

Constituency Arrangements for Nominating Board Members

For information only

EITI International Secretariat Oslo, 6 March 2009

1 Background

The Articles of Association adopted by the Constitution Meeting on 16 February 2009, establishes a 20 person Board to serve until the next EITI Conference. The Board consists of:

- The Chair;
- 8 representatives of government;
- 5 representatives of NGOs; and
- 6 representative of companies.

Within the above constituencies, the following sub-constituencies have been established:

- the government constituency has 5 implementing and 3 supporting country seats;
- the company constituency is comprised of 2 international oil and gas sector seats, 2 mining sector seats, 1 national oil or gas company seat, and 1 institutional investor seat.

Everyone other than the Chair is invited to have an alternate.

Following the practices agreed by the International Advisory Group Report, according to the new Articles of Association it is up to each of the constituencies to agree how they wish to be represented on the Board.

2 General Guidelines for Nominating Board Members

Recognising the important principle that the EITI's various constituencies have the right to determine their own internal processes, this document outlines the procedures for each constituency and sub-constituency to nominate Board members to represent its interests.

The following principles for the selection processes were agreed at the Board meeting in Athens for all constituencies and sub-constituencies:

- The processes the different constituencies follow should be open and transparent.
- Information on the processes should be made available on the EITI website, including a contact person for any stakeholder wishing to be involved.
- The process should be flexible and open to new members. The constituencies should bear in mind the need to balance the need for continuity against the need for renewal and broadening of the ownership of the EITI.
- Recognising the important role the Board has for the EITI, countries and organisations are encouraged to be represented at senior level.
- The constituencies are urged to bear in mind how important it is that the EITI Association and Board are representative of all of the EITI's stakeholders. It is, for example, expected that countries from different regions and companies and civil society organisations with strong links to different regions, are represented. While it may not be possible to determine that an international body such as the EITI Board be gender balanced, the constituency groups are encouraged to ensure that both genders are adequately represented.

Where requested, the International Secretariat has facilitated the organisation of the selection processes.

3 Agreed Arrangements for Individual Constituencies and Sub-Constituencies to Nominate Board Members

3.1 Implementing Countries

EITI Implementing Countries have 5 of the 20 seats on the new Board, plus 5 alternates. The implementing country representatives agreed the following principles to apply to the selection process:

1. Board seats are only available for countries that have Candidate or Compliant status.
2. Three seats (member or alternate) should be reserved for countries with Compliant status (as per the draft EITI articles of association). In the absence of three eligible Compliant countries, Candidate countries that have made significant progress can be given these seats, and their selection should be guided by how far these countries have come with implementation, how many reports they have issued, and how regularly and often they hold meetings.
3. Selection should be open and transparent.
4. The need to balance continuity and the safeguarding of institutional ownership against the need for renewal and rotation to broaden the ownership of the EITI. The process should be flexible and open to new members while ensuring members of longer date are also represented.
5. Recognising the important role the Board has for the EITI, countries are encouraged to be represented at senior level.

6. It is important that the Board is representative of all of the implementing countries. It is, for example, expected that countries from different regions and representing different natural resource sectors are represented.
7. While it may not be possible to determine that an international body such as the EITI Board be gender balanced, the below Categories are encouraged to ensure that both genders are adequately represented.

To ensure that the composition of the Board anticipate and accommodate the expected spread of implementing countries during the period 2009-2011, a proportionate composition resulted in the following spread:

- Category 1: Francophone African countries: 2 members and 1 alternate
- Category 2: Other African countries: 1 member and 2 alternates
- Category 3: Countries from Asia, Europe and the Americas: 2 members and 2 alternates

Each country which wanted to have a representative on the Board was invited to propose a nomination to the Chair of the Group and the Secretariat, by 19 December 2008. The deadline was extended to 13 January 2009. Then the countries within each of the three Categories selected the representatives for the seats it has at its disposal by 31 January 2009. The selection was done by preferential vote, whereby each implementing country indicated which nominee it wished to select for each of the available seats, by means of a ranked ballot. Each eligible country had as many votes as there were seats available in its Category. The EITI Secretariat received these votes by email, and guaranteed that the individual votes were not disclosed. Records were kept for claims or a recount. Given the difficulties in organising a physical vote, voting by email was undertaken with the International Secretariat counting and tabulating the results. The country with the highest score in each Category received the first members seat in this Category, the second ranking country the second member seat (if available), the following country the available alternate seat and so on. The quorum for voting was two-thirds of the total number of eligible countries in the respective Category. Voting was done by the National Coordinator, but was allowed by proxy from within the relevant country that the National Coordinator assigned.

