

13TH EITI BOARD MEETING, DAR ES SALAAM, 19-20 OCTOBER 2010

Minutes

EITI International Secretariat Oslo, 12 November 2010

MINUTES OF THE 13TH EITI BOARD MEETING

Hotel Mövenpick, Dar es Salaam, 19-20 October 2010

Chair

Dr Peter EIGEN, Chairman EITI

Implementing Countries

Mr Abdoul Aziz ASKIA, Permanent Secretary, EITI Niger, Niger

Mr T. Negbalee WARNER, National Coordinator, EITI Liberia, Liberia

Prof Humphrey ASSISI ASOBIE, Chairman, NEITI, Nigeria

Supporting Countries

Mr Mark PEARSON, Director General, External Relations, Science and Policy Integration, Natural Resources Canada

Alt: **Mr Stephen GALLOGLY**, Director for International Energy and Commodity Policy, US State Dep., USA

HE Birgitta NYGREN, Ambassador, Ministry for Foreign Affairs, Sweden

Mr Dominik ZILLER, Deputy Director General, BMZ

Civil Society Organisations

Mr Ingilab AHMADOV, Director of the Public Finance Monitoring Centre - Baku, Azerbaijan

Alt: **Mr Dorjdari NAMKHAJANTSAN**, Open Society Forum, Mongolia

Mr Christian MOUNZEO, Coordinator PWYP Congo/President Rencontre Pour la Paix et les Droits de l'Homme, Republic of the Congo

Alt : **Dr Gilbert MAOUNDONODJI**, Coordinator, Group de Recherches Alternatives et de Monitoring Projet Pétrole Tchad-Cameroun, Chad

Mr Michel ROY, International Advocacy Director, Secours Catholique, France

Alt: **Mr Diarmid O'SULLIVAN**, Team leader, Oil Campaign, Global Witness

Mr Anthony RICHTER, Chairman of the Governing Board of Revenue Watch Institute

Alt: **Ms Radhika SARIN**, Coordinator, Publish What You Pay

Companies including Investors

Ms Baiba RUBESA, Manager of Corporate Social Responsibility, Statoil ASA, Norway

Mr Stuart BROOKS, Manager, International Relations, Chevron

Mr Olivier LOUBIÈRE, Corporate Business Ethics Advisor, AREVA

Dr R Anthony HODGE, President, International Council on Mining and Metals

Alt: **Mr Edward BICKHAM**, Independent Consultant, International Council on Mining and Metals

Mr Jean-François LASSALLE, Vice President Public Affairs – France and NGOs, Total

Alt: **Mr Keith RUDDOCK**, General Counsel – Exploration & Production, Royal Dutch Shell

Ms Julie McDowell, Head of SRI, Standard Life Investments

Alt: **Mr David DIAMOND**, Co-Head of SRI Development, Allianz Global Investors France

Observers

- Mr Javier AGUILAR**, Deputy Program Manager, World Bank
- Ms Gro ANUNDSKAAS**, Assistant Director General, Ministry of Petroleum and Energy, Norway
- Mr Franklin ASHIADEY**, GHEITI, Ghana
- Ms Karla BASSELIER**, Attaché analyst – desk officer EITI, Ministry of Foreign Affairs, Belgium
- Mr Prajesh BHAKTA**, Country Program Officer, African Development Bank, Tanzania
- Ms Diana CORBIN**, Operations Officer, Donor Relations EITI, World Bank
- Mr Wouter BIESTERBOS**, Senior Policy Officer, Good Governance Division, The Netherlands
- Ms Delphine CLERC-TOURÉ**, Ministry of Foreign Affairs, France
- Mr Frank De CONINCK**, Special Envoy Great Lakes, Ministry of Foreign Affairs, Belgium
- Mr Hervé CRONEL**, International Organisation of the Francophonie
- Ms Page DYKSTRA**, Program Associate, Revenue Watch Institute
- Mr Farid FARZALIYEV**, State Oil Fund, Azerbaijan
- Ms Corrina GILFILLAN**, Global Witness, USA
- Mr Mohammed MOTIWALA**, Energy and Natural Resources Division, US State Department
- Mr James JUNKE**, Department of Foreign Affairs, Canada
- Ms Carine KHAWAM**, CIDA
- Mr Matti KIISSELI**, Programme Assistant, Ministry of Foreign Affairs, Finland
- Ms Magali KREITMANN**, Financial Governance Unit, Ministry of Foreign Affairs, France
- Mr Bryan LAND**, Senior Petroleum Specialist (responsible for Mozambique and Zambia) – World Bank
- Mr Manuel De LEMOS**, Timor-Leste
- Mr Ron LYEN**, Director, International Affairs Division, Natural Resources, Canada
- Ms Agnès Solange ONDIGUI OWONA**, Coordinator of the Technical Secretariat, EITI Cameroon
- Mr Abdul OMAR**, Consultant for EITI (based in Tanzania) – World Bank
- Ms Johanna POLVI**, Programme Manager, Transparency International (TI)
- Mr Tony PRESCOTT**, Head, Anti-Corruption Unit, USAID
- Mr Anwar RAVAT**, Program Manager, EITI, Oil, Gas and Operations Unit, World Bank
- Mr Paulo de SA**, Manager, Oil, Gas and Mining Policy Division, World Bank
- Mr José Elias SAHAB JAIK**, Finance Department, PEMEX
- Mr Yukinori SEKI**, Commercial Attaché, Embassy of Japan, Tanzania
- Mr Christopher SHELDON**, Lead Mining Specialist (responsible for Tanzania) – World Bank
- Mr Juho UUSIHAKALA**, Advisor, Embassy of Finland, Tanzania
- Ms Julie VALLAT**, Legal Counsel, Compliance & Corporate Social Responsibility, TOTAL S.A., France
- Mr Oliver WAGENER**, EITI advisor to BMZ division 211, German Technical Cooperation (GTZ)
- Mr John WAKEMAN-LINN**, IMF Resident Representative in Tanzania
- Ms Bente WEISSER**, Senior Advisor, Ministry of Foreign Affairs, Norway
- Mr Joseph WILLIAMS**, Information and Advocacy Officer, Publish What You Pay (PWYP), UK
- Ms Lodewijk Gualtherie van WEEZEL**, Legal Counsel, Shell International BV
- Mr Patrik ZIMMERLI**, Counsellor, Embassy of Switzerland, Tanzania

Ms Gabriele ZÖLLER, Federal Ministry for Economic Cooperation and Development, Germany

