Minutes

EITI International Secretariat

18 December 2015

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MINUTES OF THE 31ST EITI BOARD MEETING

31-1 Welcome and adoption of agenda

The EITI Chair, Clare Short, opened the meeting and welcomed Marine de Carne De Trécesson who had taken over from Maria Inmaculada Montero-Luque of the supporting country constituency. She noted that Kerstin Faehrmann had become Marine’s alternate to the Board. She expressed apologies from Board member Faith Nwadishi as well as alternates Matthew Bliss, Brendan O’Donnell, Ian Wood and Carine Smith Ihenacho. The agenda was adopted.

31-2 Report from the Secretariat

Jonas Moberg acknowledged the challenging climate in Ukraine and the importance of the Board offering support to the reformers in Ukraine. He congratulated the multi-stakeholder group on the production of its first EITI Report and the interesting presentation of the 2013 data therein. He took the opportunity to thank the World Bank for their support of the new EITI website which would place greater focus on implementing countries, data and the results of the EITI. He reminded the Board that the Secretariat continued to work on the 2016 Progress Report.

Jonas noted that subsequent to the Board meeting in Berne, Honduras, Liberia and Tajikistan had produced beneficial ownership reports. Many countries were working hard on finalising their 2013 EITI Reports. The Board was informed that a working group on commodity trading had been created. The implementing country constituency had also established a working group of national coordinators seeking to improve its constituency coordination.

He informed the Board that there had been visits from Cyprus and Tunisia to the International Secretariat and of an upcoming visit from Greenland. Approximately 80 interested participants attended an EITI briefing in Oslo to discuss global progress. He noted that the office environment had been good with productive collaboration with stakeholders. He spoke about the current funding formula, noting that it was no longer satisfactory to meet the funding needs of the organisation, and that a review of the support from companies and countries would be timely.

He noted that the slow approval of the Berne Board minutes put a subsequent strain on the production of Board papers. All the board papers for this Kiev meeting were issued on time in English, though there was some delay in the other languages.

31-2-A Implementation Progress Report October-December 2015

Jonas introduced the Implementation Progress Report (IPR) noting that the Secretariat was supporting countries with the finalisation of EITI Reports due at the end of the year. Although 18 countries were yet to publish their 2013 EITI Reports, only 5 countries (Afghanistan, Burkina Faso, Chad, Guinea and Nigeria), were likely to request extensions to their reporting deadline. Three countries had published 2014 data, namely Kazakhstan, Tajikistan and Sao Tome e Principe and others, including Niger and the Democratic Republic of Congo, were also ahead of their reporting deadlines.
He highlighted the support that the Secretariat gave to countries on the follow-up of recommendations from EITI Reports, which was the focus of both the spotlight on the Philippines and the thematic focus in the IPR. He reminded the Board that a guidance note on the topic had been produced in collaboration with national coordinators from Ghana, Nigeria and the Philippines. He noted that partners such as the GIZ had launched impact assessments of the EITI in country, particularly in West and Central Africa.

The Secretariat was undertaking the five pilot Validations (four field visits have been undertaken in November while Ghana was due in December) and was supporting countries with their preparations for validations due to start in Q1 2016. Training on Validation had been delivered and the Secretariat had elaborated a broader training plan for 2016.

Jonas pointed out that the Secretariat had attempted to include a better description of the red, amber and green categories in the document. Since the last IPR, the number of red countries had decreased from seven to six - Afghanistan, the Central African Republic, Chad, the Kyrgyz Republic, Tanzania and Yemen.

Clare reminded the Board that at its last meeting, members had requested more examples of mainstreaming. She invited the Kazakh National Coordinator, Ruslan Baymishev, to provide an introduction to mainstreaming efforts in his country. Ruslan spoke to the government’s efforts in online reporting which was particularly useful in the areas of maintaining an up-to-date cadaster, providing information on social expenditure and tracking sub-national payments. Marinke and Ali asked why some of the mainstreamed data was confidential. Ruslan replied that this data was not limited to EITI data but included data that the agency was collecting as part of their monitoring of license holders’ compliance with contractual obligations.

Alan Mclean noted that the thematic focus of the IPR was based on an underlying assumption on the concept of ‘good’ reforms that was not guided by the EITI Board. He also asked for further work to increase consistency in ranking countries as red, amber or green.

Daniel Kaufmann commented that the 2013 Ukrainian EITI Report remained silent on the key issue of corruption despite that being the most important governance challenge in the country and one that government and other stakeholders are publicly discussing. He noted that the issue of corruption needs much more explicit emphasis in EITI more generally, as per the original impetus for the inception of EITI. He also noted that the IPR indicated that the first US-EITI Report was unlikely to be found compliant with the Standard given the lack of company reporting, and that companies which enjoy reputational benefits from participation on the Board should follow-up on their commitment to the process. He noted the comparison between the US-EITI tax disclosures of European majors like Shell and BP, as well as a fair number of smaller operators, as contrasted with the refusal of Exxon, Chevron and ConocoPhillips to report and, while congratulating all the stakeholders who worked extremely hard to finalize the first US-EITI report, he called on the companies to commit to making tax payment disclosures consistent with Section 1504 and the EU law in the 2016 US-EITI report. The Chair seconded this statement emphasizing the need for companies represented on the EITI Board to also engage consequently on reporting against the Standard at national level. It was suggested that the new Board look into this issue given that the US was not an isolated case. Manuel subsequently noted that the investor community had expressed enthusiasm for 1504, wanting transparency in spirit and letter.

