

## Input for the EITI Strategy Working Group

Many highly valuable inputs for the future strategic direction of the EITI have already been submitted by stakeholders to the Strategy Working Group, including the Scanteam Evaluation. Several issues emerge repeatedly throughout all documents. Among them 1) extending the scope of the EITI to better deliver on the Principles of the EITI, 2) revamping the system for assessment and quality assurance in order to incentivize implementing countries to think beyond compliance, 3) integrating linkages with other governance reform programmes along the EI value chain to improve good resource governance and 4) strengthening the results framework of the EITI to improve and measure the impact which the EITI is making.

Regardless of their potential impact on transparency and accountability in the sector, all proposals face the common challenge *if and how* they should be embedded in the EITI standard. The *öifö* question cannot be answered appropriately without the *öhowö* question, as 1) the EITI has only recently undergone a significant rules revision process, which limits reform capacities and willingness; 2) many proposals will find it difficult to reach consensus among all stakeholders; 3) the EITI standard should remain lean and flexible enough to fit for the country context and the needs of different stakeholders in implementing countries but at the same time 4) Global EITI should use its leverage as the standard setter to enforce or encourage stakeholders at the implementing country level to take action beyond the minimum requirements and also recognize and reward these efforts, and 5) the EITI should be strengthened as a high quality and effort requiring standard.

Hence, we understand that the Strategy Working Group is about how Global EITI can take action to improve transparency, accountability and overall governance in the EI sector. For this, the EITI has different instruments at hand, 1) requirements to adhere to the standard, 2) incentivizing reform through other means, such as the proposed scoring system, 3) encouraging additional efforts by notion in EITI policy documents or 4) simply endorsing efforts outside the EITI framework.

Any approach to taking the EITI to the next level will necessarily consist of a balanced mix of the aforementioned instruments. Our proposal should be viewed as a complementary suggestion to the candidacy-validation cycle, similar to what has been suggested by the World Bank under the label of an *öEITI Follow-on Development Strategyö*.

The Secretariat Paper to the Board points out that (p. 7)

*For transparency to be practically meaningful, it has to lead to improved accountability. Stakeholder consultation through the multi-stakeholder group (MSG) is therefore central to the EITI standard. Nevertheless, the experience from more than 23 validations is that countries are rarely found to have not met the requirements regarding the MSG governance, work plans and stakeholder engagement. Accordingly there is a case to be made for strengthening these requirements or to develop an approach that recognizes countries that go beyond the minimum requirements and*

*fully utilize the MSG to promote stakeholder dialogue, build trust and engage stakeholders outside the MSG.*

The following proposal might address this challenge. The basic idea of this is to engage Multi-Stakeholder-Groups (MSGs) in an ongoing and structured dialogue about what they actually want to achieve with the initiative and to provide a tool for facilitating and managing expectations among the stakeholders and making an impact beyond transparency.

a) National EITI Results Frameworks

Global EITI should require (or encourage) implementing countries ó that is MSGs ó to adopt their own, nevertheless to a certain degree standardized and comprehensive results frameworks and report to the EITI Secretariat annually on its implementation. In essence, this is already entailed in the Standard through Requirement 5. But different from the òregularö work plan, the results framework would explicitly incorporate objectives at the impact level which are not mandatory to achieve compliance.

b) Annual EITI Report on Results

The Global EITI Secretariat would provide guidance by setting up a reporting template or questionnaire which includes categories of possible higher level development objectives ó improved accountability, increased tax revenues, linkages to the EI value chain, etc. MSGs can draw from this òmenuö and tailor their results framework to their country context. To disseminate the experience of EITI implementing countries with their efforts to go beyond transparency, the Global EITI Secretariat would compile a standardized annual report on the progress ó activities done, outputs achieved, impact made ó based on the submissions from the national EITI Secretariats. This also allows comparing what countries are doing to achieve higher level objectives and how ambitious these reform efforts are.

c) Results chains

Within the results framework the link between activities, outputs, outcomes and impacts can be systematically addressed with the introduction of results chains that also allow detecting potential risks on the way to the expected results. Results chains would then allow to improve monitoring for the national MSGs and serve as an òearly warning systemö ó that is, an assessment whether the process is on track or not. Especially in a multi-stakeholder environment results chains can also facilitate consensus building and harness realistic expectations.

This approach could...

- 1) give citizens, investors and governments a more thorough picture on governance in the EI sector
- 2) encourage an intensified stakeholder dialogue,
- 3) help to facilitate and manage expectations between stakeholders,
- 4) provide a forum to think beyond the minimum requirements,
- 5) deliver a comparative database on country's efforts beyond transparency
- 6) strengthen the resource base for peer learning,
- 7) display the impact, which can be directly attributed to the national EITI process
- 8) make use of Global EITI's leverage to incentivize implementing countries
- 9) trigger competition and peer pressure among implementing countries
- 10) provide technical assistance providers with a reference point to offer coordinated assistance

As has been pointed out, this would be a complimentary tool which could also be integrated in or inform a broader scoring system, as proposed by the EITI Secretariat or include sanctions if compliant countries refuse to engage beyond compliance, as proposed by the World Bank.