Mr Sam BARTLETT, Regional Director

Mr Tim BITTIGER, Regional Director

Ms Marie-Ange KALENGA, Regional Director

Mr Anders KRÅKENES, Communications Manager

Ms Leah KROGSUND, Executive Secretary

Mr Jonas MOBERG, Head of Secretariat

Mr Francisco PARIS, Regional Director

Mr Eddie RICH, Deputy Head of Secretariat

Mr Jürgen REITMAIER, Special Advisor

Mr Mike WILKINSON, Special Advisor

1. Welcome from Chair and adoption of agenda (Board Paper 13-1)

The Chair introduced the agenda and objectives of the 13th Board Meeting. He stated that the EITI had made a 'quantum leap', from one validated country and 10 countries that had produced 23 reports at the Doha Conference, to 17 validated countries and 23 countries that have produced 50 reports at the Dar es Salaam Board meeting. He reported that all countries that had received an extension of their validation deadline in Berlin had submitted their reports in time. The Chair noted that the EITI was still in the process of joint development and learning, which had become particularly apparent during the recent validation phase. Validation should not be treated as an exam. It was an indication of progress by which to help committed countries improve transparent management of their sector. The Chair reported that the reform of the EITI Rules was in progress and much of it was to be discussed at this meeting. He informed the Board about outreach efforts, including his trips to Guatemala, Indonesia and South Africa. He also pointed at the positive reaction by German companies that had been encouraged to support.

The Chair noted that Alfred Brownell and Eduardo Bohorquez were not present.

The Board approved the nomination of Baiba Rubesa from Statoil to the Board, replacing Reidar Gjørum. Dominik Ziller, representing Germany, was welcomed to his first Board Meeting.

The draft agenda was adopted. The Board accepted the request made by Anthony Richter to add an agenda item on recent advocacy efforts for an EITI endorsement by the Organisation for Security and Co-operation in Europe (OSCE).

The Board reconfirmed the organisation of an additional Board meeting on 13 and 14 December 2010, to treat remaining submitted validation reports and to discuss revisions to EITI Rules .

Action

The Secretariat to organise a Board meeting 13-14 December 2010 and to identify a location for the event.

2. Report from Head of the Secretariat (Board Paper 13-2)

Jonas Moberg introduced the new format for the Implementation Progress Reports, particularly the new tables, pointing at their purpose to inform the Board's debate about country progress. He argued that the report demonstrated the breakthrough the EITI had made in reaching a critical mass of EITI reports across the implementing countries. Jonas gave an update on the substantial media work of the Chair and the Secretariat, and confirmed a growth in traffic on the EITI website. He thanked the Board and partners for their help with outreach to new countries and companies. Jonas stated progress made in the various working groups of the Board. He also confirmed that work on developing the initiative's governance was advancing.

Jonas brought the Board's attention to the table reviewing the action points from the preceding Board meetings.

In a general debate that followed, Prof. Asobie suggested that Regional Directors at the EITI International Secretariat should be based in the regions they cover. Tony Hodge confirmed that the Secretariat's attendance at the October 2010 meeting of the International Council on Mining and Metals (ICMM) in London had been much appreciated by all ICMM member companies, who had high expectations from the current round of validations. Anthony Richter suggested that more support be given to implementing countries and Southern CSOs representatives. Tony Hodge requested an update on EITI activities on the sub-national level since this area of activity had been added to the Secretariat's 2010 workplan after a Board request at the Baku meeting.. Jonas reported progress with sub-national reporting in Peru and Ghana, and the establishment of sub-national committees in Central African Republic, the Democratic Republic, and Madagascar.

3. Validation (Board Paper 13-3)

The Chair opened the session by thanking the Validation Committee, chaired by Julie McDowell, for the extraordinary amount of work undertaken in the lead-up to the meeting. He recalled that a country considered 'close to compliant' remained a candidate country until the final status was decided by the Board.

The Chair reminded Board Members and observers that during the discussion of country statuses, representatives of the concerned countries should recuse themselves. Prof. Asobie requested that these representatives should be allowed to make presentations if they wished, which the Board approved.

Julie McDowell thanked the EITI International Secretariat, and committee coordinator, Sam Bartlett, in particular, for their work in accompanying validation processes and processing validation reports. She continued by reporting on the challenges the Validation Committee and Secretariat had faced when reviewing validation reports. She pointed to the fact that in reviewing validation reports and making recommendations on compliance status we were facing the application of rules made many years ago based on abstract concepts. . The reality of experience showed that the EITI Rules could be difficult to understand and apply, in some aspects lacked detail and clarity, and were sometimes contradictory.

Julie reported that it is the Validation Committee's view that there were significant policy issues to be addressed and rules and criteria to be clarified and gave the following examples:

- There is a lack of clarity in the Rules on the consequences of designating a country other than compliant or as a candidate which is close to compliant;
- In a number of validation reports validators have stated their conclusions on whether indicators are met or unmet without providing detailed evidence on which they have based their findings and there is a need to revise some of the Indicator Assessment Tools (IATs) to make clear the requirements for each indicator and evidence that must be cited by the validator;
- Lack of definition in the Rules of 'regularity and timeliness' of reporting;
- It is proposed that the list of current accredited validation firms be reviewed based on the quality of work delivered; mandatory training of validators should be considered;
- The majority of the Validation Committee takes the view that to ensure a consistent application of rules and protect the integrity of the EITI brand, the Board retains the right to determine whether a validation report provides evidence to justify the validator's conclusions. Committee members from implementing countries argue that there should be country ownership of the EITI process and the views of the validator and the in-country MSG should be paramount.

Julie noted the view of the Validation Committee that it had the most experience and knowledge of the validation process of any Board Committee and should take on the role of reviewing all suggestions made by working groups

for revising the EITI rules and criteria and the final package of recommended changes before that was presented to the Board.

Julie made a specific recommendation, endorsed unanimously by the Validation Committee, that the two-year rule should be interpreted to require only the agreement and endorsement of the national validation report and its submission to the Board by the relevant government and multi-stakeholder group before the deadline, and that Board approval could be given afterwards. She noted that the requirement for Board approval before the deadline put unreasonable pressure on the Committee and Board. Whilst some Board members expressed concern about adopting ad hoc amendments to the EITI rules, on an exceptional basis, the Board accepted this interpretation.

The Board discussed the final validation reports and the status of six countries: Mongolia, Kyrgyzstan, Ghana, Gabon, Nigeria and Cameroon.

NB: For ease of reference, the recommendations of the Validation Committee to the Board are listed in annex to these minutes.