Gubad Ibadoghlu reported that Albanian civil society was having difficult relations with the Chair of the MSG who was blocking funding opportunities for local civil society and had attempted to interfere in the appointment of civil society representatives to the MSG. The Secretariat noted that to its understanding
there were two sides to this story, but agreed to explore these claims. It was flagged that in Zambia, the Department for International Development (DFID) was funding an impact assessment of the EITI. Prof Mack Dumba noted that Burundi was to visit the Democratic Republic of Congo (DRC) to weigh the advantages of EITI implementation and that both countries in the Great Lakes region and parliamentary representatives in Francophone Africa, had expressed support for the EITI. He highlighted that countries such as the Central African Republic (CAR), DRC and neighbouring countries faced ongoing conflict due to artisanal and small-scale mining (ASM) exploitation. He stated that the Board should not ignore the political will to implement in these countries. Marinke van Riet asked for an update on the Implementation Committee’s discussion about CAR, noting that it was untenable for so many years of suspension to pass without the publication of an EITI Report or any EITI activity. Jonas noted that elections were due in CAR in December and suggested that the Board return to this after the elections.

Marinke highlighted that Burkina Faso was including transparency of CO2 emissions in their EITI reporting. On Nigeria, she requested an update on progress since the letter from Clare to the President of Nigeria, Muhammadu Buhari, had been issued, underscoring the importance of a functioning multi-stakeholder group (MSG) to the EITI process. Senator Findley reported that the Nigerian MSG was expected to be in place by the EITI Board meeting in Lima in February 2016. He took the opportunity to welcome Dr. Orji Ogbonnaya Orji, noting that he had replaced former national coordinator, Zainab Ahmed, who had been appointed Minister of State at Budget and Planning. It was noted that the launch of the EITI Report in Indonesia was mainly a government event without presentations or statements from the private sector and civil society and the Secretariat was asked to remind the Indonesian government of the multi-stakeholder commitment to the process. The Secretariat reminded the Board that there had just been a refresh of representatives from civil society in Indonesia. Marinke expressed sympathy about the events at a recent oil platform managed by the State Oil Company of Azerbaijan Republic (SOCAR) which led to injuries and deaths.

**Actions**

- The Implementation Committee to consider the suspension of CAR subsequent to the elections in December.
- The Secretariat to look into the situation in Albania.
- The Board recommends that the New Board considers the issue of company participation in US.

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### 31-2-B Outreach Progress Report September-November 2015

### 31-9 Report from the Outreach and Candidature Committee

With agreement from Marinke, Jonas suggested that the report on the Outreach Progress Report (OPR) be merged with the report by the Outreach and Candidature Committee. He highlighted that the **Dominican Republic** was expected to submit its candidature application by February 2016. Jonas noted that there had been good progress in stakeholder commitment in **Mexico**, despite the complexity and difficulties encountered in the sector. Jonas noted that the change in government was leading to progress in **Guyana**. He highlighted that **Germany’s** MSG had decided to submit its candidature application by the end of the year and that **the Netherlands** had commissioned a scoping study on EITI implementation.

Marinke noted that civil society in **Mexico** had requested more time in the selection of MSG representatives to address the issues of awareness raising of the EITI locally and ensure a good nominations process. She informed the Board that civil society in France had written to Emmanuel Macron, the Minister...
of Economy, reminding him of the country’s commitment to implement the EITI in 2014. Fernando Torres Castillo informed the Board that Latin American implementing countries continued to engage Chile, the Dominican Republic, Mexico and Venezuela on EITI implementation, whilst Trinidad and Tobago continued outreach to its Caribbean counterparts. Jonas added that the Secretariat continued outreach to Brazil, although there were sensitivities within the government that must be recognized.

Prof Mack Dumba noted that both Myanmar and Burkina Faso had expressed interest in visiting the DRC on its implementation of the EITI. He expressed his hope that Equatorial Guinea would re-join and Gabon re-join the EITI in 2016. He recommended continued outreach to South Africa. Marinke noted that there was increased momentum from civil society in South Africa, spearheaded by key actors such as Economic Justice South Africa, OSF South Africa and the Benchmark Foundation, and stated that two civil society representatives from South Africa would attend the Global Conference in Lima. Ali Idrissa noted that during a visit to South Africa he had highlighted the benefits of EITI implementation to Niger.

