expertise.
- Providing support to national and state-owned companies (and in some circumstances the local offices of multinational companies) to enable them to play their role in the development of EITI.
- Providing particular capacity building support to state companies to ensure they have the necessary systems in place to participate in implementation of EITI.
- Giving civil society members the technical competence they need to understand the oil, gas and mining sector and financial accounts.

4.11 The international community should also help to ensure that NGOs have the opportunity to give honest opinions.

International management of EITI

Creation of the EITI Board

4.12 A Board should be established to oversee the future operation of EITI. The Board will have responsibility for the overall development, strategic direction, and credibility of EITI, as well as for outreach and advocacy, and will make recommendations on these issues for agreement by the EITI Conference, through a written report to the Conference. The Board will also oversee and direct the work of the EITI Secretariat. Board members are expected to operate in the best interests of the Initiative at all times.

Board Membership

4.13 Reflecting the multi-stakeholder nature of EITI, the Board should consist of an independent Chair, plus:
- 5 representatives of implementing countries (Compliant countries)
- 3 representatives of supporting countries;
- 5 representatives of civil society organisations;
- 5 representatives of companies or company associations;
- 1 representative of an investment company

4.14 In addition, staff members from a number of international organisations, for example the World Bank, the IMF, and other relevant stakeholders should be invited to attend Board meetings as Observers. They would not be able to vote.

Formation and Rotation of EITI Board Membership

4.15 Each of the constituencies should agree how they wish to be represented on the proposed Board. This will require prior consideration by each constituency of how they define those eligible (i) to be selected as representatives; and (ii) to be involved in the selection process. It has been suggested that a constituency might like to consider instigating a two-tier membership system, to distinguish between current and potential participants with a view to encouraging potential participants to become full participants.

4.16 To form the first Board, at Oslo, constituencies will put forward their proposed representative(s). The proposed nineteen representatives, together with a proposal for the Chair, should be presented to the Conference. The Statement of Outcomes for the Conference should then include the names of these proposed members of the Board. By associating themselves with the Statement of Outcomes, Participants would associate themselves with the establishment of the Board.

4.17 The Board should serve from Oslo until the next Conference. To encourage wider representation, and to ensure continuity when Board membership changes, it has been suggested that Board Members might have “Alternates” from another member of the constituency. After an agreed period, the Board Member would relinquish their seat and the Alternate would step up as full Board member. At this point another constituency member would be selected as Alternate to the new Board Member.

4.18 Where Board Members have Alternates, the Alternate will act as a deputy to Board Members. They will attend Board Meeting as observers but not participate in discussion (or have a vote) unless the Board Member is absent, in which case they will take the seat at the table, take part in discussion and take on the right to vote. In any situations where the appointed Board Member wishes to recuse themselves from a particular vote (where for example they feel they have a conflict of interest) the Alternate could take part instead of the Board Member.

4.19 It has also been suggested that to try and minimise disruption, the actual changeover point for Members and Alternates should be agreed with the Chair. For example, changes could be staggered over two or three Board meetings to maintain continuity.

Key Functions of the Board

4.20 The Board should consider policy issues affecting EITI. The Board will need to consider both issues that are raised by the EITI Conference and other issues that arise from implementation. For example, after the 2006 EITI Conference, the Board can be expected to need to conclude its discussions on the areas left open by the IAG in Section Three of the report; and on any issues raised in the Statement of Outcomes of the Oslo Conference.

4.21 The Board should direct the work of the Secretariat (see below). Members of the Board may, within reason, seek the advice of the Secretariat on specific policy issues, including commissioning research as appropriate.

4.22 The Board should assess the status of countries and companies implementing EITI. This role will include approval of a list of Validators (prepared by the Secretariat) and agreeing Validation reports. The Board should also take an oversight and final arbiter role in assessing non-implementing EITI countries.

4.23 The Board should aim to operate in a consensual manner. However, there may be occasions when a vote is required. The IAG did not reach a firm recommendation on how voting might be managed and this should be resolved by the new Board.

4.24 The Board established at Oslo will need to address a number of key outstanding issues regarding the international management arrangements. These include:

- The process for appointment of a future Chair of the Board
- The tenure of the Chair and of Board members
- The voting system (and occasions on which a vote is necessary)
- The role of the Board in prioritising support to particular countries
- Remuneration of the Chair
- The arrangements for the EITI Conference

4.25 The Board, with the support of the Secretariat, should provide a report(s) for agreement by the EITI conference. This will include consideration and recommendations of key policy issues affecting EITI development as well as a report on progress with EITI Candidate and EITI Compliant countries.

Role of the Chair of the Board

4.26 The Chair of the Board should lead the deliberations of the Board seeking to maintain collaborative relationships between members and key participants, including governments, companies, civil society, investors and international institutions. The Chair should be a voting member of the Board; and, if a majority voting system is agreed, then the Chair should have the casting vote in the case of a tie.

4.27 The Chair should:

- Present the Board report to the EITI Conference;
- Ensure that the multi-stakeholder nature of the Initiative is maintained and fully reflected in EITI at all levels;
- Represent EITI to the political and business world at the highest levels, with a view to further building global commitment to revenue transparency and to attract the necessary funding from governments, companies and other institutions.
- Provide direction to the Secretariat in order to implement the strategies defined by the Board.

4.28 The Chair should, with the support as appropriate of Board members and other relevant parties, be responsible for the appointment and supervision of Head of the Secretariat, including operational guidance and performance review.

4.29 The Chair should work with Board members between Board meetings on issues that require Board approval / consideration. The Board should agree a process where the Chair can consult on significant issues in a streamlined manner to ensure that action can be taken quickly when required.

Use of sub-groups

4.30 The Board should create sub-groups that will look at specific areas of interest to the implementation of EITI. These sub-groups could play an important part in taking forward key strategic issues facing the Board. Their membership should reflect the multi-stakeholder nature of EITI and could include both members of the Board and co-opted experts.

4.31 Sub-groups could include:

- Oil and gas (technical issues)
- Mining (technical issues)
- Sub-national implementation
- Validation
- Support to implementation

4.32 Sub-groups would be chaired by members of the Board, and would report to the Board through their Chair. The Board would retain full control regarding which recommendations and action were taken forward.

Relationship of EITI Board with the Management Committee of the Multi-Donor Trust Fund

4.33 The Multi-Donor Trust Fund (MDTF) was established to provide financial support to countries seeking to implement EITI. It is administered by the World Bank. The work plan of the Trust Fund is set by a Management Committee consisting of the World Bank and representatives of governments who have contributed in excess of $500,000 to the Trust Fund (currently France, Germany, Netherlands, Norway and United Kingdom).

4.34 The Trust Fund is not a sub-committee of the Board. It should however, as far as possible take into account policy recommendations made by the Board and by the EITI Conference. The Board should work with the Management Committee to agree how this might be carried out. It has been suggested that there might be a Memorandum of Understanding between the EITI Board and the Trust Fund Management Committee.

Arrangements for Board meetings

4.35 The Board should have an annual budget sufficient to allow for up to four Board meetings a year although the Board may decide to have only two or three meetings in person and convene through video or teleconference in between times.

4.36 The Board should decide on a location for Board meetings that is convenient to the majority of members. The Secretariat will then work with host governments and others to organise meetings of the Board as appropriate.

4.37 The Board should conduct all its activities in a fully transparent way. This includes making available its agendas, papers and minutes. The working language of the Board should be English, although translation should be available for additional languages if required and agreed by the Board.