The Board had a lengthy discussion about the time Candidate countries that are considered close to Compliant should be given to complete remedial actions. Anthony Richter requested that the Board stick to the deadlines that are given to countries to complete the remedial actions and avoid additional extensions beyond the given time periods. Tony Hodge backed the approach to give countries a fixed amount of time but encourage faster delivery. Stuart Brooks argued for a speedy approach that would not frustrate countries. Abdoul Aziz Askia pointed at the importance of communicating the Board's decision well to avoid disappointment and misunderstandings in concerned countries.

The Board decided to assess the time to be given to each country to fulfil all requirements on a case-by-case basis. It was agreed that this period would not include the Secretariat's assessment, which could take place after this period. It decided to guarantee countries that notified the Board by 15 January 2011 that all remedial actions had been completed that the decision on their status would be taken at the 1 March 2011 Paris Board meeting.

3.1. Recommendation: Mongolia (Board Paper 13-3-A)

Julie McDowell advised the Board that the Validation Committee had discussed the Secretariat's recommendation to designate Mongolia as a Compliant country. She confirmed that the Committee endorsed the Secretariat's view that the country had fulfilled all outstanding requirements, based on an in-country Secretariat assessment.

Anthony Richter welcomed the new EITI law in Mongolia that also covered licensing.

The Board designated Mongolia as the fourth EITI Compliant country as of 19 October 2010.

3.2. Recommendation: Kyrgyzstan (Board Paper 13-3-B)

Julie McDowell advised the Board that the Validation Committee had discussed the Secretariat's recommendation to designate Kyrgyzstan as a Candidate country that is close to Compliant. She confirmed that the Committee endorsed the Secretariat's recommendation.

Dominik Ziller proposed that the country should be given the full six months to complete remedial actions given its current political situation.

The Board designated Kyrgyzstan as a Candidate country that is close to Compliant, giving it until 18 April 2011 to achieve full compliance. The Board does not foresee granting any extensions beyond this deadline to complete remedial actions. It was decided that if the country notifies the Board by 15 January 2011 that it has fulfilled all requirements, its status will be considered at the 1 March 2011 Board meeting in Paris.

3.3. Recommendation: Ghana (Board Paper 13-3-C)

Julie McDowell advised the Board that the Validation Committee had discussed the Secretariat's recommendation to designate Ghana as a Compliant country. She noted that the Validation Committee's recommendation as distributed to the Board had meanwhile been updated with the confirmation that the 2006, 2007 and 2008 EITI reports had been published. Dominik Ziller and Michel Roy requested that Ghana should be reminded that regularity and timeliness of reporting was an EITI requirement that should continuously be adhered to.

The Board designated Ghana as the fifth EITI Compliant country as of 19 October 2010.

3.4. Recommendation: Gabon (Board Paper 13-3-E)

Julie McDowell advised the Board that the Validation Committee had discussed the Secretariat's recommendation to designate Gabon as a Candidate country that is close to Compliant. She confirmed that the Committee endorsed the Secretariat's recommendation.

Tim Bittiger noted that the Validation Committee, the Secretariat and the Gabon Interest Group had all identified linguistic and editorial shortcomings of the validator, which had made the assessment of Gabon's final report difficult. Michel Roy pointed out that Francophone countries appeared in general disadvantaged due to the scarcity of Francophone validators in the current list. The Chair proposed to review and expand the list, but noting the emerging workload.

The Board designated Gabon as a Candidate country that is close to Compliant, giving it until 18 April 2011 to achieve full compliance. The Board does not foresee granting any extensions beyond this deadline to complete remedial actions. It was decided that if the country notifies the Board by 15 January 2011 that it has completed its remedial actions, its status will be considered at the 1 March 2011 Board meeting in Paris.

3.5. Recommendation: Nigeria (Board Paper 13-3-D)

Julie McDowell advised the Board that the Validation Committee had discussed the Secretariat's recommendation to designate Nigeria as a Candidate country that is close to Compliant. She confirmed that the Committee endorsed the Secretariat's recommendation.

The Board discussed in detail whether an additional six months would be sufficient for Nigeria to fulfil all the outstanding requirements, given the complexity of the process, the number of requirements to deal with, and the upcoming presidential elections. The Board decided to grant Nigeria six months, since a longer period would run contrary to the description of 'close to compliant' and noted that the Chair was seeking a meeting with the President of Nigeria to convey the urgency of taking action.

The Board designated Nigeria as a Candidate country that is close to Compliant, giving it until 18 April 2011 to achieve full compliance. The Board does not foresee granting any extensions beyond this deadline to complete remedial actions. It was decided that if the country notifies the Board by 15 January 2011 that it has completed its remedial actions, its status will be considered at the 1 March 2011 Board meeting in Paris.

3.6. Recommendation: Cameroon (Board Paper 13-3-F)

Julie McDowell advised the Board that the Validation Committee had discussed the Secretariat's recommendation to designate Cameroon as a Candidate country that is close to Compliant. She confirmed that the Committee endorsed the Secretariat's recommendation.

The Board designated Cameroon as a Candidate country that is close to Compliant, giving it until 18 April 2011 to achieve full compliance. The Board does not foresee granting any extensions beyond this deadline to complete remedial actions. It was decided that if the country notifies the Board by 15 January 2011 that it has completed its remedial actions, its status will be considered at the 1 March 2011 Board meeting in Paris.

Action

The EITI Chair to write to the Presidents of Mongolia and Ghana, informing them of the Board's decision for Compliant status.

Action

The EITI Chair to write to the EITI Champions of Kyrgyzstan, Gabon, Nigeria and Cameroon, informing them of the Board's decision to recognise them as Candidates that are 'close to Compliant' and of the remedial actions needed to achieve Compliance.

The Chair will continue to seek a meeting with the President of Nigeria.

4. Candidate applications

4B. Togo (Board Paper 13-4B)

Marie-Ange Kalenga introduced the candidate application by Togo and recommended that the country become an EITI Candidate country.

The Board declared Togo an EITI Candidate country as of 19 October 2010.

4A. Indonesia (Board Paper 13-4A)

Sam Bartlett introduced the candidate application by Indonesia and recommended that the country become an EITI Candidate country. He described the environment in Indonesia as challenging but confirmed the multi-stakeholder group had properly discussed preparations for candidacy. Jonas welcomed the collective efforts by the World Bank, DFID, RWI and bilateral partners, together with the Chair and Secretariat, in intensive outreach to Indonesia.