The question of outreach to countries with contested territories was raised, noting that Armenia had participated in an EITI meeting in Tajikistan. Thanks were given to the Secretariat for its note stating that there would not be reporting on occupied territories, which had enabled the delegation from Azerbaijan to attend the meeting in Tajikistan. It was noted that the Implementation Committee had already been tasked with producing a paper on occupied territories be communicated to the Board. Clare noted that this is a cross-cutting issue in countries as the DRC.

**Actions**

- African implementing countries to continue outreach within the region.

**31-3 Report from the World Bank, including on transitions to EGPS**

Paulo de Sao from the World Bank noted that the Bank continued to work with donors on the elaboration of the Extractives Global Programmatic Support (EGPS) workplan and budget, following the first EGPS steering committee meeting in Berne last October. He underscored that European donor countries had been hit by the ‘refugee crisis’, which had led to a reduction of development funding, as well as a stronger dollar compared to European currencies. These financial constraints have meant that not all of the funds needed for the first year were raised, and that traditional support would have to be leveraged with bilateral donor support.

He noted that although the Multi-Donor Trust Fund (MDTF) had been an increasing contributor to the activities of the International Secretariat, donors had expressed a desire to separate funding to the EGPS and funding to the International Secretariat. He explained that the World Bank fee for management of the trust funds had increased to 15%, which made it costly for donors to transfer funds to the International Secretariat through the EGPS.

Germany, Norway and Switzerland had given firm commitments to EGPS, whilst Belgium and Canada had expressed an interest in supporting the fund. The Bank hoped to raise 40 million USD by June 2016, which was below the target of 50 million USD. He noted that there was strong desire to improve in-country civil society support through the EGPS. Civil society funding through the Global Practice for Social Accountability (GPSA) was allocated through the request for proposals and as such encouraged greater competition amongst civil society. Paulo noted that the bar for civil society funding was quite high, but that there would be a second round of allocations by February 2016. With respect to Validation, he noted that the WB would support the first wave of Validations and was awaiting a Board decision on the preferred model and the
associated costs. He stressed that this was short-term support and that the Bank could not provide a long-term commitment to finance Validation. He expressed his support of the finance review and his willingness to contribute to the process.

Clare welcomed greater coordination between the broader World Bank’s sectoral governance which would help ensure that the EITI did not operate in a silo. It was suggested by a member that there be a fixed yearly contribution by implementing countries.

31-4 EITI Draft Workplan 2016

Eddie Rich highlighted that the International Secretariat remained a lean organisation of barely 20 persons, supporting a multi-stakeholder Board with eight committees and five working groups, 49 implementing countries and 32 validations planned in 2016. He noted that excluding the Global Conference, the budget in dollars was the same as for 2014 and actually lower than in 2013. He explained that Conference preparations would dominate the work of the Secretariat in the first quarter of 2016 in terms of money and time, but that the focus remained on supporting implementation and on-going strategy discussions.

He noted that the workplan integrated the budget throughout, with the costing of each function of the Secretariat set out. These functions were either mandated by the Articles of Association or expressed priorities from the Board. This included costs related to the Conference core, staff time for validations, new offices, a new Chair, support to Board meetings and other staff-related costs. Other ‘nice-to-have’ items that might bring more impact to the core functions were included under project-specific funding, particularly training and other conference costs, as well as validation-related activities.

He noted that given the limit to expected revenue from companies in 2016, the current funding formula effectively placed a ceiling on the Secretariat’s overall budget and what it could raise from countries. He made a plea for this ceiling to be removed to ensure that the revenue for the 2016 budget could be achieved.

He presented the three-year budget outlook under two scenarios, low growth and no growth. The low growth model reflected the organization’s widening mandate and responsibilities whilst the no-growth model would reduce work in areas such as outreach and communications. He noted that the budget contained some risks related to exchange rate fluctuations as well as upcoming Board discussions on issues such as Validation, a review of the funding formula, and the governance review. Eddie reminded that the Board was requested to approve the workplan in principle, with formal approval via Board Circular.

David reminded the Board that there had been a joint review of the document by the Finance and Governance Committees prior to the Board meeting in Berne. He noted that the Finance Committee had subsequently met and made changes which were tracked in the document. He stated that the paper was realistic and recognized the downturn in the industry and country contributions. Identified risks including exchange rate fluctuations, a pending decision on the validation model and its associated costs and the existing shortfall in financing the Conference.

In discussion, it was noted that the governance review could have implications for the budget. Eddie noted that the paper presented to the Governance Committee had provided a costing of each proposal therein and that the implications were ‘not horrific’. Members requested clarification on the assurances that the budget could be funded and better articulation of the risk elements, which may be higher than a low to medium risk. Reference was made to the ICMM paper which had requested further prioritization of activities at the Secretariat. Marinke Van Riet suggested the creation of a risk register based on the model of the UK Charities Commission. Eddie noted that the Board had agreed to increase the reserve, which was
held in Norwegian krone since most expenses were in that currency. He highlighted that the voluntary nature of contributions made it more difficult to assure revenue and be accurate in terms of expected risks. He noted that Validation costs would be paid by the World Bank in the short run but the long-term costs would depend greatly on the Board discussions in Kiev.

