

# Minutes

**EITI International Secretariat**

Oslo, 25 April 2017

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# MINUTES OF THE 36<sup>TH</sup> EITI BOARD MEETING

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## 36-1 Welcome by the Chair and adoption of the agenda

The Chair Fredrik Reinfeldt opened by greeting Board members and welcoming James Ensor, Executive Director at BHP Billiton Foundation as a new Board member replacing Ian Wood from the company constituency. Apologies were noted from Kokou Didier Agbemadon, Ismaïla Fall and Teresa S. Habitan. The Chair noted that Bazarbay Nurabayev had been detained on charges of corruption and was therefore not present. He noted that the Articles of Association provided guidance on how to deal with such matters and suggested that the Board returns to this issue once the Secretariat had gathered further information. The Chair also remarked that it was International Women’s Day and thanked the two hosts from Colombia - Maria Isabel Ulloa and Ana Carolina González Espinosa - for their hospitality. Maria Isabel Ulloa welcomed everyone to Bogota.

The Board agreed the agenda.

## 36-2 Report from the Secretariat

Jonas Moberg explained that the report from the Secretariat would start with a presentation of the new EITI Progress Report 2017, to highlight the impact of EITI.

Eddie Rich made a presentation on the EITI Progress Report 2017<sup>1</sup>, which explains the EITI as a “tool for reformers” and highlights thematic issues (beneficial ownership, mainstreaming, open data, contract transparency and other frontier issues). The theme of the report is the progress made on beneficial ownership, while it also points to different impacts across regions where EITI reporting is leading to reform. Eddie encouraged Board members to use the report within their constituencies and to visit and share the online version.<sup>2</sup>

Ana Carolina González Espinosa stated that civil society multi-stakeholder group (MSG) members in the Latin American region had sent a letter requesting that EITI undertake further work to encourage

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<sup>1</sup> Presentation available here: <https://eiti.org/document/eiti-progress-report-2017>

<sup>2</sup> The online version of the EITI Progress Report 2017 is available here: <https://eiti.org/progress-report-2017>

coverage of the social and environmental impact of the extractive industries. Jonas noted that this had been discussed in recent MSG meetings in Mexico, and that it was probably timely to update the existing guidance materials on these issues, including coverage of social and environmental payments.

Mary Warlick noted that the Board could come back to the question of whether to do a strategic review which would present the opportunity to consider such issues.

Dirk-Jan Koch noted on behalf of his sub-constituency that he was happy to see that impact was prominently addressed in the Report.

### *36-2-A Discussion of Board Paper 36-2-A Implementation Progress Report June-September 2016*

Jonas explained that the purpose of the IPR was to highlight progress and challenges in EITI implementation. He noted that the initial assessment on the Philippines indicated that some countries might not be so far from compliance with the Standard. Validation was generating an enormous amount of information which would help countries in EITI implementation.

Jonas highlighted that ten countries were facing significant challenges in implementation for different reasons, namely: Afghanistan, Azerbaijan, the Central African Republic, Indonesia, Myanmar, Solomon Islands, Tanzania, Tajikistan, Timor-Leste and Yemen. He added the country-by-country section also showed that some countries were facing major funding challenges, including: Chad, Dominican Republic, Ghana, Guatemala, Honduras, Kyrgyz Republic, Madagascar, Mauritania, Nigeria, Peru, Sierra Leone, Tajikistan, Trinidad and Tobago and Ukraine.

Jonas explained that the first section highlighted impact, which aimed at drawing out and summarising findings on EITI impacts from the thousands of pages of materials from the Validations. Each initial assessment report was somewhere between 100-150 pages, and contributed significantly to capture impact in a way that had not been done before. He noted that implementing countries also continued to progress on beneficial ownership and contract transparency, and highlighted the revised mining code in Cameroon which now allows for publication of beneficial owners and the newly adopted transparency law in the Republic of Congo which included provisions for contract disclosures.

Cielo Magno asked whether in identifying these impacts it would be also possible to identify the causalities and making links to the EITI Requirements. Jonas responded that there were resource limitations, and that the information was publically available in the initial assessments for further analysis.

Sam Bartlett explained the section on Open Data and that although the majority of EITI implementing countries had agreed an open data policy, most EITI data was still locked in PDF reports. There were several examples where countries had exceeded the EITI requirements by establishing open data portals. The Secretariat would continue to highlight these examples. However, the immediate focus would be on simple and low- cost steps to making data available, e.g., modifying the contracts with Independent Administrators to ensure that they provide data files that can be published alongside EITI Reports.

Daniel Kaufmann commented that everyone needed to be reminded of the impact of the EITI and what had been achieved. He highlighted the issue of corruption and that the EITI should continue to establish linkages to anti-corruption efforts.

Mack Dumba explained that through an open data pilot project in his country, it had been possible to collate data required by EITI on payments, production and exports on about 25 mining and 8 oil companies in about one week, and that open data would help achieve broader objectives.

Gubad Ibadoglu explained that Azerbaijan had approved an open data policy but noted that this was not enough as data were still locked. This would require increased technical capacity of national secretariats. Gubad also suggested that the EITI should coordinate with OGP due to their experience with open data.

Faith Nwadishi stated that the open data policy and implementation was good, but asked what efforts were being made to support the interpretation of data by citizens, as the current form of EITI data was provided for technical people and not necessarily those who need it to demand accountability.

Dirk-Jan Koch shared his appreciation for the additional spotlight on for instance 'open data' in the report and hoped that in the next IPR one of the focus could be on gender in the EITI.

In response to Cielo's comments about the need to develop guidance for Independent Administrators to prepare data sets alongside EITI Reports, Sam highlighted that the International Secretariat would aim at sharing best practices of uses of the data, and would link this to efforts to promote mainstreaming rather than developing "stand alone" EITI portals.

Jonas noted that the discussion illustrated how open data and mainstreaming aspects go hand in hand, and that the mainstreaming chapter towards the end of the IPR provided a further update. He called on Dyveke Rogan to provide an update on commodity trading. Dyveke explained that since the last meeting of the Board, the targeted efforts on commodity trading transparency had focussed on developing guidance for countries on issues like the different types of commodity sales and reporting templates. The draft guidance had been developed by the working group on commodity trading with consultancy support provided by NREGI and would hopefully be finalised by the end of month. She noted that there had been good engagement by state-owned companies at the senior level from Ghana National Petroleum Corporation, Nigeria National Petroleum Corporation and SKK Migas from Indonesia. The Secretariat was also continuing to provide support to countries like Ghana, Indonesia, Mauritania and Nigeria which were firmly committed to the effort. Countries such as Albania, Chad and Colombia were in outreach stages. She stated that there had been overall good progress, given that this was a voluntary work stream and MSGs were facing competing demands. Dominic Emery, as a member of the working group noted that there had been discussion about challenges of granularity of cargo data, which were currently being addressed. He added that there was an overall collaborative approach to these efforts.

The Chair opened the floor for questions on the country-by-country report. Faith asked about the civil society situation in Ethiopia, and posed the question of how to handle signs of lacking political commitment in countries such as Zambia, Trinidad and Tobago and United States. Eddie explained that a state of emergency was declared in Ethiopia in October which is still active. The International Secretariat's understanding was that civil society was able to operate freely within the EITI process, although space more generally continued to be a challenge. Based on the civil society work plan, civil society could seek funding from donors to be channelled through the national secretariat. On Zambia, Eddie noted that there had been more positive reports after the initial assessment which suggested that there was political commitment and that the EITI was well linked to wider reforms. Victor Hart explained that the issue in Trinidad and Tobago related to confidentiality clauses, which meant that providing tax information to the Independent Administrator without consent would be a criminal offense.