The Board declared Indonesia to be an EITI Candidate country as of 19 October 2010.

In a more general discussion, Anthony Richter and Mark Pearson proposed that the Board create an outreach and candidacy committee to ensure new countries that are moving towards applying for candidacy are adequately prepared and to ensure that the Board is more directly involved in assessing candidate applications. Michel Roy suggested that the Board should play a role in developing outreach strategies. The Board discussed the need for an outreach strategy which should be inclusive of all the strengths of the membership of the Board through its diversity of stakeholders. The outreach and candidacy committee should be in charge of planning, implementing and following it up. The Chair tasked the Secretariat to draft Terms of Reference for such a committee. The Chair also accepted Michel's offer to contribute to the proposal specifically on outreach.

Action

The EITI Chair to write to the EITI Champions of Togo and Indonesia, informing them of the Board's decision for Candidate status.

Action

The EITI Secretariat to draft ToRs for a Board outreach and candidate committee.

Action

Michel Roy was invited to contribute to the proposal for Board involvement in developing outreach strategies.

5. Implementation Progress Report (Board Paper 13-5)

Jonas Moberg briefly introduced this paper, explaining the Secretariat's intention to make it a tool for tracking whether progress has been made and where Board members and partners can help. He pointed at the new layout with countries grouped by status.

Jonas provided an overview of progress. He warned of slow progress in the five countries with a spring 2011 deadline (Albania, Burkina Faso, Mozambique, Tanzania, and Zambia). He pointed to extraordinary government commitment and important lessons learned in Iraq in difficult circumstances. He recalled that despite slow progress in outreach to the Chinese government, Chinese company representatives sat on multi-stakeholder

groups in three countries (Afghanistan, Chad and Iraq). Finally, he revealed that the discussion about the super tax had created incentives for the Australian government to consider EITI implementation.

In the discussion that followed, Michel Roy asked for an update on the situation in Madagascar. Eddie Rich underlined that the situation in Madagascar was worrying, with some having expressed doubts over the legitimacy of the multi-stakeholder group, and increasing time pressure to produce the first report.

There was also discussion about the timeliness and regularity of reporting which is a concern in several countries as noted in the IPR. It was noted that the Validation Committee will be discussing a rule that defines what the Board means by timely and regular reporting.

Possible improvements to the functioning of the multi-stakeholder group in Azerbaijan were also discussed.

6. Report from Working Group on Outcome Indicators (Board Paper 13-6)

Diana Corbin, Chair of the working group on outcomes indicators, introduced this paper on behalf of the working group. She explained the process to select the firm to undertake the evaluation of the EITI in time for the global conference. Eddie Rich and Francisco Paris provided more details of the selection process and noted that the International Secretariat was currently in negotiations to reduce the cost of the evaluation with the best-ranked firm, Scanteam. Anthony Richter suggested that the evaluation also address the impact of the data disclosed in EITI reports.

The Board endorsed the recommendation of the working group and tasked the secretariat to engage Scanteam to undertake the evaluation of the EITI.

Action

The EITI Secretariat to hire Scanteam to conduct the EITI evaluation but at a reduced price.

7. Report from Working Group on Incentivising (Board Paper 13-7)

Edward Bickham introduced the paper prepared by the Working Group on Incentivising Compliant Countries. He began by noting the progress with validation. As more countries achieve Compliance, there was a need to ensure that EITI implementation remains vibrant and visible. This implies promoting continuous improvement, and demonstrating the impact of the EITI in different national circumstances. He presented the group's recommendations, including the importance of clarifying what it means to be compliant on an ongoing basis in the revision of the EITI rules, and a range of actions that could be undertaken by the secretariat and supporting organizations to support Compliant countries. He underlined two strategic lines of activity, namely: to encourage, through greater transparency, greater peer learning and competition between implementing countries and the need to ensure that EITI Compliance was appropriately recognized by third parties (such as donors, the owners of key indices and ratings agencies) as a marker of broader good governance).

Board Members welcomed the paper as an important contribution in the lead-up to the Paris Conference. Stuart Brooks suggested that further work was needed to refine the recommendations, noting, for example, that formal linkages to the work of rating agencies may have legal implications. Anthony Richter highlighted the linkages to the EITI evaluation, emphasised the potential for peer learning, and the need to recognise innovative efforts to broaden EITI implementation. Ingilab Admadov called for greater clarity with regard to terms like 'long-term sustainability', and challenged the Board to explore how EITI implementation can promote greater transparency across government, and to generate impacts that are meaningful to people on the ground. Dominik Ziller noted the need to avoid slippage in Compliant countries, and that the five-year gap between validations may be too long. He also highlighted the need for a mechanism to improve EITI reporting.

The Board agreed to task the working group with refining its recommendations for discussion at the next Board meeting, particularly with respect to any recommendations requiring changes to the EITI Rules.

Action

The Working Group on Incentivising to provide refined recommendations for discussion at the 13-14 December 2010 Board meeting.

8. Report from Nominations Committee (Board Paper 13-8)

The Board met in closed session to discuss the recruitment of a new Chair. The Board agreed to nominate Clare Short as candidate for the next EITI Chair to its Global Membership Meeting on 1 March 2011.

9. Report from Working Group on Civil Society Participation (Board Paper 13-9)

The Chairman started by noting that the effective participation of civil society in EITI at a national and international level was a core principle of the EITI. There was a need to take stock of lessons learned on challenges faced by civil society representatives, including harassment and intimidation.

Jonas Moberg explained that the EITI Board had undertaken significant efforts to address the issue of civil society engagement including setting up a Working Group on Civil Society Participation. He summarised the paper prepared by the Working Group. The paper consisted of a set of policy recommendations to strengthen civil society participation in the EITI, including: a) a new indicator assessment tool for Validation Grid indicator 2 and a refined indicator assessment tool for indicator 6; b) key requirements for countries implementing the EITI that would be incorporated into the new chapter of the EITI Rules preceding the Validation Guide; and c) a policy note on civil society involvement that built on experience emerging from implementation.

Jonas reported that the policy proposals were still being discussed by the Working Group and would feed into the EITI policy review.

The Chair observed that a key challenge faced by the Working Group was to achieve the right balance between the wish to protect the whole spectrum of human rights and what was necessary for effective civil society engagement in the EITI.