An impact assessment of the EITI, similar to that which was done in 2010/2011, was suggested but rather than using external evaluators the EITI could consolidate the current impact work through partners such as CORDAID, GIZ, OSIWA and DFID. Eddie added that an assessment of impact is done informally through various channels such as country assessments of impact, the spotlights of the IPRs and the annual progress report produced by the Secretariat. Another member noted that he would not support another impact review which would lead to further revisions to the Standard but that a gathering of impact reviews could be brought forward for consideration by the Board.

It was also suggested that one Board meeting not be held in-person. A Board member requested that the scale of the Conference be reconsidered, noting that a broader Board meeting might be more appreciated. Jonas noted that the Articles of Association state that the Board must meet at least twice a year and that the Secretariat would be happy to revisit the question of video teleconferencing. He reminded that some of the costs related to the Conference were borne by the host government and were in some instances not related to size.

Shahmar Movsumov stated that there should be a clear-cut distinction between implementing and supporting countries and the inherent financial implications. Marinke noted that this had also been part of the governance review which proposed that countries themselves decide the constituency of which they prefer to be considered. Jonas noted that the issue of implementing and supporting countries was a key feature of the financial review and that the definitions of both terms were found in the Articles of Association. He explained that there were some supporting countries which did not provide funding, supporting countries which were now implementing the Standard and there may be funding by implementing countries which could be considered as part of the financial review. Eddie noted that the revised workplan would also present the budget without the constraint of the funding formula.

**Decision**

- The Board approved the workplan in principle, subject to these comments and approval by circular.

**Actions**

- Board members to send further comments on the workplan in writing to the Secretariat.
- The International Secretariat to revise workplan based on the Board’s comments.

**31-5 Report from the Finance Committee**

David introduced the paper, noting the challenge faced by the organisation due to the uncertainty of both short term and multi-year funding. He noted that the current funding formula was determined as a result of a review which had been done in 2011. Currently 60% of the funding came from supporting countries and 40% from companies, although the current funding formula stated that this should be shared equally between the two groups. He noted that the current funding formula may no longer be fit for purpose.

He presented the ToRs for a funding review of the EITI International Management, which would be supported by a working group, comprised of members of the Finance and Governance committees. The purpose of the review would be to determine whether a transition from a system of voluntary contributions, to a membership fee-based structure was feasible. A draft review would be presented to the Board in Lima, outlining options with a strong recommendation for decision from the incoming Board.
Members endorsed the review with a suggestion that it be put to the Board for discussion not decision at the Board meeting in Peru. Concerns were expressed that the timeline was too ambitious. Alan noted that it would be useful for the Board to consider the removal of the word ‘voluntary’ with respect to the contributions of EITI members in the Articles of Association thus enabling the possibility of a fee-based funding model. Jonas noted that the timetable was ambitious but that a skeleton draft may be possible by the Board meeting in February.

**Decisions**
- The Board approved the ToRs for the funding review.

**Actions**
- The Finance Committee to establish a working group to execute the ToRs for a funding review.

**31-6 Report from the Governance Committee**

**31-6 Governance Review Proposal**

Alan reminded Board members of the governance review which had been conducted prior to the Board meeting in Berne. He explained that the International Secretariat had translated the recommendations into the Board document, and although there were no firm recommendations to the Board in the paper, members of the Governance Committee had met the day before and had agreed most recommendations. The remaining outstanding issue, which did not have the support of the Committee, was the additional seat for implementing countries.

Alan presented proposal 1.1, that the implementing country sub-constituency be encouraged to improve consultation mechanisms and all constituencies should urgently update their guidelines. He highlighted that all constituencies were urgently requested to update their constituency guidelines, noting that both civil society and implementing countries were working to finalize their guidelines as quickly as possible.

Dorina Cinari, National Coordinator from Albania, and Chair of the Implementing Country Working Group (ICWG) was invited to the Board and noted that, at the Implementing country meeting in Berne, there was agreement on the need for better coordination. A voluntary ad hoc working group had subsequently been created to work on communications and coordination issues, with a wider call to national coordinators in the National Secretariat Circular. The group held a first meeting on 20 November and the United States offered the services of an independent facilitator, the Consensus Building Institute (CBI) to assist the working group and to draft sub-constituency guidelines. Dorina stated that ToRs for the ICWG and CBI had been drafted and approved. She expected the draft guidelines to be complete by the end of January 2016 for presentation at the national coordinators meeting in Lima, Peru. Shahmar thanked Dorina for agreeing to Chair the group.