Ana Carolina stated that many Latin American countries were marked amber due to funding constraints and bureaucratic procedures. Faith inquired about the United States EITI and its uncertain future. Mary noted that the SEC ruling on implementing Dodd Frank 1504 had been vacated. She explained that the US EITI was overseen by the Department of Interior and that the department and the MSG had been considering next steps.

### *36-2-B Discussion of Board Paper 35-2-B Outreach Progress Report May-August 2016*

Jonas introduced the Outreach Progress Report (OPR) by noting that the report was shorter, reflecting the reduced resources dedicated to outreach. The Report only highlighted countries where the Secretariat was aware of progress. He summarised his visit to Mexico immediately preceding the meeting, noting the strong support from the Deputy Minister of Finance Miguel Messmacher. Mexico was close to finishing a work plan, with the aim of submitting a candidature application soon. This had been possible with support by many companies and civil society organisations arounds the table which had working closely together. Jonas also noted that the Minister of Energy Juan Aranguren from Argentina had committed strong support for EITI implementation. Finally, he reminded the Board that much of the outreach work had not been done within EITI itself, but was done by EITI Board members and wider stakeholders. One of the priority countries where there were opportunities was Brazil, where many of the companies on the Board were significant operators. He noted that he had met the Deputy Minister of Energy, Marcio Carvalho Bezerra who had shown interest, and highlighted that all stakeholders could help by sending supportive messages to encourage the Brazilian government to join the EITI.

### *36-3 Report from the World Bank*

The Chair welcomed Sheila Khama as the new Practice Manager of Energy and Extractives at the World Bank. Sheila stated unequivocally that the World Bank was fully supportive of EITI implementation.

In providing an update on the Extractives Global Programmatic Support (EGPS), Sheila highlighted the challenge of spreading the limited funds among the five pillars of the EGPS. Since the inception of the EGPS four bidding rounds had taken place, and the fourth round was about to be considered by the EGPS Steering Committee. It was further explained that the World Bank had established a committee with the objective of developing a fundraising strategy for several efforts including the EITI. Sheila noted that the International Development Association (IDA) funds, dedicated to least developed countries, could be tapped to help fund the EITI, and encouraged countries to more broadly seek other channels than grants to finance EITI processes.

The World Bank's ongoing efforts related to open data targeting the extractive sector, included: (1) a database which allowed governments and civil society in Africa to download and assess their mining laws, (2) the MinGov Programme which allowed the public to assess how their countries fare against government variables and principles (3) a project supported by the BHP Billiton Foundation that allowed the public to 'follow the money' from extractives.

The Chair noted that he had had a good meeting with the World Bank to agree ways to ensure closer collaboration. Olga thanked the World Bank, noting that without their support EITI would be impossible in the region she represented. She added that institutions such as the World Bank and IMF were in a good position to help countries collect and transmit data in a way that could make it comparable. Solange Ondigui notes that she represented a region that faced financial constraints, and encouraged the continuous support to EITI internationally and to implementing countries. Zainab Ahmed noted the limited funds available through the EGPS due to the different pillars and the possibility of obtaining grants through IDA, although the procedures to obtain grants through IDA were complex. Zainab asked whether it would be possible to go back to a pool of funds unique for the EITI or whether the EITI itself may wish to have its own fund to channel support to implementing countries.

Faith inquired regarding the civil society component and how can they can access funding for capacity building, adding that weak civil society capacity tends to lead to weak EITI implementation.

Sheila explained that there were provisions and some limited funds set aside for civil society support in the EGPS, however there had been challenges in assessing capacity and representation among civil society organisations. Conversations with civil society had begun and this was work in progress. The open data platforms were also meant to help empower civil society to engage directly with the government, and the MinGov platform was now being rolled out from Africa to Latin America.

### 36-4 Report from the Implementation Committee

#### *Board paper 36-4-A Beneficial ownership roadmap analysis*

The Chair invited Daniel to report to the Board. Daniel commended the efforts made by countries in finalising their beneficial ownership roadmaps and summarised the recommendations from the Implementation Committee to the Board (Board paper 35-4-A, pp. 8-10.) The Chair called on Dyveke to provide further clarification, and Dyveke explained the rationale for the recommendations in section four of the paper. There was one issue related to the need for clarification on the interpretation of the language in the requirements where the Committee had yet to finalise its recommendation.

Maria Isabel highlighted that the analysis indicated that the roadmaps were good, but that implementation would be challenging. There was not only need for technical and financial support, but also political support, since many of the countries planned to support legal reforms.

Olga, Solange and Zainab commented on legal developments and challenges related to beneficial ownership transparency in Cameroon, Nigeria and Ukraine. Board members expressed support for the recommendations in the Board paper.

**Decision:** The Board agreed the recommendations in Board Paper 36-4-A.

#### **Actions:**

- The Implementation Committee to continue working on clarifying ambiguities in the EITI Requirements related to the scope of beneficial ownership reporting as highlighted in Board Paper 36-4-A, with the view of presenting a recommendation to the Board.

#### *Board paper 36-4-B Project level reporting*

Daniel provided an update from the Implementation Committee. He explained that there was emerging consensus that project level reporting was an EITI requirement; that implementation should build on progress made in the European Union, Canada (and Norway, as Carine Smith Ihenacho underlined), and take into account progress and systems of implementing countries; and that it would be necessary with a transitional period to provide guidance and enable countries to prepare for implementation.

While several Board members expressed support for enforcing the project level reporting requirements, some cautioned against moving quickly and some expressed reservations on linking the EITI's requirements tightly to developments in the EU and US.

The following day, the Chair returned to the Board with the following proposal, which had resulted from consultation with members from all constituencies:

*The Board reaffirmed that project level reporting is required. The national multi-stakeholder group should devise and apply a definition of the term project that is consistent with relevant national laws and systems as well as international norms.*

*The Board tasked the Implementation Committee with reviewing current project level reporting practices by implementing countries with a view to developing recommendations for revising requirement 4.7, reviewing considerations related to the payments to be covered by the requirement, and developing guidance on the implementation of the requirement and a transition schedule for validation.*

*Project level reporting is required for all reports covering fiscal years ending on or after 31 December 2018. Given the EITI's "two-year rule" (requirement 4.8), this would effectively require project level reporting by all countries by 31 December 2020 at the latest.*

*In the interim, the current language of requirement 4.7 remains: "The multi-stakeholder group is required to agree the level of disaggregation for the publication of data. It is required that EITI data is presented by individual company, government entity and revenue stream. Reporting at project level is required, provided that it is consistent with the United States Securities and Exchange Commission rules and the forthcoming European Union requirements".*

The Chair thanked Board members for the efforts to come to a consensus.

**Decision:** The Board agreed to the proposal presented by the Chair.

**Actions:**

- In line with the approach outlined in the proposal, the Implementation Committee to review current project level reporting practices by implementing countries with a view to developing recommendations for revising requirement 4.7, reviewing considerations related to the payments to be covered by the requirement, and developing guidance on the implementation of the requirement and a transition schedule for Validation.

*Board paper 36-4-C Reporting deadline extension request: Afghanistan*

Daniel said that Afghanistan had sought an extension of the deadline to publish their EITI Report. The Implementation Committee recommended to the Board that Afghanistan's reporting deadline be extended to 1 May 2017. If the outstanding EITI Report was not published by 1 May 2017, the Committee recommended that Afghanistan be suspended.