Board Members made some general observations including the need to ensure greater participation from implementing countries in the Working Group. Other comments on the paper included the following:

- Should the EITI be a vehicle to promote the observance of the Universal Declaration of Human Rights (UDHR) by implementing countries?
- The reference to UDHR is welcome since most implementing countries have ratified it. The EITI was an international standard and there was no harm in ensuring that it linked with other internationally recognised norms.
- There were a number of useful human rights indices that the EITI Board could use in assessing civil society participation.
- The paper included several references to civil society representatives' rights but did not address their responsibilities.
- The potential legal ramifications, especially in the US courts that might be raised were EITI to be seen to be involving itself in broader human rights issues.
- Many corporate codes of conduct included language on human rights. The EITI should therefore be entitled to protect the rights of civil society representatives involved in the national multi-stakeholder groups.
- Civil society capacity was a key issue that the Working Group needs to take into account.

The Board agreed to task the Working Group with finalising its policy recommendations for approval at the next Board Meeting, and suggested that the final paper is submitted well in advance of the meeting.

Action

The Working Group on Civil Society Participation to finalise its policy recommendations for approval at the next Board Meeting, and to submit its final paper well in advance of the meeting.

10. Report from Working Group on Reporting, Social and Barter payments (Board Paper 13-10)

Edward Bickham introduced the paper prepared by the Working Group on Reporting Social & Barter Payments. He explained that the paper had three elements. The first element was a wide ranging set of recommendations focused on improving EITI reporting. The working group had drawn on good practice notes prepared by the Secretariat and the World Bank. The second element focused on incorporating social payments into EITI reporting, many companies wished to see greater attention paid to these social contributions whilst some in civil society saw them as potentially controversial in several implementing countries. A key challenge was that these payments would not generally be reflected in government receipts since they were often paid to third parties and so could complicate the reconciliation process. The final element related to infrastructure for minerals barter agreements. Edward highlighted the size and significance of these agreements, arguing that EITI implementation in several countries would not be meaningful unless this issue is addressed.

The Board thanked the Working Group for providing a stimulating paper, noting that it captured a wide range of important issues that needed to be addressed by the Board. The Board agreed that further refinements to the recommendations were needed, particularly with respect to new or modified validation requirements. The Board would need to agree whether to *encourage* MSGs to address issue such as barter agreements, or to *require* that they do so in order to achieve Compliance. It was noted that some suggested changes were relatively uncontroversial and could conceivably be agreed quickly. Other issues would likely require more extensive consultations and re-drafting.

The Chairman asked Anwar Ravat from the World Bank to comment on the feasibility of implementing these recommendations. Anwar responded that these suggestions were both realistic and necessary. He also highlighted the need for greater clarity on indicator 13 relating to government accounts being audited to international standards. He noted the Bank's willingness to support the working group's further work on these issues.

Board members provided a wide range of initial comments on the paper, including: comments on the proposed definition of regular and timely EITI reporting; the challenges in reconciling social payments where the government was not directly involved in the transaction; challenges associated with judging 'fair value' in barter agreements; and the uncertainty surrounding the Dodd-Frank Bill, its impact on company reporting and its potential juxtaposition with the reporting of social payments. Baiba Bubesa, Jean-Francois Lassalle and Stuart Brooks recommended not to agree any policy changes in this area until the outcome of the SEC implementation work on the Dodd-Frank Bill was known. They suggested to fillet out the improved reporting and barter payment sections which should be much more amenable to rapid resolution. Several Board members requested an opportunity to provide comprehensive written comments for consideration by the Working Group. The Chair called on Board members to provide these comments as soon as possible.

The Chair suggested that the term 'social transfers' is preferable to 'social payments'. Several Board members suggested that a longer, more descriptive working title for the paper was needed. In replying to the debate Edward Bickham noted that most of the comments on reporting should be able to be accommodates, subject to the comments of the Validation Committee and that it was important for an enabling framework to be created for the area of barter payments. Based on the comments on social payments it might well be necessary for this issue to be dealt with over a longer timescale.

The Board agreed to task the working group with refining its recommendations for discussion at the next Board Meeting, highlighting any proposed changes to the EITI Rules.

Action

The Working Group on Reporting, Social and Barter payments to refine its recommendations for discussion at the next Board Meeting, highlighting any proposed changes to the EITI Rules.

11. 2011 Secretariat Workplan (Board Paper 13-11)

Jonas Moberg introduced the 2011 workplan, noting that it was being submitted before the end of the current year. He explained that the aims and objectives had not changed significantly from the 2010 workplan, as that had served as a useful basis and reflected the Board's wishes. Changes in emphasis had been made on implementation, the global conference and outreach. Jonas also underlined that the increase in countries being close to Compliant and that required Secretariat evaluations had altered the work load of the Secretariat. He recalled that the Secretariat's role kept changing as the EITI kept evolving. He also noted that in this light it was difficult to predict staffing requirements, or the needs of the future chair and board. Jonas invited the Board to submit any comments on the 2011 workplan in writing.

In the discussion that followed, Anthony Richter proposed supporting and empowering Board members representing civil society in implementing countries, through measures such as providing multi-entry Schengen and UK visas and support with communications to enhance their participation in teleconferences and other exchanges that regularly take place between Board Members. Jonas agreed with this point, but reminded representatives of supporting countries that such requests had been passed to them at several occasions but that no such arrangement had materialised to date. Anthony also proposed that the Secretariat prepare induction documents for the next board, together with a good practice handbook for CSOs. Dominik Ziller proposed to keep the right balance between outside technical assistance by external partners and the Secretariat and encouraging regional exchange of experience between countries, ensuring country and regional ownership in the EITI. Jonas reported on activities promoting exchange of experiences such as the National Coordinators meetings and the InWEnt training courses. Dominik expressed concern whether the Secretariat had enough resources to manage the workload foreseen in the 2011 workplan. Tony Hodge reminded colleagues that it was the Board's responsibility to empower the Secretariat. Jonas took note of these interventions and announced that the Secretariat would flag any capacity constraints if necessary and that the evaluation was looking in 'fitness for purpose' issues. Dominik also asked what would be the right amount of rotation from the current the next Board. Jonas reminded members that the advice to constituencies on Board nominations encouraged keeping the balance between continuity and renewal. Olivier Loubière recalled that the EITI did not yet have global reach, and that civil society and the Secretariat should specifically concentrate efforts on India and Russia.

Action

Board members to submit any comments on the 2011 workplan in writing.