If countries from a Category were not able to propose their members by 31 January, the Chair of the Group had the right to initiate a selection by lot, facilitated by the Secretariat and observed by neutral third parties – but this was not necessary.

The final list of the 10 Board members from the Implementing Country Constituency was sent to the EITI Chairman on 1 February 2009.

Tim Bittiger of the EITI International Secretariat facilitated the process and can be contacted for more information (tbittiger@eitransparency.org).

3.2 Supporting Countries

The Supporting Countries Constituency consists of three sub-constituencies: 2 European and 1 for the rest of the World. Each of these decides their Board nomination arrangements by consensus in a process that allows for rotation and is open to new members. For further information, contact Rosemary Stevenson at rbsandodw@btinternet.com.

3.3 Civil Society

There are 5 civil society representatives on the Board. Two are from OECD/supporting countries and three are from implementing countries. Each of the 5 civil society representatives on the Board is served by an Alternate. The Publish What You Pay coalition serves as the coordinating body for the nominations process. The process is open to all civil society members. The selection process is undertaken by current civil society Board Members who are not seeking re-election for the seats, bearing in mind the need to balance the need for continuity against the need for renewal and broadening of the ownership of the EITI. As part of the selection process, the current Board

Members will assess each candidate's knowledge of and engagement with the EITI as well as the candidate's ability to fulfill the functions of the post. They will consult with civil society in their regions and aim to reach a decision by unanimous opinion. Interested candidates are invited through a 'call for nominations' to contact Radhika Sarin, International Coordinator of Publish What You Pay, for information (rsarin@publishwhatyoupay.org, +44 20 7031 0204) or visit www.publishwhatyoupay.org).

3.4 International Oil and Gas Companies

As part of its routine modus operandi, regular teleconferences are held to which all members of the constituency are invited.

During the Autumn of 2008, the question of board and alternate representation was discussed. All member companies were asked to consider whether they would like to put themselves forward for consideration. Based on names put forward, a constituency recommendation was sent to all members. Members were given 10 days to consider this and to raise any questions or objections. The recommendation made clear that in the absence of any objections being raised, the recommendation would become the Constituency's proposal to the members meeting preceding the Qatar conference. As no objections were raised by the due date, the recommendation became the formal proposal.

More information is available from Richard Dion at Shell Richard.Dion@shell.com.

3.5 Mining Sector

The process was open to all EITI supporting mining companies. All nominations were sent to Edward Bickham, Anglo American, by Wednesday 4 February via email: ebickham@angloamerican.co.uk. The nominees were then invited to discuss their nomination with other nominees with the aim of reaching consensus, bearing in mind the need to balance the need for continuity against the need for renewal, diversity and broadening of the ownership of the EITI. Amongst the factors which were considered in agreeing the overall balance of the mining team were: relevant experience and prior involvement; the regional coverage offered by particular organizations/individuals and representivity of the sector as a whole. Only if consensus was not possible would an election have been called (this was not required on this occasion).

3.6 National Oil and Gas Companies

The nomination process for these seats was open to all supporting national oil companies. The selection process was overseen by current national oil company Board Members. They invited nominations from all supporting national oil companies. Then there was an open discussion amongst all applicants to agree the allocation of the Board and alternate seats, bearing in mind the need to balance the need for continuity against the need for renewal, diversity, and broadening of the ownership of the EITI. They aimed to reach a decision by consensus. However, if a consensus was not able to be reached, the current Board members could arrange for an election process to be undertaken (this was not required on this occasion).

Eddie Rich of the EITI International Secretariat facilitated the process and can be contacted for more information (erich@eitransparency.org).

3.7 Institutional Investors

Eighty one investors had signed up to the Investor Statement on Transparency in the Extractives Sector in support of the EITI by January 2009. Investors were encouraged to volunteer to serve on the Board by contacting the current Board members to indicate his or her interest. If there were more than one candidate for a Board vacancy the current Board members would make a recommendation to the active investor signatories based on their assessment of the ability of the candidates to represent the range of investor signatories, the record of the candidates in supporting EITI investor led initiatives, the candidate's understanding of the issues and ability to contribute to the EITI Board and other relevant aspects relevant to the candidates' suitability.

More information is available from Julie McDowell at Standard Life Investments julie_mcdowell@standardlife.com.