Pablo Valverde said that the International Secretariat's assessment was that Afghanistan was not eligible for an extension as delays were primarily related to delays in the procurement process and these do not constitute exceptional circumstances. The Implementation Committee had reviewed the assessment and decided that circumstances in Afghanistan were generally exceptionally difficult and recommended to the Board that an extension be granted.

**Decision:** The Board agreed to the proposal in paper 36-4-C to extend Afghanistan's reporting deadline.

**Actions:**

- The Chair to write to the MSG Chair announcing the Board's decision about Afghanistan's extension

request.

#### *Board paper 36-4-D Reporting and Validation deadline extension request: Myanmar*

Daniel introduced Board paper 36-4-D and stated that Myanmar had sought an extension of the deadline for publishing their EITI Report and the commencement of their Validation. The Implementation Committee recommended to the Board that Myanmar's reporting deadline would be extended to 31 March 2018 and that its Validation would be extended to 1 July 2018.

Dyveke explained that the reporting delays had mainly been caused by the transition following elections in the preceding year, resulting in dissolution of the bodies governing EITI and delays in funding. She added that there had been encouraging signs of progress in the last months with a new champion and the MSG having been appointed. Daniel requested that the letter conveying the decision to national actors would include clear language on the urgency of the government to strengthen commitment and continue progress towards EITI implementation.

**Decision:** The Board agreed to the proposal in paper 36-4-D to extend Myanmar's reporting and Validation deadline.

#### **Actions:**

- The Chair to write to the MSG Chair announcing the Board's decision about Myanmar's extension request.

#### *36-5 Report from the Validation Committee*

Mark Pearson commended the commitment by Validation Committee members and the work of the International Secretariat in supporting the Validations. He noted that the process was working well and allowed Committee members to consider detailed aspects of compliance with the Standard.

#### *Board Paper 36-5-H Validation of Tajikistan*

Mark noted that the Validation Committee's recommendation was made in December, but that there had been objections to taking a decision to suspend via circular. The Validation Committee recommended that the Board agree that Tajikistan had made inadequate progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3.c.iii, Tajikistan would be suspended and would need to take corrective actions as outlined in the paper. Mark listed the main areas of concern and noted the recommendation to give Tajikistan 18 months to address the corrective actions.

Oleksiy Orlovsky noted that he had objected to the recommendation in the Board circular as his preference was that only positive decisions or decisions that could not be delayed be made by circular, whereas problematic or strategic questions, such as suspension, be kept for in-person meetings of the Board. Besides, he drew attention to the procedure of sending letters to Board members via circulars. He commented that the current system did not allow for direct engagement between Board members since any comments sent by individual Board members were not visible to others. He urged the Board to consider adopting a more open approach. He further noted his concern that many countries in the region were being suspended, which might result in a lower level of commitment. In his communications with stakeholders in Tajikistan, there had not been an indication of a low level of engagement by civil society and that there was space for civil society to organise their activities. Olga agreed with Oleksiy that in this case there appeared to be an understanding between government and civil society.

Sam explained that the Validation Committee had looked the assessments for each of the requirements, including the safeguard requirements. He noted that to avoid suspension, the Board would not only need to agree a different overall assessment than inadequate progress, but would also need to conclude that the civil society requirements had been satisfactory implemented. In such case, there would not be any room to propose corrective measures.

Cielo noted that a conscious effort had been made to ensure that there was consistency across countries. The Chair noted that the Board could not take regional considerations into account as this was not part of the EITI Standard, and that there appeared to be issues besides civil society engagement which the corrective measures proposed could help address.

**Decision:** The Board agreed to the proposal in paper 36-5-H and that Tajikistan had made inadequate progress overall in implementing the 2016 EITI Standard.

**Actions:**

- The Chair to write to the government announcing the Board's decision about Tajikistan's Validation.

*Board Paper 36-5-B Validation of Ghana*

Mark presented the Validation Committee's recommendation to the Board that Ghana be assessed as having made meaningful progress in implementing the EITI Standard. Ghana would be considered an EITI candidate and would be requested to undertake corrective actions until the second Validation in 12 months.

**Decision:** The Board agreed to the proposal in paper 36-5-B and that Ghana had made meaningful progress overall in implementing the 2016 EITI Standard.

**Actions:**

- The Chair to write to the government announcing the Board's decision about Ghana's Validation.

*Board Paper 36-5-C Validation of Kyrgyz Republic*

Mark outlined the Validation Committee's recommendation that the Board agree that Kyrgyz Republic had made inadequate progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3.c.iii, Kyrgyz Republic would be suspended and would need to take corrective actions as outlined in the Board Paper. He highlighted the proposal that the Board in taking this decision would note the revival of the commitment by the Government of the Kyrgyz Republic and the important contributions by civil society and industry to the process.

Gubad agreed that the EITI report could have been better, but he considered that the country had made satisfactory progress on MSG oversight. He lamented the recommendation for suspension as he saw much potential for reform in the country. Recognising the gaps in reporting, Olga noted that it was difficult to determine whether both the governance and the technical parts were equally important. Jim explained that there was a hierarchy in the EITI requirements in that the civil society requirements had to be met to avoid suspension, and only then could the remaining requirements be considered. Mary asked for some

further clarification as there was many areas where satisfactory and meaningful progress had been made. Mark explained that the main issues related to state participation, export data and data quality, and that there had been some progress in some areas but no progress in others. The Validation Committee had considered that there was significant work to be done. Sam added that there were 20 corrective actions in the paper and that this number was indicative of the work needed to meet the EITI Requirements. It was noted that the messaging to the government and support in implementing corrective actions would be important.

**Decision:** The Board agreed to the proposal in paper 36-5-C and that Kyrgyz Republic had made inadequate progress overall in implementing the 2016 EITI Standard.

**Actions:**

- The Chair to write to the government announcing the Board's decision about Kyrgyz Republic's Validation.

*Board Paper 36-5-D Validation of Liberia*

Mark explained that Board Paper 36-5-D was currently for discussion as the MSG had made comments that had not yet been considered by the Validation Committee. The Committee would make a recommendation in the coming weeks.

**Actions:**

- The Validation Committee to prepare a final paper on Liberia's Validation for decision, to be processed by circular.

*Board Paper 36-5-E Validation of Mauritania*

Mark outlined the Committee's recommendation that the Board agree that Mauritania had made meaningful progress in implementing the EITI Standard. He listed the main areas for corrective measures as outlined in Board Paper 36-5-E. He noted that the corrective actions showed that there was still work to be done, and that the Committee recommended 18 months to address these. He added that it was recommended that the Board would in its decision highlight the efforts of the MSG to play a proactive role in the national natural resource governance debate and to follow up on recommendations from the EITI reporting process, among other positive developments.

**Decision:** The Board agreed to the proposal in paper 36-5-E and that Mauritania had made meaningful progress overall in implementing the 2016 EITI Standard.

**Actions:**

- The Chair to write to the government announcing the Board's decision about Mauritania's Validation.

*Board Paper 36-5-F Validation of São Tomé and Príncipe*

Mark introduced the paper, which recommended that São Tomé and Príncipe be assessed as having made meaningful progress in implementing the EITI Standard, and listed the areas in which corrective actions would be required as outlined in Board Paper 36-5-F. The Committee further recommended a period of 12 months to undertake corrective actions.