Alan noted that proposal 1.3, to modify the Articles of Association to explicitly establish implementing countries as a constituency, did not receive the support of the Governance Committee (GC). He reported that proposal 2.1. to establish a Management and Oversight Committee (MOC) received support and that the GC would develop a ToRs for the MOC for review by the Board. These ToRs would be cross-referenced with the mandates of the existing Committees. The GC was of the opinion that it would be inappropriate for the EITI Chair to preside over such a committee. Alan stated that proposal 2.2. to institute a formal annual appraisal of the performance of the Head of Secretariat received general support with no objections. This would fall under the purview of the MOC.
Alan outlined proposal 2.3. which suggested the establishment of ‘constituency coordinators’. This had general support from the GC but that it would be for the constituencies to decide on how they were to be represented. The GC supported proposal 3.1. to establish a formal Board member induction programme. Alan noted that this would be an ongoing induction for members as they join the Board. There was also support for proposal 3.2., that Board members annually assess their own performance. He indicated that the internal performance evaluation which had been carried out in March 2015 would become an annual activity. David added that there should be a regular external assessment of the Board’s performance and competencies, noting that a self-assessment alone was insufficient.

Proposal 3.3. suggested that the Articles of Association should allow for the removal of Board members due to a lack of participation. GC members agreed that the arithmetic removal based on failure to attend a specified number of Board or committee meetings, should only be used as a last resort. The Board induction would be clear on the expectations on attendance of Board members during meetings. It was suggested that a Board Member’s membership would be terminated if that Board Member has three unjustified consecutive absences or unjustified absence from more than 50% of the Board or Committee meetings held in one year. As a rule however, Board members participation should be discussed first within relevant constituencies. In such an instance, the Chair would send a letter to the constituency coordinator asking that remedial actions be taken.

Alan noted that the GC agreed with proposal 3.4, that constituencies should agree their policies on Board member replacement with alternates, minimum Committee attendance and term limits. Alan noted that proposal 3.5., that the new Board undertake a funding review, had been discussed earlier in the day and had the support of the GC. Proposal 3.6 suggested modification of the Articles of Association to clarify the provisions related to conflicts of interest. The GC recommended that the lawyers review this clause to remove any discomfort felt by Board members.

Alan highlighted that there were no new proposals in the paper presented to the Board. Marinke noted that she had two additional proposals that were in the original governance review, namely the annual signing of the Code of Conduct by members of the EITI Board and an organisational review of the International Secretariat. Daniel Kaufmann suggested that the issue of a vice-Chair be discussed during the Nominations Committee discussion the following day since it could help address the matter of implementing country voice. Alan noted that there was no support for a vice-Chair at the Board meeting in Berne and that it would be clear that if the next Chair decided that they need a Vice-Chair, that this would be within their remit. In response to a question by Jean-Claude Katende, Alan noted that in consultation with the Chair, it was agreed that the GC would not consider the issue of the renewal of the contract of the Head of Secretariat during the current Board meeting.

Alan informed the Board that there was no consensus on the GC concerning the addition of one implementing country seat, which would have to be discussed by the Board. Jean-Claude questioned whether the GC had a position on an additional seat for civil society to compensate for the additional seat for implementing countries. Mack Dumba responded that a request for an additional seat for civil society should be based on its own merit and not be used as a counterweight to implementing countries since most of the decisions are taken via consensus. Alan responded that the GC had not considered an additional seat for civil society. Gubad Ibadoglu noted that the number of implementing countries continued to increase but that this in itself was not sufficient justification for an additional seat.
Senator Findley argued for an additional seat noting that it had become difficult for representation on the Board of the large number of implementing countries. Mack noted that quality would improve with an additional seat whilst Fernando Castillo stated that since implementing countries paid for their own participation at Board meetings, there would be an insignificant increase in costs for the organisation. David noted that there was broad consensus on the need for improved coordination but expressed concerns that increasing the size of the Board was not an ideal solution. Marinke supported David’s analysis that adding numbers would not solve the problem of quality in the case of poor performance of implementing countries on the EITI Board which the governance review had demonstrated. She therefore insisted on the need to introduce mandatory committee membership and performance indicators for Board members. Jim Miller noted that that the investor community was largely homogenous whilst the implementing country group was distinctly heterogeneous. Alan, Jim and Stuart Brooks expressed their support for an additional seat for implementing countries to reflect the growing geographical spread. Nico van Dijck noted that he was pleased with the presentation on the ICWG and that on behalf of his sub-constituency, he supported the request for an additional seat.

Shahmar opined that the current discussion showed the weakness of implementing country voice on the Board and expressed his support for an additional seat as well as voting rights as a separate constituency for implementing countries. He stated that one additional seat was not sufficient. Shahmar volunteered to work with the GC on the issue of a separate vote for implementing countries. Jim noted that he was against a separate constituency for implementing countries because of a conflict of interest when one considers checks and balances on issues such as validation. Abdoul Aziz Aska recommended that implementing countries may wish to meet with supporting countries to find a compromise on the way forward. Mark Pearson noted his support for a proper analysis on the possibility of a separate seat for implementing countries. Jonas noted that it would be difficult to solve the question of implementing and supporting country before the Conference in Lima.