EITI Secretariat

4.38 An independent Secretariat should replace the existing Secretariat, based at the

Department for International Development in London. The Secretariat will initially comprise six full-time staff. They should be appointed as soon as possible after the Oslo conference, to serve for up to three years, ending no later than October 2009.

4.39 The Secretariat should be accountable to the Board. It will be responsible for the day-to-day running of EITI. Its role will include: communicating with stakeholders; sharing any lessons learned or other pertinent information; managing the list of approved Validators; and helping the host Government organise the EITI Conference.

4.40 The Secretariat should also play a role in supporting implementation. It should not need to provide direct support, as this will be undertaken by other organisations, including the World Bank and supporting countries. However, the Secretariat will have the important role of liaising with the Board, the World Bank and other supporting countries and organisations, to ensure countries in need of support are receiving it. This could involve the Secretariat encouraging supporting countries and institutions to focus on particular areas, or to take into account the findings of validation reports.

4.41 The Secretariat will also play a role in conducting EITI outreach and advocacy.

The EITI Conference

4.42 The IAG agreed that the EITI Conference will continue to be important to the success of EITI. Conferences should take place every two years. The future board will need to agree who takes part in future EITI conferences and how they are organised.

Resolving disagreements

4.43 It is inevitable that at various points in the implementation process, disagreements will arise between participants. The IAG agreed the principles that: disagreements should be addressed, in the first instance, in the implementing country itself; that they should be tackled as soon as they occur; and that – in line with Principle 6 of the EITI Principles – any method for resolving disagreements under EITI should not duplicate or conflict with dispute resolution mechanisms contained in contracts and other legal agreements entered into by the parties.

4.44 If a dispute cannot be resolved by the country's own multi-stakeholder group, the EITI Board or the Secretariat (with the help of external expertise as required) should step in. It has been suggested that, the Chair of the Board would first discuss the issue with the multi-stakeholder group of the country concerned. Where necessary, they might also convene a sub-group of the Board, made up of many different stakeholders, to discuss the dispute. If the multi-stakeholder group are still unable to resolve the issue in a timely manner then the Board, through the Chair, might suggest a resolution.

Funding EITI

> The time is now right for EITI to take the necessary steps to become a tighter and more credible initiative and to assist participants with more effective implementation. We also need the resources to make the initiative truly global and to make it really make a difference on the ground.
>
> Simon Taylor, Director, Global Witness

4.45 Implementing EITI will require continued funding for at least the next three years for implementation, for validation and for the proposed international management arrangements. There are a number of sources for this funding. For example, implementation is likely to continue to involve costs for the governments of implementing countries, for companies and civil society organisations operating in those countries, and for the international community who support that implementation. The IAG did not reach firm recommendations on the subject of funding and this will need to be considered further by the Board. They did however make some general observations which should steer that consideration.

4.46 **Implementation:** The World Bank has estimated that (assuming a slowly growing EITI) the likely costs of supporting implementation were between $15 million and $20 million for the three year period. This is in addition to the costs incurred by implementing country governments and other stakeholders, and to any bilateral support.

4.47 **Validation:** The IAG noted an estimated cost of validation of $3.5 million for the three year period. This would allow for around fifty validations to be conducted. It was suggested that the costs of validation should be carried by the governments of the countries being validated.

4.48 **Management:** The IAG discussed a possible range of costs for future international management of between $5m and $15m for the three year period. Variables included the different costs of location, salary costs and the degree to which the Secretariat engaged in supporting implementation. The key differences between the lower figure and the higher figure related to the salary costs of the Secretariat and the funding of programme work.

4.49 In the multi-stakeholder spirit of EITI, future funding of the Board and Secretariat should be shared between all groups of Stakeholders (see Box 8). Consideration should be given as to how to reflect the varying financial capabilities of the different stakeholders.

Box 8:
A sub-group of the IAG on budget issues suggested that funding for the Board and Secretariat might be distributed between the stakeholders:

Implementing countries	20%
Supporting companies	25%
Supporting countries	25%
Supporting NGOs	15%
Investors	15%

The IAG did not reach a firm recommendation on this distribution.

4.50 To avoid fund-raising becoming too burdensome on EITI, the IAG noted that it would be preferable if stakeholders committed up front to funding for the whole period or at least to the funding requirements of the first two years, with the expectation that, if EITI continues well, funding would be at a similar level in the third year. It was also noted that some stakeholders would be likely to prefer to make one-off voluntary contributions rather than assuming on-going obligations.

4.51 In their discussion of the likely funding requirements for the international management arrangements, the IAG also observed that:

- It would be important to establish a single entity, like for example, a country government, to under-write the contracts of the Secretariat, to avoid contributors to the funding taking on the liability; and
- A contribution to these core costs would be an indicator of ongoing commitment to the success of EITI. This contribution could be considered as a ‘membership fee’ for implementing countries.

Annex A: Validation methodology

EITI Validation Guide

Contents

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2. **Key documents in the validation process**
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    c. **Company forms**
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7. **Company Forms**
8. **Review Indicator**

1. INTRODUCTION

a. The purpose of validation

There are two purposes to validation:

- For countries that are implementing EITI, but have not fully implemented EITI (candidate countries – see below), validation should measure progress in implementation.
- For countries that have fully implemented EITI (compliant countries – see below), validation should provide an absolute assessment of whether a country is or is not compliant with EITI Principles and Criteria.

As noted above, two categories of countries were agreed:

Candidate countries are those who have signed up to implement EITI and met all four indicators in the sign up stage of the Validation Grid (see below). This includes: committing to implement EITI; committing to work with civil society and the private sector; appointing an individual to lead implementation; and producing a Work Plan that has been agreed with stakeholders.

Compliant countries have fully implemented EITI. They have met all the indicators in the Validation grid, including the publication and distribution of an EITI Report.

b. Overview of validation

Figure 1 outlines the process of validation. Further details on the agreed steps comprising validation are contained in this guide.

The first step is the appointment of a Validator by the Multistakeholder group. The selected Validator will then use three key documents to underpin their work. These are:

- The Country Work Plan
- The Validation Grid (and associated Indicator Assessment Tools), and
- The Company Self Assessment Forms

Using these documents, the Validator meets with the Multi-stakeholder Group, the organisation contracted to reconcile the figures disclosed by companies and the Government and other key stakeholders (including companies and civil society not on the Multi-stakeholder group).

Using this information, the Validator completes a report, comprising:

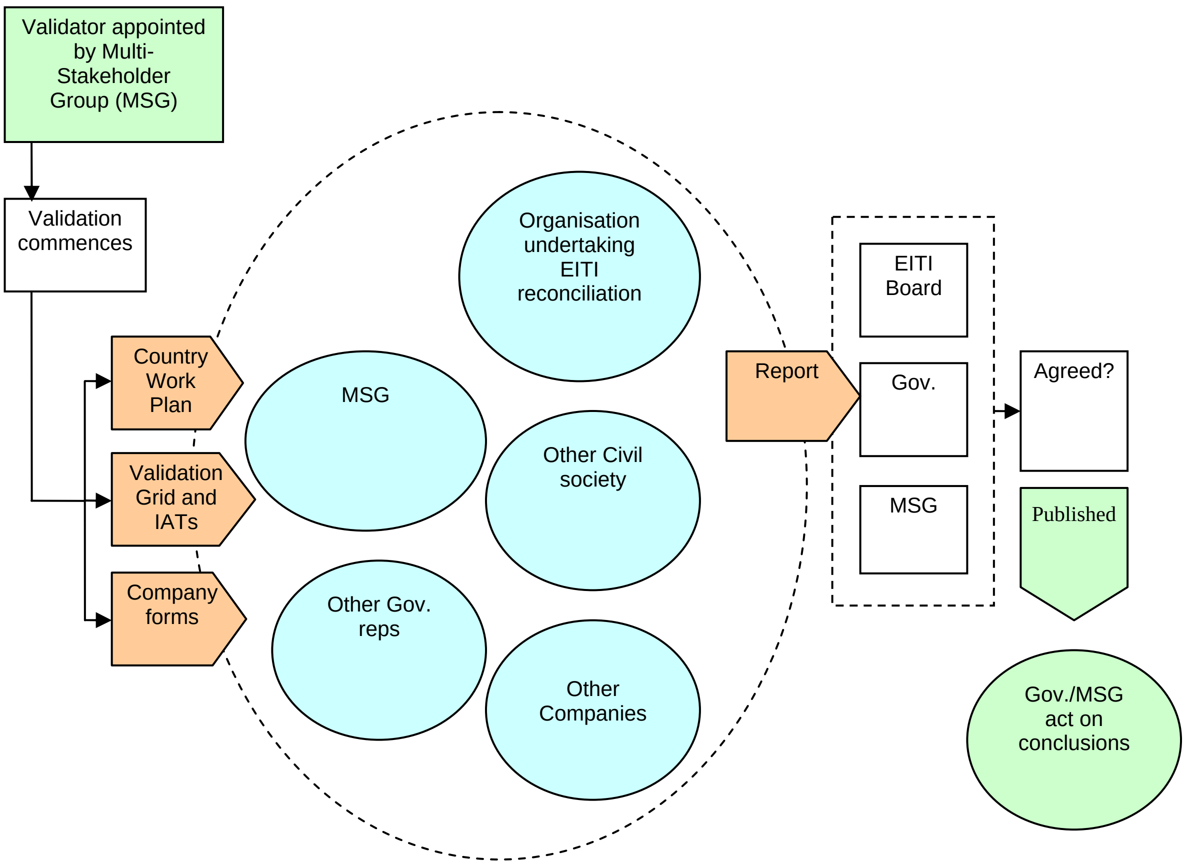
- A short narrative report on progress against the Country Work Plan.
- A short narrative report on progress against the indicators in the Validation Grid.
- The Completed Validation Grid.
- A narrative report on company implementation
- Collated company Validation forms.
- <u>An overall assessment of the implementation of EITI: is a country a candidate, compliant or is there no meaningful progress.</u>

This report goes initially to the Multi-stakeholder group, the Government and the EITI Board. If these groups are content with the Validation Report, it is published and conclusions and suggestions acted upon.

If there is disagreement regarding the validation process, then this is dealt with in the first instance locally, with the EITI Board only called in to help in cases of serious dispute.

Validation is not a financial audit. The job of the Validator is to check that countries and companies are doing what they say they are doing, it is not to undertake financial audits.

Figure 1: Validation Flow Chart



2. Key documents in the validation process

a. The Country Work Plan

The host country Work Plan is a vital component of the Validation process. The Work Plan must be completed and published before countries move out of the 'sign up' phase into 'preparation'. The EITI criteria require that the Work Plan be financially sustainable, and that it includes:

- measurable targets
- a timetable for implementation
- and an assessment of potential capacity constraints.

The Workplan should also show how the Government will ensure the multi-stakeholder nature of EITI, particularly in terms of the involvement of civil society.

The Work Plan should identify a timetable for Validation during the stage at which a country is a 'Candidate'. This should reflect country needs, but should take place at least once every two years. The Board may wish to consider whether more frequent validation would assist the Candidate's implementation without being unduly onerous. The Work Plan should also elaborate on how the Government will pay for Validation.

The Validator will need to assess progress on the implementation of EITI against these targets and timetables, and assess whether a country has acted on the identified capacity constraints.

A key element in the country validation process will be whether the timetable for implementation is being followed. If the timetable is not being met, the Validator - based on evidence from key stakeholders and others - will need to consult with key stakeholders and determine whether delays in meeting the timetable are reasonable.

The Validators view on progress should be captured in a narrative report.

b. The EITI Validation Grid and Indicator Assessment Tools

At the heart of the Validation process is the EITI Validation Grid. This comprises 20 indicators which the Validator should use to assess progress. 18 of these should be assessed as met or unmet through a tick box. Two indicators (company Validation and review) should be assessed in the Validator's narrative report. The Validator's report should include the Grid and Indicator Assessments Tools (below) as well as a narrative report of the progress against the Grid indicators.

Approximately half of the indicators in the Validation Grid are objective and require the Validator to decide whether they are met or not met.

The other half are less objective, and relate to:

a. **Indicator 4 – Country Work Plan**. As noted above, the Country Work Plan is a key element of the validation process. Because of this, indicator 4 in the grid has an associated Indicator Assessment Tool to outline the expected component of a Country Work Plan.
b. **The preparation stage.** Assessment of progress by the Validator in the preparation stage necessarily involves consideration of the approaches to implementation in different countries. To this end each indicator has an associated Indicator Assessment Tool which provides guidance to the Validator on how to assess the indicator.
c. **Company Validation.** This is part of the country Validation process, but which will require answers to questions that are specific to company activities. The Indicator Assessment Tool for companies provides a self-assessment form which each company must fill in. There is no tick box in the Grid for company Validation since it would be difficult to summarise the many company reports with one 'met' or 'unmet' response. Rather, the Validator should include a review of company responses in the narrative report, as well as collating a table of company response to include in the Validation Report.
d. **Dissemination.** Assessment of specific actions to make the Validation Report publicly available.
e. **Review**, which establishes qualitative objectives for review.

As noted above, Indicator Assessment Tools have been developed for specific indicators. The purpose of the IATs is to provide additional guidance for the Validator in situations where the indicator is more involved or subjective. In some IATs the Validator should ensure each piece of evidence noted is seen. For other IATs the tool indicates that there are different approaches that countries might take, and that evidence noted is illustrative. For those IATs it is not necessary to see each piece of evidence noted to assess the indicator positively.

c. Company Forms

Company implementation of EITI should also be validated. This should primarily happen as part of country validation. The country validation process therefore contains a self-assessment form for companies to fill in and return to the Validator. The Validator has the authority to ask companies for more supporting information if necessary.

Completed forms should be posted on the company website and the Validation report should contain a collated table of company self assessment forms.

Should a company fail to complete the self-assessment form, the Validator will indicate this in the Validation Report, and include in the report any relevant information on the company that is in the public domain. The company will be given an opportunity to check this information.

Companies participating in EITI should post an endorsement of the initiative on their website.

Companies that have made international commitments to support EITI should fill in an international level self-assessment form, which should be sent directly to the EITI Secretariat. These will be posted on the EITI website.

3. The Validation report

As noted above, the Validation Report should contain:

- A short narrative report on progress against the Country Work Plan.
- A short narrative report on progress against the indicators in the Validation Grid.
- The Completed Validation Grid.
- A narrative report on company implementation
- Collated company Validation forms.
- <u>An overall assessment of the implementation of EITI: is a country a candidate, compliant or is there no meaningful progress.</u>

It is important that, where Validation shows that no meaningful progress has been made, and that there is little intention to implement EITI in line with the Principles and Criteria, the Validator provides a clear assessment of whether this means the Board should consider de-listing the country from the list of Candidate countries. Before making any such recommendation the Validator should seek to ensure that the country has had time to act on any such findings – this might mean, for instance, that such a recommendation would only be justified following two validation exercises which each reached similar conclusions. However, in other circumstances it might be appropriate to come to such a conclusion after only one validation.