Dominic asked whether the 12-month deadline meant that the country was further along than other countries given 18 months, which was confirmed by Mark.

**Decision:** The Board agreed to the proposal in paper 36-5-F and that São Tomé and Príncipe had made meaningful progress overall in implementing the 2016 EITI Standard.

**Actions:**

- The Chair to write to the government announcing the Board's decision about São Tomé and Príncipe's Validation.

*Board Paper 36-5-G Validation of Solomon Islands*

Mark introduced the paper, which recommended that an overall assessment of inadequate progress. He noted that this would lead to suspension and that corrective actions would have to be taken within areas outlined in Board Paper 36-5-G. He noted the significant work that would be needed to address the gaps, and that the Committee had suggested 10 months until the next Validation.

Mary asked why only 10 months had been recommended given the long list of corrective actions. Sam explained that in recommending a deadline the committee had considered several factors, including the complexity of the extractive industries, the number of corrective actions and alignment with the EITI reporting cycle. Mary added that the small sector could also imply that there were limited government resources available to address the corrective actions, and suggested 12 or 18 months as per other cases. The Chair suggested 12 months, to which the Board agreed.

**Decision:** The Board agreed to the proposal in paper 36-5-G that Solomon Islands had made inadequate progress overall in implementing the 2016 EITI Standard, with 12 months to undertake corrective actions.

**Actions:**

- The Chair to write to the government announcing the Board's decision about the Validation of Solomon Islands.

*Board Paper 36-5-A Azerbaijan - Assessment of progress with corrective actions*

Mark explained that there had been substantial discussions about Azerbaijan within the Validation Committee, including discussions about letters and other documents that had been brought to the Board's attention in the last week. This information had not changed the Validation Committee's recommendation that the corrective actions agreed in Astana had not been completed and that Azerbaijan should therefore be suspended.

Gubad Ibadoglu and Shahmar Movsumov were invited to present their views before leaving the meeting.

The Chair reminded the Board that the Board had in Astana requested the government of Azerbaijan to complete these three corrective actions ahead of this meeting in Bogota. He informed the Board that he and Jonas had met with President Ilham Aliyev of Azerbaijan to discuss the situation. The President had

confirmed that the legislation would not be changed, but that the government wanted to do what was necessary to continue to be part of the EITI. He also noted that he had met with representatives from BP who expressed concern about the possibility of suspension and how this could be harmful for the development of Azerbaijan. He highlighted that civil society representatives were deeply split, with one group viewing the space provided the EITI as the only space and another group leaning towards suspension.

Board members expressed their views on the Validation's Committee's recommendation. Board members from implementing countries and civil society argued that Azerbaijan had been given many opportunities to correct the situation, that corrective actions had not been fulfilled, and therefore that enforcement of the EITI Standard requirement mandating suspension was now inevitable. Some supporting country representatives agreed with this view, whereas others wanted to know more about the likely consequences of suspension. Most company representatives preferred to avoid a decision that included the word suspension, and expressed warnings that if Azerbaijan was suspended, there was a probability that the country would withdraw from the EITI, leaving local civil society without support from the initiative.

The Chair concluded that there was consensus that the corrective actions had not been completed. Although there were wider considerations, it was necessary to make a decision based on the requirements of the EITI Standard. He suggested to return to the discussion the next day and asked that any Board member who were against a decision to suspend present an alternative solution grounded in the Standard.

The following day, the Chair circulated a proposed statement regarding the Board decisions (Annex B) on Validation:

*(...) At its meeting in Bogotá, Colombia, the EITI Board also agreed continued to assess the performance of its 51 implementing countries against the EITI Standard. It found **Ghana, Mauritania and Sao Tome e Principe**, to have made meaningful progress.*

*The Board also found that **the Kyrgyz Republic, the Solomon Islands and Tajikistan** had made inadequate progress and set the corrective actions they need to take to continue on the path towards meeting the EITI Standard. While the Board welcomed that **Azerbaijan** had taken further steps to meet the EITI Standard, it was assessed not to have fully met the corrective actions related to civil society space set by the Board in October.*

The Chair reiterated that the Board needed to be firm in following up what had been agreed at the last Board meeting and that decisions had to be made with linkages to the EITI Standard. He clarified that the conclusion had been that the corrective actions had not been met, which would lead to suspension. Jonas explained that the statement proposed by the Chair would help highlight that the decisions were consistent across countries, but that the way the decision was communicated would emphasise progress made rather than suspension.

Several Board members appreciated the positive messaging and suggested that a message from the EITI Chair should be delivered to President Aliyev communicating the decision prior to it being announced.

Several Board members expressed support for the decision. While accepting the decision, within the sub-constituency of supporting countries some countries had dissenting views. Dominic stated his preference to maintain Azerbaijan's EITI candidate status. The representatives of the oil and gas companies were against the decision leading to suspension. Olga and Mary abstained from participating in the decision.

#### **Actions:**

- The Chair to write to the Government of Azerbaijan to inform them of the Board's decision, emphasising progress made.

### 36-6 Report from the Outreach & Candidature Committee *Board Paper 36-6-A Candidature Assessment: Armenia*

The Chair invited Oliana to present the assessment of the candidature application of Armenia. Armenian nationals were asked to leave the meeting. Oliana summarised the findings by the International Secretariat outlined in Board Paper 36-6-A, noting that the Outreach & Candidature Committee had assessed that Armenia had met all the requirements. The Secretariat clarified that the government of Armenia considered Nagorno Karabakh as outside their jurisdiction and that EITI reporting would therefore not be applicable.

Mary registered her support for the candidature. She referred to the commitment language used in context to Armenia's World Trade Organisation accession which noted the borders as recognised by the United Nations. Olga noted her support for the country to be accepted, and commented on the importance of the issue raised by Mary with respect to referring to the borders. Catarina asked about the International Secretariat's opinion of the civil society situation, noting that there had been some records of clamp down on anti-corruption activities and some attacks against members of civil society, and whether there were any views on a recently passed law affecting civil society. Mack noted on behalf of his region that he was supportive of the candidature and would be pleased to see them join the EITI. Oleksiy indicated that he had been regularly in touch with civil society in Armenia to seek their views on the EITI process and asserted that, from his point of view, civil society representation on the MSG in Armenia could be genuinely independent from the government.

Oliana added that with regards to civil society, the International Secretariat had looked at the general picture, as well as the group of organisations actively engaged in EITI. The assessment found that civil society had the ability to express freely on issues related to natural resource governance and that there were no legal or administrative restrictions. Furthermore, there were evidence of frequent of civil society constituency meetings and active outreach efforts by the government to reach out to civil society stakeholders.

The Chair stated that the decision should be consistent with the Standard and what had been asked from other countries. He proposed that the letter to the Government of Armenia should note that the issue of borders had been raised and that the decision was based on the assumption that Armenia's implementation of the EITI would only relate to activities within the borders of the Republic of Armenia.

**Decision:** The Board agreed to the recommendation in Board Paper 36-6-A and that Armenia would be accepted as an EITI candidate country. The Chair invited Deputy Minister of Nature Protection of Armenia Khachik Hakobyan to make some remarks.

#### **Actions:**

- The Chair to write to the Government of Armenia to inform them of the Board's decision.