Mack noted that implementing countries were distinct from supporting countries in that in the former category, it was the states which were implementing the EITI. Marinke requested that the wording be changed from implementing countries to implementing governments and that an additional seat for civil society was going to be explored further after the global conference in Lima.

David noted that several papers that were presented to the Board without clear recommendations from the relevant committee, which posed a difficulty to the effective functioning of the Board during its meetings. He suggested that committees be required to present agreed recommendations to the Board.

Decision
- The Board agreed to the proposals in the paper with the exception of proposal 1.3.
- The Board agreed to the addition of one extra seat for implementing countries.

Actions
- The Governance Committee to draft ToRs for the Management and Oversight Committee.
- All constituencies to continue work on constituency guidelines.
- The Governance Committee to consider the options for having implementing countries as a separate constituency.
31-7 Report from the Implementation and Validation Committees

Update on Validation Pilots
The Chair of the Validation Committee (VC), Mark, reported that five Validation pilots had taken place in Ghana, Indonesia, Sao Tome e Principe, the Solomon Islands and Timor Leste. He commended the International Secretariat for the high quality work and stated that the exercise showed that the challenges faced by implementing countries were quite diverse.

The Secretariat gave an overview of the pilots, noting that four of the five pilots had been completed and that the fifth pilot, Ghana, was currently underway. The pilots had taken place under great time constraints and the Validations were slightly unfair on some of the MSGs, given the short lead time for them to prepare. In some instances, it was difficult to trace decisions through insufficient documentation by the MSG. A validator had been hired to undertake the quality assurance of the Validation pilots and this work would be completed by the end of the year.

Sao Tome e Principe was closest to compliance since most of the EITI provisions were not applicable. In the Joint Development Zone (JDZ) with Nigeria, the validation highlighted some issues surrounding the certification of signature bonuses certification, company attestations and the functioning of the MSG. On the other hand, Mongolia had a huge mining sector and the pilot showed interesting work on legal and beneficial ownership, progress towards e-reporting, and the establishment of subnational MSGs and production of provincial reports. Challenges included data quality, data reliability and coverage of the state participation in the sector, the latter of which had not been fully reported under the Standard. Mongolia would be classified in the meaningful progress category. Solomon Islands had a small sector with no production. Challenges included a non-functioning MSG, the capacity of stakeholder engagement, quick turnover of MSG members, a lack of industry reporting and data reliability. In Timor Leste, there was strong government support for the EITI, an active MSG and high quality EITI Reports. Government agencies published all the information required by the EITI on the website or through annual reports. However, there was a lack of trust given a decision by the government in 2012 to publish more disaggregated data than had been agreed by the companies. This has led to a slowing down of implementation and less disaggregated data, that currently does not meet the requirements of the Standard. For this reason, Timor Leste would also fall into the meaningful progress category.

In response to a question from Didier Vincent Kokou Agbemadon on the lessons learnt during the pilot, Jonas noted one red thread - quite a number of countries were not meeting the requirements of the Standard. Gubad asked whether the outcomes of the pilot Validations would have been different under the rules and added that he did not think the results of the pilot Validations underpinned the need to change the current Validation methodology. Marinke highlighted her concern about the payment of facilitation fees by the Independent Administrator to government officials for data in the Solomon Islands, which appeared totally inappropriate and was an issue which should be investigated. The Chair noted that this could be a breach of the OECD anti-bribery convention. The Secretariat explained that they were awaiting feedback from the MSG on this issue and that the World Bank was also following up this issue.

Proposals for strengthening EITI Validation
Jonas then introduced paper 31-7 with the proposals for a refined Validation system, noting that there were no fundamental changes to the paper since Berne, but attempts had been made to make the paper simpler, with clearer proposals, options and illustrations, drawing from the findings of the Validation pilots. He noted that there appeared to an emerging consensus on what and how to validate. The requirements would continue to be assessed as present but the validator would also note efforts to go beyond the
minimum requirements and would assess the direction of progress. He highlighted that there were remaining divergent views on the consequences of non-compliance, timeframes for achieving compliance, and who should validate.

With regards to proposal 1 and 2, the Secretariat explained that the Validator would consider whether or not each requirement was met. If a requirement was not met, the Validator would have a choice between no, insufficient, meaningful and satisfactory progress. The outcomes of the pilot had shown that such nuanced assessment would be useful. The Validator would also consider the efforts to go beyond the requirements and the direction of progress. Jean-Claude and Didier asked for a clearer methodology for assessing a requirement as “meaningful progress” or “insufficient progress”. The Secretariat explained that the paper included some broad tests that would guide the Board, but that more detailed criteria could be developed. Mark said that a numerical scoring system would help in this regard, as there would be a clear methodology behind the scores. David supported a scoring system. Gubad noted his support of an assessment card based on colours only, not a numerical score given that the latter would bear the risk of turning the EITI into an index. It was also noted that the assessment, whether colour-coded or numerical, remained a guide to the Board, who would ultimately make a final decision on the status of a country. Stuart added that the meaningful and insignificant categories gave further clarification on progress beyond the previous binary system. There was emerging consensus for more nuanced assessment and that a more detailed methodology for assessment would be elaborated.