The report should also contain lessons learned, as well as any concerns people have expressed, and recommendations for future implementation of EITI.

Once the Report is agreed by the MSG, the government and the EITI Board, it should be published and made widely available in English, as well as any local languages.

4. After Validation

Any disagreements from the government, MSG or EITI Board over the Validator's Report should first be dealt with by the Validator working with these groups. If the disagreement can be resolved, the Validator should make the appropriate amendments in the report. If a disagreement cannot be resolved, it should be noted in the Validator's Report.

Serious disagreements with regard to the Validation process should be presented to the EITI Board and Chair, who will try to resolve them. The Board and Chair have the authority to reject complaints that they consider to be trivial, vexatious or unfounded.

3. Validation Grid

oup

EITI Criteria –

Implementation of EITI must be consistent with the criteria below.

1. PUBLICATION: Regular publication of all material oil, gas and mining payments to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner.

2. AUDIT: Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards.

3. RECONCILIATION: Payments and revenues are reconciled by a credible, independent administrator, applying international auditing standards, and with publication of the administrator’s opinion regarding that reconciliation including any discrepancies, should be any be identified.

4. SCOPE: This approach is extended to all companies including state owned companies

5. CIVIL SOCIETY: Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process, and contributes towards public debate.

6. WORK PLAN: A public, financially sustainable Work Plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation and an assessment of potential capacity constraints.

EITI Implementation

Sign up

1. Has the government issued an unequivocal public statement of its intention to implement EITI? ☐

2. Has the government committed to work with civil society and companies on EITI implementation? ☐

3. Has the government appointed a senior individual to lead on EITI implementation? ☐

4. Has a fully costed Work Plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (gov., private sector and civil society?

See Indicator Assessment Tool (IAT) ☐

Preparation

5. Has the government established a multi-stakeholder committee to oversee EITI implementation?
See IAT ☐

6. Is civil society engaged in the process?
See IAT ☐

7. Are companies engaged in the process?
See IAT ☐

8. Did the government remove any obstacles to EITI implementation?
See IAT ☐

9. Have reporting templates been agreed?
See IAT ☐

10. Is the multi-stakeholder committee content with the organisation appointed to reconcile figures?
See IAT ☐

11. Has the government ensured all companies will report?
See IAT ☐

12. Has the government ensured that company reports are based on audited accounts?
See IAT ☐

13. Has the government ensured that gov. reports are based on audited accounts?
See IAT ☐

Disclosure

14. Were all material oil, gas and mining payments by companies to government (“payments”) disclosed to the organisation contracted to reconcile figures and produce the EITI report? ☐

15. Were all material oil, gas and mining revenues received by the government (“revenues”) disclosed to the organisation contracted to reconcile figures and produce the EITI report? ☐

16. Was the multi-stakeholder group content that the organisation contracted to reconcile the company and government figures did so satisfactorily? ☐

17 Did the EITI report identify discrepancies and make Recommendations for actions to be taken? ☐

How have oil, gas and mining companies supported EITI implementation?

See IAT

Dissemination

18. Was the EITI report made publicly available in a way that was:
- publicly accessible
- comprehensive
- Comprehensible.

See IAT ☐

What steps have been taken to act on lessons learnt, address discrepancies and ensure EITI implementation is sustainable?

See IAT

4. Indicator Assessment Tools

Grid indicator 4: Indicator Assessment Tool

Indicator: Has a fully costed Country Work Plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)?

Purpose: The Country Work Plan is the foundation of the country validation process. The sixth EITI Criteria requires that a work plan is produced that is agreed with key EITI stakeholders and is publicly available.

Evidence: To give this indicator a tick, the Validator is expected to see evidence that the workplan has been agreed with key stakeholders and that it contains:

- Measurable targets
- A timetable for implementation
- An assessment of potential capacity constraints.
- How the Government will ensure the multi-stakeholder nature of EITI, particularly in terms of the involvement of civil society.
- A timetable for Validation during the stage at which a country is a ‘Candidate’. This should reflect country needs, but should take place at least once every two years.
- The Work Plan should also elaborate on how the Government will pay for Validation.

The Validator will need to assess progress on the implementation of EITI against these targets and timetables, and assess whether a country has acted on the identified capacity constraints.

A key element in the country validation process will be whether the timetable for implementation is being followed. If the timetable is not being met, the Validator - based on evidence from key stakeholders and others - will need to consult with key stakeholders and determine whether delays in meeting the timetable are reasonable. If unreasonable, the Validator will need to consider whether to recommend that the country be de-listed from the list of Candidate countries.

Grid indicator 5: Indicator Assessment Tool

Indicator: **Has the government established a multi-stakeholder group to oversee EITI implementation?**

Purpose: Implementation of EITI should be overseen by a group comprising all appropriate stakeholders, including – but not limited to – the private sector, civil society (including independent civil society groups and other civil society, such as the media and parliamentarians) and relevant government ministries (including government leads). The group should agree clear, public terms of reference (TOR). These TORs should at least include: endorsement of the Country Work Plan – following revisions where necessary; choosing an auditor to undertake audits where data submitted for reconciliation by companies or the government are not already audited to international standards; choosing an organisation to undertake the reconciliation; and, other areas as noted in the Validation grid.

Evidence: To give this indicator a tick, the Validator is expected to see evidence that a multi-stakeholder group has been formed, that it comprises the appropriate stakeholders and that its terms of reference fit the purpose.

Evidence should include:

- Stakeholder assessments where these have been carried out.
- Information on the membership of the Multi-Stakeholder Group:
    - Was the invitation to participate in the group open and transparent?
    - Are stakeholders adequately represented (this does not mean stakeholders have to be equally represented)?
    - Do stakeholders feel that they are adequately represented?
    - Do stakeholders feel they can operate as part of the committee – including by liaising with their constituency groups and other stakeholders – free of undue influence or coercion?
    - Are civil society members of the group operationally, and in policy terms, independent of government and/or the private sector.
    - Where group members have changed, has there been any suggestion of coercion or an attempt to include members that will not challenge the status quo?
    - Do group members have sufficient capacity to carry out duties?
- TORs – do the TORs give the committee a say over the implementation of EITI? These TORs should at least include: endorsement of the Country Work Plan – following revisions where necessary; choosing an auditor to undertake audits where data submitted for reconciliation by companies or the government are not already audited to international standards; choosing an organisation to undertake the reconciliation; and, other areas as noted in the Validation grid.
- Are senior government officials represented on the committee?

Grid indicator 6: Indicator Assessment Tool

Indicator: **Is civil society engaged in the process?**

Purpose: This indicator reinforces indicator 5. The EITI criteria require that civil society is actively engaged as a participant in the design, monitoring and evaluation of the process, and that it contributes to public debate. To achieve this, EITI implementation will need to engage widely with civil society. This can be through the multi-stakeholder group, or in addition to the multi-stakeholder group.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government, and the EITI multi-stakeholder group where appropriate, have sought to engage civil society stakeholders in the process of implementation of EITI. This should include the following evidence:

- Outreach by the multi-stakeholder group to wider civil society groups, including communications (media, website, letters) with civil society groups and/or coalitions (e.g. a local Publish What You Pay coalition), informing them of the government's commitment to implement EITI, and the central role of companies and civil society.
- Actions to address capacity constraints affecting civil society participation, whether undertaken by government, civil society or companies.
- Civil society groups involved in EITI should be operationally, and in policy terms, independent of government and/or the private sector.
- Civil society groups involved in EITI are free to express opinions on EITI without undue restraint or coercion.