12. Finance Committee paper (Board Paper 13-12)

Tony Hodge introduced the 2011 budget, which the Finance Committee had developed in cooperation with the Secretariat. He confirmed that the Committee agreed with the amount of USD 4.32m proposed for 2011 as a fair reflection of the Secretariat's financial needs. Tony confirmed an underspend for 2010, and proposed that the Board create a reserve fund of USD 500k. The fund should enable the Secretariat to respond to crises. The reserve, unlike the contingency, could only be drawn upon with Board approval. However, in cases of cash flow crisis, this Board approval could be obtained retrospectively if absolutely necessary.

Tony also proposed that the Finance Committee should conduct a revenue review, with the aim of making financial contributions less ad-hoc and more foreseeable, allowing planning for five to ten years, and of seeking to develop additional independent revenue streams for the initiative including from charitable foundations. The review would include the development of scenarios potentially facing the EITI in the longer term. Financial liabilities such as staffing and insurance would have to be factored into longer-term financial planning.

The Board approved the 2011 budget. It also backed the motions for creating a reserve fund and for the Finance

Committee to conduct a revenue review.

Action

The Finance Committee with the Secretariat to establish a reserve fund.

Action

The Finance Committee to conduct a revenue review assessing long-term financial needs of the Secretariat.

13. Global Conference (Board Paper 13-13)

Eddie Rich introduced this paper, underlining that the Paris Global Conference would likely be bigger, and more high-profile than Doha. Given the central location of Paris and the increased status of the EITI, the Secretariat expected 600-700 participants. Country ownership would be a key feature. A national exhibition would give countries a platform for presenting their EITI processes. The other main objective was to present and discuss impact and the future direction of the EITI. Eddie reported that the Conference venue had been reserved at the OECD headquarters and that four heads of state and three CEOs of major companies had already confirmed their participation. The Secretariat will fund four participants from each implementing country, three from the MSG and one to organise the stand at the national exhibition. A media plan and a budget had been developed. Eddie called on stakeholders to fill the current funding gaps.

In the ensuing discussion, Tony Hodge requested the Secretariat to share its timeline for Conference preparations with the Board. Anthony Richter proposed that in addition to VIPs, country representatives affected by extractive activity should be given the floor to speak. Tony Hodge recommended avoiding a 'talking heads' session. Baiba Rubesa suggested to film key speakers for the record and for better visibility. Eddie conveyed that it would be difficult to draw up final plans on speakers early as last minute changes and additions of participants should be expected.

Action

Stakeholders to assist in seeking financing for the Paris Global Conference.

14. Outline of EITI Progress Report 2009-2011 (Board Paper 13-14)

Eddie Rich introduced the paper, providing a general description of the EITI progress report for the next two years. He asked Board for advice and inputs, which the Secretariat would seek on an individual basis.

Anthony Richter proposed that lessons learned should be included in the Progress Report to make it useful and interesting.

The Chair reminded members that, in addition to the glossy Progress Report, the Secretariat provided annual Board Reports on progress against the workplan.

Action

The Secretariat to seek individual contributions from Board members for the 2009-2011 Progress Report.

15. Governance and Draft Constituency Guidelines (Board Paper 13-15)

Jonas Moberg sought the Board's approval for the timing of the next EITI Members' Meeting. The Board agreed to hold this event on 1 March at 16:00 in Paris.

Jonas reminded Board members of the draft constituency guidelines and proposed that the Board officially adopt them to guide the nominations process for the next board. He recalled that these had been conceived after an assessment of similar partnerships and multi-stakeholder bodies. Michel Roy asked whether the three seats for compliant countries would be sufficient in the face of a growing number of countries with that status. The Chair responded that the seat distribution would need to be adapted eventually. The Board adopted the draft

constituency guidelines with a date of 20 October 2010.

The Board approved a governance review and tasked the Governance Committee to oversee this exercise.

Action

The Governance Committee and the Secretariat to develop the ToRs for and start a governance review.

16. Other Business

Anthony Richter reported on joint efforts by civil society and the Secretariat to lobby OSCE decision-makers, including the Kazakh Chairman-in-Office, for inclusion of an EITI endorsement in the Declaration of the upcoming OSCE Summit Meeting in Astana. He confirmed support for this initiative by several Delegations of OSCE participating States and called on supporting and implementing country governments to lobby Kazakh embassies in their capitals.

Edward Bickham requested a written note from the World Bank on progress with MDTF-funded activities or the opportunity for an oral report with a discussion at the Paris meeting.

The Italian Foreign Ministry had a statement 1) calling for the EITI Board to support to the UN Declaration on the Role of Governments in promoting corporate responsibility and private sector engagements in Development (adopted on 13 June 2010) and the Recommendations of the Global Compact Leaders Summit (New York, 25 June 2010); 2) drawing the Board members' attention to the relevance of the due diligence guidance for mining companies in the Great Lakes Region currently developed by the OECD, particularly the section on responsible supply chain management of conflict minerals, and suggesting increased dialogue between EITI and OECD; and 3) proposing that supporting country embassies in implementing countries hold regular meetings to 'monitor' their status of compliance.

Action

Supporting countries invited to lobby Kazakh embassies for endorsement of the EITI in the OSCE Astana Summit Declaration

Action

The World Bank to submit a written note on MDTF progress.

ANNEX: SUMMARY OF BOARD DECISIONS ON VALIDATIONS AND COUNTRY STATUS – DAR ES SALAAM, 19 OCTOBER 2010

Board Decision on Mongolia

The EITI Board designates Mongolia as EITI Compliant as of 19 October 2010. In accordance with the EITI Rules:

- Mongolia must be revalidated within 5 years (i.e., by 18 October 2015);
- Stakeholders in the process may call for a new validation at any time within that period if they think the process needs reviewing; and
- Where valid concerns exist that a country has become EITI Compliant, but its implementation of the EITI has subsequently fallen below the standard required for Compliance, then the Board reserves the right to require the country to undergo a new validation or face delisting from the EITI.

The Board congratulates the government of Mongolia for its sustained commitment and leadership of the EITI process. The Board also congratulates the Mongolian multi-stakeholder working group for its strong collaboration and effective oversight of EITI implementation.

The Board also welcomed the government of Mongolia's commitment to further strengthen implementation by enacting EITI legislation, and a providing more detailed data in the 2009 and 2010 reports.

The Board calls on the government, national council and multi-stakeholder working group to ensure that the validator's recommendations are implemented in full, and tasks the EITI International Secretariat with providing regular progress reports to the EITI Board.

Board Decision on the Kyrgyz Republic

The Board designates the Kyrgyz Republic as a Candidate country as of 19 October.

Based on a thorough assessment of the specific circumstances, the Kyrgyz Republic is considered to be 'close to compliant'.