### 36-8 Report from the Governance and Oversight Committee *Progress on the constituency arrangements given on-going consultations*

Mary summarised the work done by the Governance and Oversight Committee, which had included the progress with the Board self-assessment and constituency consultation. The Committee would come back to the Board with more specific recommendations on both issues. The future work of the Committee would

be to continue to consider the grievance and dispute settlement options, and would possibly undertake a survey on how these are used. The Committee also aimed to look at how multi-stakeholder group governance was working in countries and developing options in how to provide additional support.

Mary explained that the Committee was going to review the Code of Conduct and would develop Terms of Reference for the Head of the Secretariat, a description for the Chair's position and clarify the nomination procedures.

On the constituency consultation, Carine informed the Board that a working group consisting of Victor, Wendy and Carine had conducted a consultation with wider constituencies. Carine explained that one coordinated response from the company constituency, a coordinated country response noting areas of disagreements, and eight civil society responses had been received. She noted that the next steps for the working group would be to go through the responses and identify common threads. This could result in proposed changes to the Articles of Association. More detailed proposals were likely to be presented at the next Board meeting in May. Wendy noted the active involvement across constituencies in this work, and invited stakeholders to bring any issues to the working group.

**Actions:**

- The Governance & Oversight Committee to return to the Board with recommendations based on the Board self-assessment and constituency consultation.

*36-7 Report from the Finance and Audit Committees*

*Board paper 36-7-A 2016 EITI Annual Accounts and Q1 2017 Forecast*

Moses Kulaba presented Board Paper 36-7-A to the Board, thanking the International Secretariat and Board members for their work.

Regarding the annual accounts for 2016, Moses reported a positive outturn, ending the year with a small surplus. He noted that the expenditure by the International Secretariat had been prudent and that this had affected implementation. Moses welcomed the encouraging trend that the number of contributors had increased to 67 from 50, beating the previous highest number of contributions of 66 in 2014. In particular, he thanked the companies for their contributions.

On the funding side the Committee was pleased that Implementing and Supporting companies including financial institutions had agreed to required contributions that would improve the predictability of funding. He encouraged Supporting Countries to agree a position on funding as well. Timor Leste contributed USD 25 000 as the first Implementing Country to make a contribution and Tajikistan had followed suit.

Moses noted the positive forecast for Q1 2017, the EITI had received funding of USD 1.3m including 0.4m of project specific funding mainly towards beneficial ownership. Moses was pleased to announce confirmed multi-year agreements from Norway, Finland and Germany.

*Board paper 36-7-B 2016 Report from the Audit Committee*

Alan McLean reported on the work performed by the Audit Committee. He explained that a meeting had been held with the auditors where Committee members had been able to clarify any issues. The Committee was satisfied that the auditors had had full access to information and that there had been no limitations to the scope, and that they were of the opinion that the accounts had been presented in a fair and true manner. The Committee was on this basis recommending to the Board that it would accept the EITI 2016 accounts.

**Decision:** The Board decided to approve the 2016 Accounts by the EITI as presented by the Audit Committee.

#### *Board paper 36-7-C EITI International Management Expenditure Review 2016/2017*

Moses presented the findings of the expenditure review of the International Secretariat as outlined in the Board Paper 36-7-C.

The review had been undertaken by the Finance Committee and had looked at existing costs as well as coordination mechanisms with other technical providers. A working group under the Finance Committee consisting of Moses Kulaba (Chair), Dominic Emery, BP, Oleksiy Orlovsky, IRF Ukraine, Duncan Robertson, ICMM, Mary Warlick, US State Dept. and Micah Watson, US State Department conducted the review with assistance from the Secretariat. A series of meetings had taken place and a mission to Oslo consisting of Moses and Micah, joined by Siri Farstad from Statoil, to the Secretariat had been conducted in January. The purpose had been to verify the information presented by the Secretariat and included visits to the accountants and auditors of the Secretariat.

Moses concluded the report by stating that the International Secretariat was recruiting for four positions – two replacements, one existing vacancy and one new position.

The Chair noted that the paper presented demonstrated that the EITI was cost-effective. Eddie added that the recommendations noted that most of the costs were related to staff time. The decisions taken by the Board had a major influence on staff time and related costs. He explained that the International Secretariat was thinly stretched and that this affected implementation support.

Dominic noted that the paper was for information at the moment and that a set of recommendations would follow the ongoing discussion.

Catarina highlighted the difficulties in reaching an agreement within the supporting country constituency on a supporting countries funding formula. She noted the discussions that had taken place calling for a more reasonable burden sharing among supporting countries and asked for advice on how to revisit this issue. The Chair noted the comments made and suggested that the issue of the imbalance of support provided by supporting countries should be raised in the Finance Committee and then to the Board.

Victor stated a request from Honduras to put on record that many governments do not appear provide adequate funding of implementation, and suggested that the Board should demand a clear commitment by implementing countries represented on the Board to fund the participation of their representatives in Board meetings.

Zainab raised concerns related to sustainability of the EITI, as this was a great organisation not only in terms of number of countries but also wider processes such as beneficial ownership and project level reporting, which would need substantial support to implementing countries. Wendy highlighted a concern regarding the strategic direction of the organisation, as she noted the need for a clear direction would be important to understand what costs would be required in the longer term.

Eddie noted that despite the new technologies and methods which could make training at distance possible, nothing replaces in-country support in terms of effectiveness.

#### *Any other business*

The Chair reminded the Board of the dates for the next two Board meetings taking place this year, one in Oslo on 23-24 May, and one in 24-26 October with location yet to be confirmed. In this regard, Oleksiy

encouraged the Board to host coming Board meetings in countries that have been suspended to demonstrate its commitment to continue supporting these countries.

### 36-8 Report from the Governance and Oversight Committee

#### *Board paper 36-8 Board self-assessment (closed session)*

The Board held a closed session to discuss the preliminary findings of the Board self-assessment. Carine presented the results and said that respondents generally expressed a positive view of how the Board saw itself and its overall relationship with the Chair and Secretariat. Discussions centred on how to improve Board induction and Board members' understanding of their roles and responsibilities. Ideas discussed included peer-pairing between experienced and new Board members, interviews of Board members leaving the organisation and strategies to improve awareness with the Board manual and Board procedures. Board members said that they wanted to institutionalise the practice of self-assessments and discussed how to improve participation in future exercises.

#### **Actions:**

- The Governance and Oversight Committee to consider any recommendations to the Board from the self-assessment and the Board's discussion.

36<sup>th</sup> Board meeting ended

## Annex A – Board decisions on country status and extension requests

### Board decision on Afghanistan

*Afghanistan is eligible for an extension and the reporting deadline is extended to 1 May 2017. If the outstanding EITI Report is not published by 1 May 2017, Afghanistan will be suspended. The suspension will not be lifted until requirement 4.8 is met. If the suspension is in effect for more than one year, the EITI Board will delist Afghanistan.*

### Board decision on Armenia

*The EITI Board admits the Republic of Armenia as an EITI candidate country on 9 March 2017. In accordance with the EITI Standard, the Republic of Armenia is required to publish its first EITI Report within 18 months of becoming a candidate (i.e., by 9 September 2018). Armenia is required to publish an annual activity report for 2017 by 1 July 2018. Validation will commence within two and a half years of becoming a candidate (i.e., by 9 September 2019). In accordance with the work plan submitted by the MSG, the EITI Board expects Armenia to publish a beneficial ownership roadmap by 1 January 2018.*

### Board decision on Azerbaijan

*The EITI Board agreed that Azerbaijan has not completed the corrective actions as requested at the 35th EITI Board meeting. Consequently, the EITI Board decided to suspend Azerbaijan as of 8 March 2017 in accordance with requirement 8.3.c.iii.*