Grid indicator 7: Indicator Assessment Tool

Indicator: **Are companies engaged in the process?**

Purpose: This indicator reinforces indicator 5. EITI implementation requires that companies are actively engaged in implementation and that all companies report under EITI. To achieve this, EITI implementation will need to engage widely with oil, gas and mining companies. This can be through the multi-stakeholder group, or in addition to the multi-stakeholder group.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government, and the EITI multi-stakeholder group where appropriate, have sought to engage companies (oil, gas and mining) in the implementation of EITI. This should include the following evidence:

- Outreach by the multi-stakeholder group to oil, gas and mining companies, including communications (media, website, letters) informing them of the government's commitment to implement EITI, and the central role of companies.
- Actions to address capacity constraints affecting companies, whether undertaken by government, civil society or companies.

Grid indicator 8: Indicator Assessment Tool

Indicator: **Did the government remove any obstacles to EITI implementation?**

Purpose: Where legal, regulatory or other obstacles to EITI implementation exist, it will be necessary for the government to remove these. Common obstacles include confidentiality clauses in government and company contracts and conflicting government departmental remits.

Evidence: To give this indicator a tick the Validator should see evidence that the government has removed any obstacles. This might be following a proactive assessment of obstacles, or through reactive action to remove obstacles as they arise. There is no one way of dealing with this issue – countries will have various legal frameworks and other agreements that may affect implementation, and will have to respond to these in different ways.

The sort of evidence the Validator will want to see could include:

- A review of the legal framework
- A review of the regulatory framework
- An assessment of obstacles in the legal and regulatory framework that may affect implementation of EITI
- Proposed or enacted legal or regulatory changes designed to enable transparency
- Waiver of confidentiality clauses in contracts between the government and companies to permit the disclosure of revenues
- Direct communications with e.g. companies, allowing greater transparency
- Memoranda of Understanding setting out agreed transparency standards and expectations between government and companies.

Grid indicator 9: Indicator Assessment Tool

Indicator: **Have reporting templates been agreed?**

Purpose: Reporting templates are central to the process of disclosure and reconciliation, and the production of the final EITI report. The template will define which revenue steams are included in company [and government] disclosures. The templates will need to be agreed by the multi-stakeholder group.

The EITI criteria require that "all material oil, gas and mining payments to government" and "all material revenues received by governments from oil gas and mining companies" are published. EITI templates will need, therefore, to define by agreement of the multistakeholder group what these material payments and revenues comprise, and what constitutes 'material'. It will also be necessary for the multistakeholder group to define the time periods covered by reporting. A revenue stream is material if its omission or misstatement could materially affect the final EITI report.

It is commonly recognised that the following revenue streams should be included:

- Host government's production entitlement
- National state owned company production entitlement
- Profits taxes
- Royalties
- Dividends
- Bonuses (such as signature, discovery, production)
- Licence fees, rental fees, entry fees and other considerations for licences and/or concessions
- Profit oil
- Other significant benefits to government as agreed by the multistakeholder group

Evidence: to give this indicator a tick, the Validator will need to see evidence that the multi-stakeholder group were consulted in the development of the templates, that wider constituencies had the opportunity to comment, and that the multi-stakeholder group agreed the final templates. This could include the following evidence:

- Draft templates provided to the multi-stakeholder group
- Multi-stakeholder group minutes of template discussions
- Communications to wider stakeholders (e.g. companies) regarding the design of the templates.
- Arrangement to enable stakeholders to understand the issues involved.
- Agreement by the multi-stakeholder group that they agreed the templates, including all revenue streams to be included.

Grid indicator 10: Indicator Assessment Tool

Indicator: **Is the multi-stakeholder group content with the organisation appointed to reconcile figures?**

Purpose: An organisation will need to be appointed to receive the disclosed company and government figures, reconcile these figures, and to produce the final EITI report. This organisation is variously known as an administrator, reconciler, or auditor. It is vital that this role is performed by an organisation that is perceived by stakeholders to be credible, trustworthy, and technically capable.

Evidence: to give this indicator a tick, the Validator will need to see evidence that the multi-stakeholder group were content with the organisation appointed to reconcile figures. This could include the following evidence:

- TORs agreed by the multi-stakeholder group
- A tender process agreed by the multi-stakeholder group, which should reflect existing good practice, including the use of an open, competitive, international tender.
- Agreement by the multi-stakeholder group of the final choice of organisation.

Grid indicator 11 : Indicator Assessment Tool

Indicator: **Has the government ensured all companies will report?**

Purpose: The EITI criteria require that all companies – public (state owned), private, foreign and domestic - report payments to the government, according to agreed templates, to the organisation appointed to reconcile disclosed figures. The government will need to take all reasonable steps to ensure all companies do report. This might include the use of voluntary agreements, regulation or legislation. It is recognised that there might be good (albeit exceptional) reasons why some companies cannot be made to report in the short term. In this situation, government must demonstrate that they have taken appropriate steps to bring these companies in to the reporting process in the medium term, and that these steps are acceptable to other companies.

Evidence: to give this indicator a tick, the Validator will need to see evidence that the government has done one of the following:

- Introduced/amended legislation making it mandatory that companies report as per EITI criteria and the agreed reporting templates.
- Introduced/amended relevant regulations making it mandatory that companies report as per EITI criteria and the agreed reporting templates.

- Negotiated agreements (such as memoranda of understanding and waiver of confidentiality clauses under production sharing agreements) with all companies to ensure reporting as per the EITI criteria and the agreed reporting templates.
- Where companies are not participating, the government is taking generally recognised (by other stakeholders) steps to ensure these companies report by an agreed (with stakeholders) date.

Grid indicator 12: Indicator Assessment Tool

Indicator: **Has the government ensured that company reports are based on audited accounts to international standards?**

Purpose: The EITI criteria require that all data disclosed by companies is based on data drawn from accounts which have been audited to international standards. This is a vital component of EITI implementation.

Evidence: to give this indicator a tick, the Validator will need to see evidence that the government has taken steps to ensure data submitted by companies is audited to international standards. This could include the following:

- Government passes legislation requiring figures to be submitted to international standards
- Government amends existing audit standards to ensure they are to international standards, and requires companies to operate to these.
- Government agrees and an MoU with all companies whereby companies agree to ensure submitted figures are to international standards.
- Companies voluntarily commit to submit figures audited to international standards.
- Where companies are not submitting figures audited to international standards, the government has agreed a plan with the company (including SOE) to achieve international standards against a fixed timeline.
- Where figures submitted for reconciliation are not to audited standards, the multi-stakeholder group is content with the agreed way of addressing this?

Grid indicator 13: Indicator Assessment Tool

Indicator: **Has the government ensured that government reports are based on audited accounts?**

Purpose: EITI criteria require that all data disclosed by the government is audited to international standards.

Evidence: to give this indicator a tick, the Validator will need to see evidence that the government has taken steps to ensure data submitted is audited to international standards. This could include the following:

- Government passes legislation requiring figures to be submitted to international standards
- Government amends existing audit standards to ensure they are to international standards, and ensures compliance with these.
- Where figures submitted for reconciliation are not to audited standards, the multi-stakeholder group is content with the agreed way of addressing this?

Grid indicator 18: Indicator Assessment Tool

Indicator: **Was the EITI report made publicly available in a way that was:**
- publicly accessible
- comprehensive
- comprehensible

Purpose: EITI is ultimately fully implemented when the EITI Report is made public, and it is widely disseminated and openly discussed by a broad range of stakeholders. The EITI Criteria require that the report is publicly available in a way that is publicly accessible, comprehensive and comprehensible.