The Board congratulates the government, companies and civil society organisations in the Kyrgyz Republic for the progress made in implementing the EITI, and the leadership provided by the Supervisory Board. It also notes the government's recommitment to maintain momentum in EITI implementation, working closely with companies and civil society organizations.

The validator has found that the Kyrgyz Republic has met all but one of the validation indicators (indicator 13). The Board concurs with the validator's conclusion regarding the need for further work to ensure that government disclosures to the reconciler are based on audited accounts to international standards. The Board also wishes to highlight the importance of ensuring that company and government participation in the reporting process is based on a clear and agreed definition of materiality (indicator 9).

In all decisions on Validation the Board will place a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation

of “close to compliant” applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve compliance within a very short time. Based on the Validator’s findings, the Board recommends two remedial actions necessary for achieving compliance:

1. The Supervisory Board should ensure that there is agreement regarding the reporting templates for the forthcoming EITI report, and the definition of material payments and revenues and related thresholds (indicator 9);
2. The government and Supervisory Board should take steps to ensure that government disclosures to the reconciler are based on audited accounts to international standards in accordance with the requirements as specified in Validation IAT 13.

When the Supervisory Board considers that these remedial actions have been addressed, the EITI International Secretariat will reassess the Kyrgyz Republic’s compliance by reassessing indicators 9 and 13. The Secretariat will consult widely with stakeholders during the review. The Supervisory Board should be given an opportunity to comment on the Secretariat’s findings. The Secretariat’s review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board’s decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that remaining requirements have been met, the country will be designated as EITI Compliant. In the interim, the Kyrgyz Republic will retain its Candidate status. The Board retains the right to require a new Validation if the Supervisory Board does not request the Secretariat review within six months (i.e. by 19 April 2011). The Board agreed that if the Supervisory Board requests the review by 15 January 2011, the Board shall make a decision on Compliance in advance of the Paris EITI Conference.

Board Decision on Ghana

The EITI Board designates Ghana as EITI compliant as of 19 October 2010. In accordance with the EITI Rules:

- Ghana must be revalidated within 5 years (i.e., by 18 October 2015);
- Stakeholders in the process may call for a new validation at any time within that period if they think the process needs reviewing; and
- Where valid concerns exist that a country has become EITI Compliant, but its implementation of the EITI has subsequently fallen below the standard required for Compliance, then the Board reserves the right to require the country to undergo a new validation or face delisting from the EITI.

The Board congratulates the government, companies and civil society organisations in Ghana for the progress made in implementing the EITI. The Board also wishes to congratulate the validators and all involved in the validation on an impressive report. The validation report provides a comprehensive review of EITI implementation in Ghana, and provides a sufficient basis for establishing Ghana’s compliance with the validation indicators.

The Board also notes that the restructured national steering committee for Ghana EITI was inaugurated on 8 September, including the appointment of additional representatives from civil society and the oil and gas industry.

The Board also noted the recent publication reports covering payments in the mining sector from 2006 to 2008. In accordance with the EITI Criteria, the Board noted that maintaining compliant status requires regular and timely EITI reporting and called on the government and the MSG to agree a schedule for the publication of future reports. With the oil and gas sector starting its production phase it is the Board’s expectation that future reports will cover

payments and revenues from this sector.

The Board calls on the government and national steering committee to ensure that the validator's recommendations are implemented in full, and tasks the EITI International Secretariat to provide regular progress reports to the EITI Board.

Board Decision on Nigeria

The Board designates Nigeria as Candidate country as of 19 October.

Based on a thorough assessment of the specific circumstances, Nigeria is considered to be 'close to compliant'.

The Board congratulates the government, companies and civil society organisations in Nigeria for the progress made in implementing the EITI. It especially notes the identified good practice in developing the first EITI-dedicated legislation in 2007; the audit reports which cover physical and process, as well as financial audits; and the concrete structures in place towards ensuring the long terms sustainability of the EITI. The Board also wishes to congratulate the validator and all stakeholders involved in the validation process on an impressive report in a complex environment. The Board also welcomes current efforts to strengthen the functioning of the NSWG.

In all decisions on Validation the Board will place a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation of "close to compliant" applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve compliance within a very short time.

The validator has found that Nigeria has met all of the validation indicators but expresses concerns regarding both the timeliness of NEITI reporting and the governance process. The Board shares these concerns, which relate to fundamental aspects of the EITI process. Implementation of the EITI must be consistent with the EITI Criteria. The EITI Criteria require regular reporting. Nigeria's last report was published in 2009 covering financial data from 2005. The Board also welcomes current efforts to strengthen the functioning of the NSWG.

Based on the validator's findings, the Board agreed that the following actions must be taken in order to achieve compliance:

1. Publication and dissemination of the EITI report covering 2006-2008, to include a clearer definition of materiality for coverage in the report agreed by the NSWG. The NSWG is encouraged to consider a specific figure that defines material payments and revenues, rather than a percentage. This new definition should then be incorporated into the reporting templates for the 2006-08 report;
2. Development and agreement of an NSWG Charter to strengthen oversight of the EITI process;
3. As per the Indicator Assessment Tool for Indicator 13, the government and NSWG should take steps to ensure that all government disclosures to the reconciler are based on audited accounts to international standards and agree a strategy for addressing these issues in accordance with the requirements as specified in Validation IAT 13.
4. Development , agreement and implementation of an action plan to ensure the comprehensive disclosure of signatory bonuses, and to improve the application of international auditing standards to cover these signature bonuses;
5. Production of a 2005 popular NEITI audit report for a more effective dissemination; and
6. The NSWG develops and agrees a workplan that sets out how the above actions can be accomplished by 19 April 2011. The workplan should also address the steps required by the NSWG to ensure that figures from the Joint Development Zone with Sao Tome e Principe are included in the report as soon as possible.

Following notification by the Nigeria NSWG to the EITI International Secretariat that these remedial actions have been completed, the EITI International Secretariat will reassess Nigeria's compliance. The Secretariat will consult widely with stakeholders during the review. The NSWG should be given an opportunity to comment on the Secretariat's findings. The Secretariat's review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board's decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that remaining actions specified above have been met, the country will be designated as EITI Compliant. In the interim, Nigeria will retain its Candidate status. The Board retains the right to require a new Validation if the NSWG does not request the Secretariat review within six months (i.e., by 19 April 2011). The Board agreed that if the NSWG requests the review by 15 January 2011, the Board shall make a decision on Compliance in advance of the Paris EITI Conference.