*As agreed by the EITI Board at its 35th meeting, progress with the outstanding corrective actions related to requirements 1.3, 1.4, 2.6, 6.2, 7.1 and 7.4 will be assessed in a third Validation which will commence on 26 July 2017. In accordance with the EITI Standard, Azerbaijan's Multi-Stakeholder Group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.*

### Board decision on Ghana

*The Board agrees that Ghana has made meaningful progress overall in implementing the 2016 EITI Standard. The Board's determination of Ghana's progress with the EITI's requirements is outlined in the assessment card below.*

*The EITI Board agreed that Ghana has made meaningful progress in meeting requirements 2.3, 2.6, 3.2, 3.3., 4.1, 4.2, 4.5 and 6.2. The major areas of concern relate to license registers (#2.3), state participation (#2.6), production and export data (#3.2 and #3.3), comprehensiveness (#4.1), in-kind revenues (#4.2), State Owned Enterprise (SOE) transactions (#4.5) and SOE quasi-fiscal expenditures (#6.2).*

*Accordingly, the EITI Board agreed that Ghana will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second validation commencing on 8 March 2018. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Ghana's EITI National Steering Committee (NSC) may request an extension of this timeframe, or request that Validation commences earlier than scheduled.*

*The Board's decision followed a Validation that commenced on 1 July 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a Validation Report to the EITI Board. The NSC was invited to comment on the findings throughout the process. The NSC's comments on the report were taken*

*into consideration. The final decision was taken by the EITI Board.*

*Note: Scorecard and corrective actions as per Board Paper 36-5-B.*

### Board decision on Kyrgyz Republic

*The Board agrees that the Kyrgyz Republic has made inadequate progress overall in implementing the 2016 EITI Standard. In taking this decision the EITI Board noted the revival of the commitment by the Government of the Kyrgyz Republic and the important contributions by civil society and industry to the process. The Board highlighted that although there is a need for improvement in terms of disclosure of information related to the extractive sector, the EITI reporting process has underscored opportunities for reform. The Board was encouraged by the efforts of the government, industry and the civil society in the last couple of months and the Supervisory Board to act on the recommendations from EITI institutional setup study to strengthen EITI implementation. The Board was also encouraged by the efforts of the Supervisory Board to ensure disclosure of beneficial ownership and mandatory EITI reporting, amount of information disclosed under the EITI Standard available on government portals on monthly basis as well as increase of reporting companies and level of disaggregation.*

*The Board's determination of Kyrgyz Republic's progress with the EITI's requirements is outlined in the assessment card, below. The EITI Board agreed that the Kyrgyz Republic had not made satisfactory progress on requirements 1.1, 1.4, 2.2, 2.3, 2.4, 2.6, 3.2, 3.3, 4.3, 4.4, 4.5, 4.6, 4.9, 5.2, 6.1.a, 6.2, 6.3, 7.1, 7.3 and 7.4. The major areas of concern relate to state participation (#2.6), export data (#3.3), barter agreements (#4.3), transportation revenues (#4.4), SOE transactions (#4.5), direct subnational payments (#4.6), data quality (#4.9), subnational transfers (#5.2), mandatory social expenditures (#6.1.a) SOE quasi-fiscal expenditures (#6.2) and follow up on recommendations (#7.3). The EITI Board disagreed with the validator on the following requirements: industry engagement (#1.2), work plan (#1.5), policy on contract disclosure (#2.4), production data (#3.2), comprehensiveness (#4.1), disaggregation (#4.7).*

*In accordance with requirement 8.3.c.iii, the EITI Board agreed that the Kyrgyz Republic will be suspended and will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second Validation commencing on 8 September 2018. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in delisting in accordance with the EITI Standard. In accordance with the EITI Standard, the Kyrgyz Republic's Supervisory Board may request an extension of this timeframe, or request that Validation commences earlier than scheduled.*

*The Board's decision followed a Validation that commenced on 1 July 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed an Independent Validator, who submitted a Validation Report to the EITI Board. Kyrgyz Republic's Supervisory Board were invited to comment throughout the process. The Supervisory Board's comments on the report were taken into consideration. The final decision was taken by the EITI Board.*

*Note: Scorecard and corrective actions as per Board Paper 36-5-C.*

### Board decision on Mauritania

*The Board agrees that Mauritania has made meaningful progress overall in implementing the 2016 EITI Standard. In taking this decision the EITI Board commended the efforts of the Mauritanian EITI National Committee (MSG) to play a proactive role in the national natural resource governance debate and to follow up on recommendations from the EITI reporting process. The EITI Board also noted the MSG's active*

*engagement with stakeholders such as the Prime Minister's Office to actively follow up on EITI recommendations, as well as the efforts to go beyond the EITI's requirements on bringing transparency to other sectors such as fisheries. The EITI Board highlighted that the EITI has provided a positive platform for driving reforms in the mining, oil and gas sector as well as public finance management. The EITI Board was encouraged by the government's efforts to make government systems more transparent and accountable and urged the MSG to work towards further mainstreaming EITI disclosures.*

*The Board's determination of Mauritania's progress with the EITI's requirements is outlined in the assessment card, below. The EITI Board agreed that Mauritania had not made satisfactory progress on requirements 1.4, 1.5, 2.2, 2.3, 2.4, 2.6, 4.1, 4.9, 5.1, 5.2 and 7.4. The major areas of concern relate to MSG governance (#1.4), workplan (#1.5), license allocations (#2.2), license registers (#2.3), contract disclosure (#2.4), state participation (#2.6), comprehensiveness (#4.1), data quality (#4.9), revenue management and expenditure (#5.1), subnational transfers (#5.2) and review of outcomes and impact (#7.4). The EITI Board disagreed with the validator on the following requirements: civil society engagement (#1.3), barter and infrastructure agreements (#4.3), subnational transfers (#5.2), social expenditures (#6.1), quasi-fiscal expenditures (#6.2) and contribution to the economy (#6.3).*

*Accordingly, the EITI Board agreed that Mauritania will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second validation commencing on 8 September 2018. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, the MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.*

*The Board's decision followed a Validation that commenced on 1 July 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed an Independent Validator, who submitted a Validation Report to the EITI Board. Mauritania's MSG was invited to comment throughout the process. The MSG's comments on the report were taken into consideration. The final decision was taken by the EITI Board.*

*Note: Scorecard and corrective actions as per Board Paper 36-5-E.*

### **Board decision on Myanmar**

*Myanmar is eligible for an extension and the reporting deadline is extended to 31 March 2018. The commencement of Validation is extended until 1 July 2018. If the outstanding EITI Report is not published by 31 March 2018, Myanmar will be suspended. The suspension will not be lifted until requirement 4.8 is met. If the suspension is in effect for more than one year, the EITI Board will delist Myanmar.*

### **Board decision on São Tomé and Príncipe**

*The Board agrees that São Tomé and Príncipe has made meaningful progress overall in implementing the 2016 EITI Standard. The Board's determination of São Tomé and Príncipe's progress with the EITI's requirements is outlined in the assessment card, below.*

*The EITI Board agreed that São Tomé and Príncipe had not made satisfactory progress on requirements 1.4, 1.5, 2.2, 2.3, 3.1, 4.6 4.9, 6.1, 7.3 and 7.4. The major areas of concern relate to MSG governance (#1.4), work plan (#1.5), license allocation (#2.2), license register (#2.3)), exploration data (#3.1), direct sub-national payments (#4.6), data quality (#4.9), mandatory social expenditures (#6.1.a), follow-up on recommendations (#7.3), outcomes and impact (#7.4).*