Evidence: To give this indicator a tick, the Validator will need to see evidence that the government ensured the report was made publicly available in ways that are consistent with the EITI criteria, including by:

- Producing paper copies of the report, which are distributed to a wide range of key stakeholders, including civil society, companies, the media and others.
- Making the report available on-line, and publicising its web location to key stakeholders.
- Ensuring the report is comprehensive, including all information gathered as part of the Validation process.
- Ensuring the report is comprehensive, including Recommendations for improvement.
- Ensuring the report is comprehensible, including by ensuring it is written in a clear, accessible style and in appropriate languages.
- Ensuring that outreach events – whether organised by government, civil society or companies – are undertaken to spread awareness of the report.

5. Company Forms

Grid indicator: Indicator Assessment Tool

Indicator: **How have oil, gas and mining companies supported EITI implementation?**

Purpose: In accordance with the EITI Principles and Criteria, all companies operating in the relevant sectors in countries implementing EITI have to disclose material payments to the government in accordance with agreed reporting templates and to support EITI implementation. This includes: expressing public support for the initiative; taking part, or supporting, the multi-stakeholder process; disclosing agreed data, which is audited to international standards; and cooperating with the Validator where they have queries over company forms.

Evidence: This indicator does not require the Validator to provide an overall assessment. The Validator should provide a written assessment in the EITI Validation Report based on the self assessed Company Validation Forms (in section 7 below) which each company is required to complete. Where companies do not fill in forms, the Validator should note this in the final report. In addition, the Validator should include in the final report any relevant information on the company concerned that is already in the public domain. As well as using the forms to summarise company performance in the EITI Report, the forms should be publicly available and a table collating company responses should be included in the EITI Report.

The Validator should contact all the companies required to fill in forms at the start of the Validation, inform them of the requirement to complete the form and request that the forms be returned to the Validator. In addition, the Validator should ask companies to comment on lessons learnt and best practice. Companies will have two ways of providing such comments:

- Companies can use the space provided on the self assessment forms, or
- Companies can provide verbal evidence to the Validator where issues the company wishes to note are of a sensitive nature. The Validator will summarise anonymised lessons and experiences in the Validation report.

The self assessment form should be filled in, in the first instance by the company, as follows:

<u>Country level:</u>

- Each oil, gas or mining company active in the country being Validated should complete the Company Validation Form as a self-assessment and should submit it to the Validator.
- The national Validator will collate responses and may contact companies if they have additional questions or require further supporting information. Companies should respond positively to such requests.
- Companies should make forms for each country of operation publicly available on their external websites

<u>International level</u>:

- The international part of the form should be completed by each company as a self-assessment and this should be sent to the EITI Secretariat who will put it on the EITI website.
- Companies should also provide clear endorsement of EITI on their website.

EITI Company Validation Form

<table>
<tr><td colspan="4">Country-level</td></tr>
<tr><td colspan="2">COMPANY:</td><td colspan="2">COUNTRY:</td></tr>
<tr><td colspan="2">Mark indicators below with a ✓</td><td>Yes</td><td>No</td></tr>
<tr><td colspan="2">1. Has the company made public statements in support of the EITI process in this country?
2. Has the company committed to support and cooperate with implementation of the Country EITI Work Plan (as agreed by the Multi-stakeholder Working Group), including abiding by government EITI related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders.
3. Have all material payments been disclosed to the organisation contracted to reconcile figures and produce the EITI report as per agreed EITI Reporting Templates and pursuant to agreed timelines?
4. Was the data that was submitted to the organisation contracted to reconcile figures and produce the EITI report taken from accounts independently audited to international standards?
5. Has the company responded to queries from the organisation contracted to reconcile figures and produce the EITI report to assist in reconciliation of country payments with government receipts in accordance with EITI Reporting Templates?</td><td></td><td></td></tr>
<tr><td colspan="2"></td><td>Yes</td><td>No</td></tr>
<tr><td colspan="2">Overall Assessment (of above)</td><td></td><td></td></tr>
<tr><td>Narrative opinions</td><td colspan="3"></td></tr>
<tr><td>If any indicators above are marked ‘no’, please provide an explanation.</td><td colspan="3"></td></tr>
<tr><td>Any other comments</td><td colspan="3"></td></tr>
</table>

<table>
<tr><td colspan="4">International level</td></tr>
<tr><td colspan="4">COMPANY:</td></tr>
<tr><td colspan="2">Mark indicators below with a ✓</td><td>Yes</td><td>No</td></tr>
<tr><td colspan="2">1. Has the company published a clear public statement endorsing the EITI Principles and Criteria, and ensured this is accessible on its external website?
2. If applicable (i.e. for operations in EITI implementing countries that have completed at least one Validation), has the company provided links on its external website to completed company Validation forms?
3. Has the company assigned strategic responsibility for EITI to a member of its senior management and appointed a lead contact person responsible for communication of the company's EITI policy, action in support of EITI, and responding to queries from EITI stakeholders?
4. If the International EITI Conference has taken place in the Validation period, did a member of senior management attend or send a statement of support?
5. Where a company has a global sustainability report or corporate responsibility report, has the company included a summary of its contribution to EITI in this and on its external website?</td><td></td><td></td></tr>
<tr><td colspan="2"></td><td>Yes</td><td>No</td></tr>
<tr><td colspan="2">Overall Assessment</td><td></td><td></td></tr>
<tr><td>Narrative opinions</td><td colspan="3"></td></tr>
<tr><td>If any indicators above are marked 'no', please provide an explanation.</td><td colspan="3"></td></tr>
<tr><td>Any other comments</td><td colspan="3"></td></tr>
</table>

6. Review indicator

Grid indicator: Indicator Assessment Tool

Indicator: What steps have been taken to act on lessons learnt, address discrepancies and ensure EITI implementation is sustainable?

Purpose: The production and dissemination of an EITI report is not the end of implementation of EITI. The value comes from the process as much as the product, and it is vital that lessons learnt in implementation are acted upon, that discrepancies identified in the EITI Report are addressed and that EITI implementation is on a stable, sustainable footing.

Evidence: The Validator should see evidence that a review mechanism has been established that takes account of the purpose outlined above. The Validator should comment on this in the Validation Report.

Annex B: Terms of Reference for the EITI Validator

These TORs seek to identify the key skills required, and the core responsibilities of the Validator.

The EITI Validator

1.1 The EITI Validator will be expected to state whether a country is doing what it is saying it is doing. Within this, the Validator will need to be able to say whether companies in the country concerned are playing their role as well.

1.2 The phrase 'doing what they say they are doing' is used advisedly. EITI Validation is not a simple black-and-white process. While assessment of a country as Compliant contains effectively a pass/fail assessment, countries that are not fully implementing are still validated, and their progress charted. It will take months, and for many countries, years to put in place the necessary systems to be able to put into practice their EITI commitments. It has been agreed by the International Advisory Group that Validation should recognise progress as well as absolute achievement.

1.3 The International Advisory Group agreed a set of principles that should underpin Validation:
• EITI Validation should focus on EITI implementation. It should not seek to Validate implementation of other transparency policies.
• Validation should be based on a common global standard, to ensure comparability across countries.
• The process should also be country owned, and reflect the country specific nature of EITI implementation, to ensure that individual country circumstances are understood and taken into account.
• The process should involve multi-stakeholder participation.
• The Validation process should be light touch and should not create unnecessary bureaucracy. As far as possible, the process should build on existing organisations and capacity.
• The process should emphasise constructive Recommendations rather than criticism.
• The Validator should have requisite expertise, knowledge and experience of EITI
• The Validator should have sufficient capacity (e.g. in terms of staffing) to carry out this role effectively.