On the consequences of Validation (proposal 3.2), some implementing country representatives noted support for a modified option 2, that the consequences should depend on the level of progress made, but that there was no need to delist or suspend a country which had voluntarily agreed to improve the governance of its extractive sectors. A proposal for a transitional arrangement was made. It would foresee that if a country currently Compliant with the old rules demonstrated meaningful progress in the upcoming Validation, it would not be automatically downgraded to candidate, but be given a shot at corrective measures while maintaining compliant country status. The country would periodically report to the Secretariat on progress in completing the corrective actions. A candidate country would retain its candidate status with similar requirements on the need for regular reporting. It was noted however that this may be unfair to countries which had made similar levels of progress but which would remain in separate categories of compliant and candidate countries during the transition period.

With regards to safeguards (proposal 3.1), Shahmar noted that the new approach was stricter than the status-quo, since more countries would be suspended under the new Validation system than under the Rules. The Secretariat explained that these more severe consequences would be a result of proposal 3.1 to introduce safeguards for the requirements on MSG oversight, should the Board agree to adopt that proposal. They also noted that the idea of safeguarded requirements was not new and existed during candidacy. The Secretariat’s proposal was that countries would need to make at least meaningful progress on MSG oversight requirements to avoid suspension. Shahmar noted that he did not support these safeguards as it would make it more difficult for implementing countries and this was not the intention of revising the Validation model. Members of civil society supported safeguards on the MSG requirements, noting that these requirements had to be met when a country was applying for EITI candidacy anyway. For this reason, they suggested that countries should not only make meaningful progress on MSG oversight requirements, but “satisfactory progress” when it comes to government commitment as well as civil society and company engagement. Representatives of implementing countries noted that they would be willing to accept meaningful progress on the MSG oversight requirements provided that there would be greater flexibility on the consequences of Validation and that countries that are currently compliant would maintain their current status if meaningful progress had been made in their first Validation under the EITI.
Standard. Civil society maintained that they would require satisfactory progress, namely compliance, on the MSG governance requirements and engagement from civil society and companies. They also said that would be helpful to include cross-reference to the safeguarded elements of the Standard in the revised proposal.

With regards to timeframes for achieving compliance (proposal 3.3), the paper proposed various options including more flexible timeframes before a first or second validation depending on local circumstances and the nature of corrective actions. Civil society noted that flexible timing should be tied to meaningful progress both local circumstances and levels of progress. One suggestion was that the timeline for the first Validation be extended to 3 years. Another suggestion was that the current timeframe of 2.5 years for the first Validation should remain alongside a standard timeframe for corrective actions, but that the EITI Board could maintain the right to shorten or lengthen this timeframe depending on the nature of the corrective actions.

On the question of who validates (proposal 4), Jonas reminded the Board that there were a number of outstanding issues surrounding the funding for Validation and possible changes to the Validation model. The pilot aimed to give the Board a better understanding of how countries were implementing the Standard and how the Validation could be done. In the pilot approach (option 4 under proposal 4), the initial data gathering was done by the Secretariat in a bid to harness institutional knowledge. An external third party would then quality assure this work, and issue an amended Validation report to the Board through the VC. The VC would then decide if additional work was needed to conclude the Validation.

Jim noted that an important missing component of the pilot was the assessment by an independent Validator, without which it would be premature to take a decision on whether the model was suitable for the future Validations. Stuart noted that the current system was not affordable and that he supported data collection by the Secretariat with an external opinion on the information collected. Fernando raised concerns about the conflict of interest within the International Secretariat. Board members noted growing consensus about the concept of a first Validation report prepared by the Secretariat, subject to an independent third party evaluation. In response to a question by a member, the Secretariat noted that if there were serious issues, the independent third party could be tasked with traveling to the country. Without supporting any specific option, civil society insisted on the need for future Validators to have the right skill sets and to avoid any conflict of interest. The Secretariat noted that previous Validations required extensive secondary checking and as such was not a more expensive solution.

Clare noted that there was no agreement at the Board and that Validations would be subsequently delayed. The work on the Validations pilots would be finalised, and that the decisions on the new Validation model would have to be taken via circular prior to Lima.

**Actions**

- The Secretariat to finalise the five pilots, including collating comments from the MSGs and ensuring that the quality assurance by the validator is completed by the end of the year, for presentation to the Validation Committee.