*Accordingly, the EITI Board agreed that São Tomé and Príncipe will need to take corrective actions outlined*

*below. Progress with the corrective actions will be assessed in a second validation commencing on 8 March 2018. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, the São Tomé and Príncipe Extractive Industries National Stakeholder Group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.*

*The Board's decision followed a Validation that commenced on 1 July 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed an Independent Validator, who submitted a Validation Report to the EITI Board. The São Tomé and Príncipe Extractive Industries National Stakeholder Group was invited to comment on the findings throughout the process. The national secretariat's comments on the report were taken into consideration. The final decision was taken by the EITI Board.*

*Note: Scorecard and corrective actions as per Board Paper 36-5-F.*

### Board decision on Solomon Islands

*The Board agrees that Solomon Islands has made inadequate progress overall in implementing the 2016 EITI Standard. The Board's determination of Solomon Islands' progress with the EITI's requirements is outlined in the assessment card, below.*

*The EITI Board agreed that Solomon Islands had not made satisfactory progress on requirements 1.1, 1.2, 1.3, 1.4, 1.5, 2.1, 2.2, 2.3, 2.4, 3.2, 3.3, 4.1, 4.6, 4.7, 4.9, 5.1, 5.2, 6.1, 6.3, 7.3 and 7.4. The major areas of concern relate to government engagement (#1.1), industry engagement (#1.2), civil society engagement (#1.3), MSG governance (#1.4), work plan (#1.5), legal framework (#2.1), license allocation (#2.2), license register (#2.3), contract disclosure (#2.4), production data (#3.2), export data (#3.3), comprehensiveness (#4.1), direct subnational payments (#4.6), disaggregation (#4.7), data quality (#4.9), revenue management and expenditures (#5.1), subnational transfers (#5.2), mandatory social expenditures (#6.1.a), economic contribution (#6.3), follow-up on recommendations (#7.3), outcomes and impact (#7.4).*

*In accordance with requirement 8.3.c.iii, the EITI Board agreed that Solomon Islands will be suspended and will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in the next Validation commencing on 8 March 2018. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in delisting in accordance with the EITI Standard. In accordance with the EITI Standard, The Solomon Islands' multi-stakeholder group (SIENSG) may request an extension of this timeframe, or request that Validation commences earlier than scheduled.*

*The Board's decision followed a Validation that commenced on 1 July 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed an Independent Validator, who submitted a Validation Report to the EITI Board. The SIENSG was invited to comment on the findings throughout the process. The national secretariat's comments on the report were taken into consideration. The final decision was taken by the EITI Board.*

*Note: Scorecard and corrective actions as per Board Paper 36-5-G.*

## Board decision on Tajikistan

*The Board agrees that Tajikistan has made inadequate progress overall in implementing the 2016 EITI Standard. In taking this decision the EITI Board noted the strong commitment by the Government of Tajikistan and the important contributions by civil society to the process. The Board highlighted that although there is a need for improvement in terms of disclosure of information related to the extractive sector, the EITI reporting process has underscored opportunities for reform. The Board was encouraged by the efforts of the government and the EITI Council to act on the recommendations from EITI reports to strengthen management of the extractive sector, including efforts to establish a publicly accessible cadastre, ensure mandatory disclosure of beneficial ownership and improve tax collection systems.*

*The Board's determination of Tajikistan's progress with the EITI's requirements is outlined in the assessment card. The EITI Board agreed that Tajikistan had not made satisfactory progress on requirements 1.2, 1.3, 2.2, 2.3, 2.6, 3.2, 3.3, 4.1, 4.2, 4.3, 4.5, 4.9, 6.1, 6.2, 7.1 and 7.4. The major areas of concern relate to license allocations (#2.2), (#2.3), state participation (#2.6), including SOE transactions (#4.5) and quasi-fiscal expenditures (#6.2), production data (#3.2) and export data (#3.3), comprehensiveness (#4.1), in-kind revenues (#4.2), barter arrangements (#4.3) and social expenditures (#6.1). The EITI Board disagreed with the validator on the following requirements: government engagement (#1.1), export data (#3.3) and in-kind revenues (#4.2).*

*In accordance with requirement 8.3.c.iii, the EITI Board agreed that Tajikistan will be suspended and will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second Validation commencing on 08 September 2018. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in delisting in accordance with the EITI Standard. In accordance with the EITI Standard, the Tajikistan EITI Council may request an extension of this timeframe, or request that Validation commences earlier than scheduled.*

*The Board's decision followed a Validation that commenced on 1 July 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed an Independent Validator, who submitted a Validation Report to the EITI Board. Tajikistan's EITI Council were invited to comment throughout the process. The EITI Council's comments on the report were taken into consideration. The final decision was taken by the EITI Board.*

*Note: Scorecard and corrective actions as per Board Paper 36-5-H.*

## Annex B – EITI Statement on decisions made at 36<sup>th</sup> EITI Board meeting

### EITI REAFFIRMS ITS LEADERSHIP ON REVENUE TRANSPARENCY

#### Board agrees how to require project-by-project reporting and decides the status of seven countries

Thursday 9 March, Bogota – The EITI Board today decided how the EITI is requiring that reporting has to be done at project level in the 51 implementing countries. With this decision, the EITI remains the leading standard for transparency in revenues.

At its meeting in Bogotá, Colombia, the EITI Board also agreed continued to assess the performance of its 51 implementing countries against the EITI Standard. It found **Ghana, Mauritania and Sao Tome e Principe**, to have made meaningful progress.

The Board also found that **the Kyrgyz Republic, the Solomon Islands and Tajikistan** had made inadequate progress and ~~were~~ set the corrective actions they need to take to continue on the path towards meeting the EITI Standard. While the Board welcomed that **Azerbaijan** had taken further steps to meet the EITI Standard, it was assessed not to have fully met the corrective actions related to civil society space set by the Board in October.

EITI Chair, Fredrik Reinfeldt said:

“I am delighted that the Board has set out how EITI countries are to report by project. This is a big step forward in the global effort to ensure contracts are enforced and taxes properly paid and collected in the sector. In addition, it is good to see that the EITI’s new way of assessing countries is working. The Board was pleased that another three countries had made meaningful progress and committed its continued support the others in their efforts to meet the Standard.” **Project level reporting at the global level - reflecting existing practices**

Project level reporting is an additional level of information, illustrating how companies operate in individual fields or mine sites. Publishing project-level information can allow the public to monitor and assess the extent to which the government receives what it ought to from each individual extractive project, as payments can be compared with the fiscal terms set out in the laws or contract governing the project. For host communities, it could also contribute to show the contribution made by each project. Several EITI implementing countries already report by project including Azerbaijan, Indonesia and Trinidad and Tobago.

The Board agreed that each country should devise and apply a definition of the term project that is consistent with relevant national laws and systems as well as international norms. Following a definition, the countries would be required to produce the information for all fiscal years ending on or after 31 December 2018.

#### Tracking progress against the Standard

The EITI adopted a new Standard in February 2016 and presently all countries are being assessed as to whether they have made satisfactory, meaningful, inadequate or no progress against the Standard. The Board assessed **Ghana, Mauritania and Sao Tome e Principe**, to have made meaningful progress and commended them on the impact of their processes. The Board concluded that the progress in the **Kyrgyz Republic, the Solomon Islands and Tajikistan** was inadequate and set out corrective actions and timelines

to make progress.