1.4 Validation is not a financial audit. The job of the Validator is to check that countries and companies are doing what they say they are doing. The Validator will not seek to undertake financial audits.

What is being Validated?

2.1 There are two contexts in which Validation takes place:

• A country has committed to implement EITI – including a commitment to work with civil society and companies, appointment of a lead individual, and the agreement of a work plan with relevant stakeholders - but has not yet reached a stage whereby an EITI report is published, disseminated and debated. In this case the Validator is expected to assess the stage of progress the country has reached – and to Validate whether the country (the government) is where it says it is. Such a country will be known as an EITI Candidate.

• A country has committed to implement EITI, and has produced an EITI report which has been published, disseminated and debated. In this case the Validator is expected to assess whether this is the case and whether the report was produced in accordance with the EITI Criteria (below). If the answer is that the country is doing what is says it is doing, and that it has done so in accordance with the criteria, the Validator would be expected to Validate that the country is ''doing' EITI. Such a country will be known as EITI Compliant.

Skills and competencies required of EITI country Validator

3.1 The Validator will need to bring a number of key skills and competencies to bear on the process of Validation. At the heart of the Validator's skills will need to be:

• Technical financial skills: knowledge of international auditing standards, private sector audit reports, government audit reports and public financial management.

In addition, the Validator (or members of the Validation team) will need to be able to demonstrate that they have:

- Experience of development processes, including knowledge of working with civil society, including in terms of working in difficult environments where civil society can be constrained in its work by a challenging government.
- Credibility: the Validator needs to be credible in the eyes of the host government, the private sector and civil society.
- The Validator should have requisite expertise, knowledge and experience of EITI
- The Validator should have sufficient capacity (e.g. in terms of staffing) to carry out this role effectively
- The Validator is expected to have sufficient status and skill to prevent, and resolve if necessary, disagreements.

3.2 It is expected that the Validator will comprise of a number of people with key skills and competencies. These may be drawn from one firm, such as an international audit firm, or comprise a number of separate individuals with appropriate skills and background. In such a situation, it will be important to have one person or firm to lead the process and take overall responsibility.

3.3 Possible Validation teams:
• A team may be drawn from an international consulting or audit firm
• A team may be put together by an international audit firm, drawing on external contacts.
• A team may be put together under the auspices of a credible international figure, such as a senior retired politician, legal figure or public servant.

3.4 The Validator will be responsible for presenting a list of all proposed team members to the board for approval

3.5 The Validator shall also present a proposed budget to the board for approval prior to commencing activities.

Process of Validation (see Validation Guide for further details)

4.1 The first step is the appointment of a Validator by the Multistakeholder group. The selected Validator will then use three key documents to underpin their work. These

are:
- The Country Work Plan
- The Validation Grid (and associated Indicator Assessment Tools), and
- The Company Self Assessment Forms

4.2 Using these documents, the Validator meets with the Multi-stakeholder Group, the organisation contracted to reconcile the figures disclosed by companies and the Government and other key stakeholders (including companies and civil society not on the Multi-stakeholder group).

4.3 Using this information, the Validator completes a report, comprising:

- A short narrative report on progress against the Country Work Plan.
- A short narrative report on progress against the indicators in the Validation Grid.
- The Completed Validation Grid.
- A narrative report on company implementation
- Collated company Validation forms.
- <u>An overall assessment of the implementation of EITI: is a country a candidate, compliant or is there no meaningful progress.</u>

4.4 The report should also contain lessons learned, as well as any concerns people have expressed, and recommendations for future implementation.

4.5 This report goes initially to the Multi-stakeholder group, the Government and the EITI Board. If these groups are content with the Validation Report, it is published and conclusions and suggestions acted upon. The report should be published in English, as well as any local languages.

4.6 If there is disagreement regarding validation, then this is dealt with in the first instance locally by the Validator, with the EITI Board only called in to help in cases of serious dispute.

Annex C: Terms of Reference for the EITI Board

The IAG recommends that a Board be established to oversee the future operation of EITI, including the work of the EITI Secretariat. It will include representatives from EITI implementing countries, supporting companies and company associations, supporting countries, investors and civil society organisations. The Board will have responsibility for oversight of the overall development, strategic direction, and credibility of EITI, and will make recommendations on these issues for agreement by the EITI Conference, through a written report to the Conference. The Board will also oversee and direct the work of the EITI Secretariat.

These Terms of Reference for the Board will be finalised at the first meeting of the Board after the 2006 EITI Conference.

1. Key Functions of the Board

i) Consideration of general and specific policy issues as they arise;

The Board will play a key role in consideration of policy issues affecting EITI. It will deliberate and decide on ongoing policy issues, provided that on key policy issues it will make recommendations to the EITI Conference for agreement. The Board will also need to consider any issues that are raised by the EITI Conference. For example, after the 2006 EITI Conference, the Board will need to conclude discussion on areas left open by the International Advisory Group on the international management arrangements.

ii) Directing the Operations of the Secretariat

An EITI Secretariat has been established which will be responsible for day-to-day running of EITI and communicating with stakeholders. It will work with the Chair and members of the Board to promote the concept of revenue transparency and the global adoption and implementation of EITI through building critical relationships and through a programme of outreach and publicity.

The Board will direct the work of the Secretariat. Members of the Board – working through the Chair of the Board, may, within reason, individually or collectively seek the advice of the Secretariat on specific policy issues – including commissioning research as appropriate.

iii) Assessment of EITI status of implementing countries and supporting companies.

This will include approval of a list of assessors – or “validators” (prepared by the Secretariat); agreeing validation reports; and taking an oversight and final arbiter role in assessing non-implementing EITI countries.

With regard to the latter, the Board should normally rely on the independent judgement of the validators. It would, however, reserve the right - in highly exceptional circumstances - to override the validators’ Recommendations. In such circumstances, the Board would allow individual members with conflicts of interest, to recuse themselves (and possibly nominate an alternate) from the discussion on a particular country.

iv) Preparing a report to the Bi-annual EITI Conference.

The Board, with the support of the Secretariat, will provide a report(s) for agreement by the EITI conference. This will include consideration and Recommendations of key policy issues affecting EITI development as well as a report on progress with EITI Candidate and EITI Compliant countries.

2. Use of Sub-Committees and Groups

The Board may consider creating sub-working Groups to further specific issues as appropriate. The aim should be that any sub-group formed should reflect, as far as is reasonable, the multi-stakeholder make-up of the EITI Board. These sub-groups may be assisted by appropriate panels of technical experts. Sub-groups would be chaired by members of the Board and supported by the Secretariat. The IFIs might also be represented on these sub-groups as appropriate.

3. Relationship of EITI Board with the Management Committee of the Multi-Donor Trust Fund

The Multi-Donor Trust Fund was established to provide financial support to countries seeking to implement EITI. It is administered by the World Bank. The work plan of the MDTF is set by a Management Committee consisting of the World Bank and governments who have contributed in excess of US$500,000 to the MDTF. It is proposed that a Memorandum of Understanding be drawn up between the Board and the Management Committee.