In addition, the Board strongly urges the Government to:

1. Reinvigorate the Inter-Ministerial Task team (ITT) to coordinate implementation of the remediation plan of the 2005 audit report and consider the findings from the 2006-08 report; and
2. Move ahead with a report of the solid minerals sector by end of June 2012, whether as a separate report or as part of the overall report.

These issues will be considered by subsequent validations.

Board Decision on Gabon

The Board designates Gabon as a Candidate country as of 19 October 2010.

Based on a thorough assessment of the specific circumstances, Gabon is considered to be 'close to compliant'.

The Board congratulates the government, companies and civil society organisations in Gabon for the progress made in implementing the EITI and for completing validation. EITI Gabon has published three EITI reports. The most recent report was published in March 2008, covering data from 2006. The reporting process for the period 2007-2008 is underway, with publication scheduled for November 2010.

In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation of "close to compliant" applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve compliance within a very short time.

The validator has found that "the significant progress which Gabon has achieved since its Sign up to EITI would justify its being declared a Compliant country. However, the Interest Group can continue to make useful improvements to its activities in certain areas." The validator finds that all indicators are "met".

The Board welcomes progress in Gabon but is not satisfied that the validation report conclusively demonstrates that EITI implementation in Gabon meets all of the validation requirements. The Board noted that the validation report does not provide sufficient information for the Board to assess compliance with all of the validation indicators. A number of issues require further information and clarification. The Board agreed that a review should be undertaken by the EITI International Secretariat following the publication and dissemination of the 2007-2008 report. Indicators 7, 8, 11, 14 and 15 should then be reassessed.

The following issues must be addressed in order to achieve compliance:

1. The EITI Criteria require regular reporting. The EITI report covering 2007-2008 should be published and disseminated as soon as possible. There should also be a clear and agreed timetable for the publication of the

2009 report

2. The 2007-2008 report should be based on a clear definition of materiality, and includes “all material oil, gas and mining payments to government” and “all material revenues received by governments from oil, gas and mining companies”(Indicators 14 and 15). The Interest Group should ensure there is a clearly agreed position on the participation of companies in the exploration phase. The Interest Group may wish to consider a specific figure that defines a material payment.
3. All companies making material payments should participate in the 2007-2008 report (Indicator 11), and any barriers to engaging all companies in the process have should have been addressed (Indicators 7 and 8). All government entities in receipt of material revenues must fully participate in the reporting process.

The validator has set out a series of recommendations for strengthening the EITI process. These should be addressed in the revised workplan. The validator has also recommended a “more detailed set of internal regulations regarding the activities of the Interest Group ... [to] establishing the reach of its responsibilities and clarifying interaction with the Working Group”. The Board supports this recommendation. The Board also welcomes the Interest Group’s commitment to conduct a formal assessment of capacity constraints and update the workplan to cover the activities up to the publication and dissemination of the 2009 report.

When the Interest Group considers that these issues have been addressed, the EITI International Secretariat will reassess Gabon’s compliance. The Secretariat will consult widely with stakeholders during the review. The Interest Group should be given an opportunity to comment on the Secretariat’s findings. The Secretariat’s review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board’s decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that remaining requirements have been met, the country will be designated as EITI Compliant. In the interim, Gabon will retain its Candidate status. The Board retains the right to require a new Validation if the Interest Group does not request the Secretariat review within six months (i.e., by 19 April 2011). The Board agreed that if the Interest Group requests the review by 15 January 2011, the Board shall make a decision on Compliance in advance of the Paris EITI Conference.

Board Decision on Cameroon

The Board designates Cameroon as a Candidate country as of 19 October.

Based on a thorough assessment of the specific circumstances, Cameroon is considered to be ‘close to compliant’.

The Board congratulates the government, companies and civil society organisations in Cameroon for the progress made in implementing the EITI and for completing validation. EITI Cameroon has published three EITI reports. The most recent report for the period 2006-2008 was published on 16 September 2010, several months after the final Validation Report was agreed by the Comité de Suivi.

In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation of “close to compliant” applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve compliance within a very short time.

The validator has found that “implementation of EITI in Cameroon meets the majority of the requirements of the EITI indicators”. The validator finds that four indicators are “unmet”, with two indicators “partially met” and two indicators where there is insufficient information to reach a conclusion. In reaching this conclusion, the Validator took into account progress on the 2006-2008 report. The Board noted that the validation report does not provide

sufficient information for the Board to assess compliance with all of the validation indicators. A number of issues require further information and clarification. The Board agreed that a detailed analysis of the 2006-2008 EITI Report is required in order to clarify the outstanding issues. Specifically, indicators 7, 9, 11, 12, 13, 14, 15, 17 and 18 should be reassessed.

The following issues must be addressed in order to achieve compliance:

1. The EITI Criteria require regular reporting, and there should be a clear timetable for the publication of the 2009 report
2. The Comité de Suivi should agree a clearer definition of materiality, and demonstrate that “all material oil, gas and mining payments to government” and “all material revenues received by governments from oil, gas and mining companies” have been covered in the 2006-2008 report. In particular, the Comité de Suivi should agree an approach for exploration companies. In agreeing a definition of materiality, the Comité de Suivi is encouraged to consider a specific figure that defines a material payment. This definition should be incorporated into the reporting templates for the 2009 report;
3. As per the Indicator Assessment Tool for Indicators 12 and 13, the Comité de Suivi should provide additional information demonstrating that all company and all government disclosures to the reconciler for the 2006-2008 are based on audited accounts to international standards;
4. The Comité de Suivi should agree a process for how any discrepancies identified in the 2006-2008 report will be addressed, and how this issue will be addressed in the 2009 report;
5. The Comité de Suivi should implement agreed actions to ensure that the next report is publicly accessible; comprehensive; and comprehensible, e.g., via the publication of a non-technical summary report.

When the Comité de Suivi considers that these issues have been addressed, the EITI International Secretariat will reassess Cameroon’s compliance. The Secretariat will consult widely with stakeholders during the review. The Comité de Suivi should be given an opportunity to comment on the Secretariat’s findings. The Secretariat’s review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board’s decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that remaining requirements have been met, the country will be designated as EITI Compliant. In the interim, Cameroon will retain its Candidate status. The Board retains the right to require a new Validation if the Comité de Suivi does not request the Secretariat review within six months (i.e. by 19 April 2011). The Board agreed that if the Comité de Suivi requests the review by 15 January 2011, the Board shall make a decision on Compliance in advance of the Paris EITI Conference.

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