In October 2016, the Board had concluded that **Azerbaijan** had made meaningful progress in implementing the 2016 EITI Standard, but that it had not made satisfactory progress on civil society engagement. Accordingly, it set some corrective actions. The Board agreed that whilst progress had been made on these actions, they had not been fully completed.

In reaching these decisions, the Board recognised the complexity of the challenges facing the countries. The Board commended EITI stakeholders in those countries and committed to support the process to address the unmet issues.

## Annex C – Participant list

### Chair

**Mr Fredrik REINFELDT**

### Countries

#### Implementing Countries

**Ms Olga BIELKOVA**, Member of Parliament, Ukraine

Alt: **Mr Bazarbay Nurabayev**, Chairman, Committee of Geology and Subsoil Use, Ministry of Investment and Development, Republic of Kazakhstan

**Mr Montty GIRIANGA**, President, EITI National Committee, Indonesia

Alt: **Ms Maria Teresa S. HABITAN**, Assistant Secretary, Department of Finance, Philippines

**Ms Zainab AHMED**, Federal Minister of State Ministry of Budget and National Planning, Nigeria

Alt: **Mr José Fernandes ROSA CARDOSO**, National Coordinator, São Tomé e Príncipe

**Mr Didier Vincent Kokou AGBEMADON**, National Coordinator, Togo

Alt: **Mr Ismaila Madior FALL**, Minister, Legal Adviser to the President and Chair of the EITI National Committee, Senegal

**Mr Jeremy Mack DUMBA**, National Coordinator, Democratic Republic of Congo

Alt: **Ms Agnès Solange ONDIGUI OWONA**, National Coordinator, Cameroon

**Mr Victor HART**, Chair of TTEITI, Trinidad and Tobago

Alt: **Ms Maria Isabel ULLOA**, Representative of the Government of Colombia, Colombia

#### Supporting Countries

**Ms Mary WARLICK**, Principal Deputy Assistant Secretary of State, Bureau of Energy Resources, State Department, USA

Alt: **Mr Mark PEARSON**, Director General, External Relations & Partnerships Branch, Strategic Policy & Results Sector, Natural Resources Canada, Canada

**Ms Catarina HEDLUND**, Deputy Director at the Department for International Trade Policy, Ministry for Foreign Affairs, Sweden

Alt: **Mr Bent GRAFF**, Senior Policy Advisor, Development Policy and Financing, Ministry of Foreign Affairs, Denmark

**Mr Dirk-Jan KOCH**, Special Envoy for Natural Resources, Ministry of Foreign Affairs, Netherlands

Alt: **Mr Sören DENGGE**, Head of Division “Energy, Infrastructure, Raw Materials”, Federal Ministry for Economic Cooperation and Development (BMZ), Germany

#### Civil Society Organisations

**Mr Daniel KAUFMANN**, President, Natural Resource Governance Institute (NRGI)

Alt: **Ms Wendy TYRRELL**, Transparency International, Australia

**Mr Gubad IBADOGLU**, Senior Researcher, Economic Research Center, Azerbaijan

Alt: **Mr Oleksiy ORLOVSKY**, International Renaissance Foundation, Ukraine

**Ms Faith NWADISHI**, Executive Director, Koyenum Immalah Foundation/National Coordinator Publish What You Pay, Nigeria

Alt: **Mr Brice MACKOSSO**, Commission Justice et Paix, Republic of Congo

**Ms Ana Carolina GONZÁLEZ ESPINOSA**, Universidad Externado de Colombia, Colombia

Alt: **Mr César GAMBOA**, Derecho, Ambiente y Recursos naturales, Perú

**Ms Cielo MAGNO**, Bantay Kita, Philippines

Alt: **Mr Moses KULABA**, Governance and Economic Policy Forum, Tanzania

### Companies including Investors

**Mr Stuart BROOKS**, Manager, International Relations, Chevron

**Mr Dominic EMERY**, Vice-President, Long-Term Planning, BP

Alt: **Mr Alan McLEAN**, Executive Vice President, Tax and Corporate Structure, Royal Dutch Shell

**Ms Laurel GREEN**, Group Executive, Legal & External Affairs, Rio Tinto

Alt: **Mr Carlos ARANDA**, Manager Technical Services, Southern Peru Copper Corporation

**Ms Carine Smith IHENACHO**, Vice President Legal, Statoil

Alt: **Mr Jean-François LASSALLE**, Senior Adviser to the President E&P, Total

**Mr Jim MILLER**, Vice President, Environmental Affairs, Freeport-McMoRan, Copper&Gold Inc.

Alt: **Mr James ENSOR**, Executive Director, BHP Billiton Foundation

**Mr Sasja BESLIK**, Head of Responsible Investments at Nordea Asset Management

### Board Secretary

**Mr Jonas MOBERG**, Head, EITI International Secretariat, Oslo

### Observers

**Mr Javier AGUILAR**, Regional Coordinator Extractives Industries LAC Region, World Bank

**Mr Pertti ANTTINEN**, Senior Adviser, Steering and coordination of development cooperation, Department for Africa and the Middle East, Ministry for Foreign Affairs, Finland

**Ms Karen APARICO**, Consultant, GIZ

**Ms Vilma ARBAJE**, EITI Dominican Republic National Coordinator, Dominican Republic

**Mr Luke BALLENY**, EITI Co-ordinator, President's Office, International Council on Mining and Metals (ICMM), UK

**Mr Cesare BIELLER**, Counsellor, Embassy of Italy, Bogota, Colombia

**Mr Jose Alejandro BERNAL**, Director, Inerco Consultoría, Colombia

**Mr Matthew BLISS**, Deputy Director, Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Developments (IGF) Programmes, Canada

- Mr Benjamin COKELET**, Founding Executive Director, Project on Organizing, Development, Education, and Research (PODER), Mexico
- Mr Ben COLLINS**, MSI Integrity
- Mr Jeroen COOREMAN**, Ambassador, Embassy of Belgium, Bogota, Colombia
- Ms Diana CORBIN**, Senior Operations Officer (Donor Relations), Energy and Extractives Global Practice, World Bank, USA
- Mr Carlos LOPEZ CONTRERAS**, EITI Honduras Champion, Honduras
- Mr Achmad DJATMIKO**, Minister Counselor, Embassy of Indonesia, Bogota, Colombia
- Mr Edi EFFENDI**, Head, EITI Secretariat, Indonesia
- Mr Farid FARZALIYEV**, Head, EITI Secretariat, Azerbaijan
- Ms Andrea FORABOSCO**, Senior legal Counsel - Shell Companies EU Liaison Office, Belgian Shell, Belgium
- Mr Thomas GÄCKLE**, Head, Sub-division for raw materials policy, BMW, Germany
- Mr Dylan GÉLARD**, Policy officer, Extractive Industries Transparency, Ministry of Foreign Affairs and International Development, France
- Mr Alfredo GALVEZ SINIDALBI**, General Manager, GoldCorp, Guatemala
- Mr Max GEORGE-WAGNER**, Governance Programme Associate, Natural Resource Governance Institute (NRGI), USA
- Mr Jeremy GUTHRIE**, A/g Assistant Secretary, Private Sector, Infrastructure and Agricultural Development Branch, Department of Foreign Affairs and Trade (DFAT), Australia
- Mr Kachik HAKOBYAN**, Deputy Minister, Ministry of Nature Protection, Armenia
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