4. Role of the Chair of the EITI Board

The Chair of the Board will lead the deliberations of the Board and of the Conference, seeking to maintain collaborative relationships between members and key participants, including governments, companies, civil society and international institutions. The Chair will be a voting member of the Board; with, if a majority voting system is agreed, the casting vote in the case of a tie.

The Chair should:

- Present the Board report to the EITI Conference;
- Ensure that the multi-stakeholder nature of the initiative is maintained and fully reflected in EITI at all levels;
- Represent EITI to the political and business world at the highest levels, with a view to further building global commitment to revenue transparency and to attract the necessary funding from governments, companies and other institutions.
- Provide strategic direction to the Secretariat.

The Chair should, with the support as appropriate of Board members and other relevant parties, be responsible for the appointment and supervision of its Head, including operational guidance and performance review against an agreed Work Plan.

The Chair should work with Board members between Board meetings on issues that require Board approval / consideration. The Board should agree a process where the Chair can consult on significant issues in a streamlined manner to ensure that action can be taken quickly when required.

5. Arrangements for the Board:

The Secretariat will organise meetings of the Board and the Conference in collaboration with host country governments and others as appropriate. The Board will have an annual budget of $120,000. This would allow for up to four Board meetings a year – although the Board may decide to have only 2 -3 meetings in person and convene through video or tele-conference in between times. The Board will decide on a location convenient to the majority of members.

Further consideration needs to be given to the decision making process to be adopted by the Board. Reflecting the multi-stakeholder nature of EITI, the Board should aim to operate in a consensual manner at all times. However, there may be occasions when a vote is required. A voting mechanism should be agreed by all Members at the first meeting of the Board that balances the wish to protect minority positions with the need to have an efficient decision-making process. For example, a suggestion has been made that where at least one quarter of the members of the Board request it, a policy issue may be declared a “key policy” issue. Such issues will be resolved only with 2/3 majority vote of the Board, and if so resolved, with the agreement of the EITI Conference.

The Board should be required to conduct all its activities in a fully transparent way. This includes making available its agendas, papers and minutes. The working language of the Board should be English, although translation should be available for additional languages if required and agreed by the Board.

Annex D: Attendees at each IAG meeting

The First EITI International Advisory Group Meeting

On Friday 26 August 2005, the inaugural meeting of the EITI IAG was held at Lancaster House, London, UK.

Chair:
Peter Eigen.

The following members of the IAG participated:
Sabit Bagirov, Coordinator, Coalition for Improving Transparency in the Extractive Industries, Azerbaijan
Graham Baxter, Vice President, Corporate Responsibility, BP
Edward Bickham, Executive Vice President, External Affairs, Anglo American
Oby Ezekwesili, Minister of Solid Minerals Development, Nigeria
Larry Greenwood, Deputy Assistant Secretary, US State Department
Gavin Hayman, Lead Campaigner, Global Witness
Patrick Lafon, General Secretary, Central African Bishops Conference, Cameroon
Sam Laidlaw, Executive Vice President, Chevron
Karin Lissakers, Senior Advisor to George Soros, Open Society Institute
Karina Litvack. Director, Head of Governance and Socially Responsible Investment, F & C Asset Management
Leiv Lunde, State Secretary for International Development, Ministry of Foreign Affairs, Norway
Samir Sharifov, Executive Director, State Oil Fund of Azerbaijan
Yannick Tagand, Ministere des Affaires Etrangeres, France

Participants for the Secretariat:
Charles McPherson, Senior Advisor, Oil, Gas, Mining and Chemicals Department, World Bank
Ben Mellor, Head of EITI Secretariat, DFID
Anton Op de Beke, Senior Economist, Policy Development and Review Department, IMF

The Second Meeting

On Friday, 21 October 2005, the second meeting of the EITI IAG was held at the World Bank Headquarters, Washington, DC.

Chair:
Peter Eigen.

The following members of the IAG participated:
Graham Baxter, BP
Edward Bickham, Anglo American (via v/c)
Stuart Brooks, Chevron Texaco
Raul Campos, Petrobras
Tormod Endresen, Government of Norway
Dr. Oby Ezekwesili, Government of Nigeria
Larry Greenwood, Government of U.S.A.
Gavin Hayman, Global Witness
Delphine Lida, Government of France
Father Patrick Lafon, Central African Bishops Conference, Cameroon
Karin Lissakers, Open Society Institute

Karina Litvack, F&C Asset Management
Samir Sharifov, Government of Azerbaijan

Apologies from:
Carlos Garaycochea from Government of Peru, was unable to attend

Participants for the Secretariat:
Martin Fetherston, IMF
Charles McPherson, World Bank
Ben Mellor, Government of UK

The Third Meeting

On Thursday, 16 February 2006 the third meeting of the EITI IAG was held at the Transcorp Hilton Hotel, Abuja, Nigeria.

Chair:
Peter Eigen.

The following members of the IAG participated:
Samir Awad, Petrobras
Sabit Baghirov, NGO Coalition of Azerbaijan
Graham Baxter, BP
Edward Bickham, Anglo American
Paul Bonicelli, Government of the U.S.A
Stuart Brooks, Chevron
Tormod Endresen, Government of Norway
Oby Ezekwesili, Government of Nigeria
Carlos Garaycochea, Government of Peru
Gavin Hayman, Global Witness
Karin Lissakers, Open Society Institute
Karina Litvack, F&C Asset Management
Samir Sharifov, Government of Azerbaijan
Yannick Tagand, Government of France

Participants for the Secretariat:
Charles McPherson, World Bank
Ben Mellor, Government of the UK
Jesus Seade, IMF

Apologies from:
Patrick Lafon, Catholic Bishop's Conference

The Fourth Meeting

On Wednesday, 05 April 2006, the fourth meeting of the EITI IAG was held at the Park Hyatt Hotel, Baku, Azerbaijan.

Chair:
Peter Eigen.

The following members of the IAG participated:
Sabit Baghirov, NGO Coalition of Azerbaijan
Graham Baxter, BP

Edward Bickham, Anglo American
Stuart Brooks, Chevron
Tormod Endresen, Government of Norway
Gavin Hayman, Global Witness
Stephen Krasner, Government of the U.S.A
Patrick Lafon, Catholic Bishop's Conference, West Africa
Karin Lissakers, Open Society Institute
Karina Litvack, F&C Asset Management
Bright Okogu, Government of Nigeria
Therezinha Serpa, Petrobras
Samir Sharifov, Government of Azerbaijan
Jean-Pierre Vidon, Government of France

Participants for the Secretariat:
Charles McPherson, World Bank
Ben Mellor, Government of the UK
Anton Op de Beke, IMF

Apologies from:
Carlos Garaycochea, Government of Peru

The Fifth Meeting

On Tuesday, 20 June 2006, the fifth meeting of the EITI IAG was held at Lancaster House, London, UK.

Chair:
Peter Eigen.

The following members of the IAG participated:
Sabit Baghirov, NGO Coalition of Azerbaijan
Graham Baxter, BP
Edward Bickham, Anglo American
Stuart Brooks, Chevron
Joaquim Dib Cohen, Petrobras
Tormod Endresen, Government of Norway
Oby Ezekwesili, Government of Nigeria
Carlos Garaycochea, Government of Peru
Gavin Hayman, Global Witness
Stephen Krasner, Government of the U.S.A
Patrick Lafon, Catholic Bishop's Conference
Karin Lissakers, Open Society Institute
Karina Litvack, F&C Asset Management
Shahmar Movsumov, Government of Azerbaijan
Jean-Pierre Vidon, Government of France

Participants for the Secretariat:
Charles McPherson, World Bank
Ben Mellor, Government of the UK