- The IC/VC to continue to work on proposals for a revised validation model and present a final proposal to the Board via circular prior to Lima.
31-8 Report from the Implementation Committee

31-8-A Refinements to the EITI Standard
Daniel Kaufmann introduced the paper noting that the Implementation Committee (IC) had established a working group, which had supported the Committee in developing a recommended set of refinements to the EITI Standard. He noted that the paper had been updated reflecting the EITI Board’s discussion in Berne and subsequent discussions of the working group. He explained that subject to agreement on the refinements, the proposed next step would be to elaborate the agreed refinements in a revised Standard for adoption by the Board in Lima. Daniel commended the working group, noting that subsequent to the IC meeting the evening before, there was now consensus within the Committee for proposals 1, 2, 3, 4, 5, 6, 7, 8, 9, 13, 14, 16 and 17.1. He informed the Board that proposals 10, 11, 12, 15, 17.2, 17.3 and 18 remained contentious.

In relation to the public consultation that would be launched on the refinements to the EITI Standard, the Head of the EITI Secretariat noted that there was room for improvement on the way public consultations were carried out in the EITI process, recommending to further streamline the process.

The Chair invited comments on the proposals.

Proposal 4
Jim, Alan, Askia and Paulo raised concerns about proposal 4, in particular the statement that the independent administrator would make recommendations on legal, regulatory or administrative reforms, and questioned the competency of the independent administrator (IA) to make such recommendations. Shahmar expressed his concern about an additional cost to implementing countries but noted that it was optional for countries to include it in the ToRs for the administrator. Ali and Daniel supported the suggested wording, noting that it was optional for implementing countries and was already being done in practice and emphasizing that eliminating such an option would further exacerbate the extent to which EITI processes exist in a silo that is separated from meaningful policy discussions about key sector governance challenges in implementing countries. Mack supported removal of the additional sentence specifying the types of reform but questioned whether it was appropriate to state that these recommendations be made in consultation with the MSG. Clare suggested that the IC work on revised language for proposal 4.

Proposal 10
On Beneficial Ownership (BO), the Secretariat presented the four options in the paper as well as a new proposal, option 5, which had been elaborated overnight (see annex B for full text). In this option, it was recommended that implementing countries maintain a publicly available register of the beneficial owners. In addition, it would be required that the EITI Report document the government’s policy and MSG’s discussion on disclosure of BO. It would also be a requirement for the multi-stakeholder group to publish a roadmap for disclosing beneficial ownership and it was suggested that the deadline for this would be 6 months following Lima. Finally, the Board would agree a date by which disclosure of beneficial ownership would become a requirement.

Mack noted that the beneficial ownership pilot had been useful in bringing to the fore politically exposed persons and he suggested a timeline of three years for implementing the beneficial ownership as a requirement. Nico supported this suggestion. Senator Findley noted that verification of BO data would be problematic for countries. Fernando supported that the discussion on beneficial ownership remain within the remit of the MSG. Ali Idrissa proposed a one year timeframe for beneficial ownership to become a
requirement so that the next Validation would assess the country’s compliance with disclosing that information. Shahmar noted that beneficial ownership disclosure was a major institutional reform and that establishing a single date by when all countries would need to implement the requirement for beneficial ownership disclosure was inappropriate given the country differences which would be highlighted in the various roadmaps. He also noted that September 2016 was too ambitious for publishing the roadmap, not least given the large number of Validations in 2016, and suggested that January 2017 might be more appropriate. He also raised concerns about disclosing some of the detailed information on beneficial owners such as residential address and phone numbers and thought that the name, nationality and country of residence should be sufficient. Alan noted that in the UK, personal data was included in the register but this information was not available to the public in instances where this may present a security risk. Daniel noted that such concerns could be addressed in the context of option 5.

Clare concluded that there was agreement in principle for option 5, but that a decision on the timeline for submitting the roadmap, as well as the date for making beneficial ownership a requirement would have to be taken via circular, taking into account Shahmar’s point about diversity among implementing countries and that different timeframes might be needed.

Proposal 11

The Secretariat noted that proposal 11 considered the level of disaggregation of revenue data related to the sale of the state’s share of production or other revenues collected in kind. Shahmar suggested that it be by individual company and not by individual sale. Askia and Fernando supported the suggestion to take out the term ‘individual sale’. Dani noted that civil society would then prefer the following language: “The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams, (Requirement 5.2.e)”. This suggestion was supported by all.

Proposal 12

The Secretariat had not identified agreement on how the provision on transportation revenues would be assessed since this disclosure was ‘expected’ in the Standard. The ToRs for the Validator indicated that it was an encouraged provision but that the MSG would need to justify the reasons if the information was not provided. Shahmar suggested that ‘expected’ be changed to ‘recommended’. Manuel Adamini noted that in proposal 17.2 there was an explanation of the term ‘expected’ as used in the Standard, meaning that a requirement would be investigated but would not be taken into account during validation. Shahmar noted his approval of this interpretation of the word ‘expected’.

Proposal 15

Jonas noted that the EITI as a transparency standard and that countries should be willing to disclose their policy on per diems, including the amounts provided for MSG meetings. The proposed refined language was supported by all.

Proposal 16

Marinke stressed the issue of the importance of a time limit for implementation without the production of an EITI Report and requested that the issue be noted.

Proposal 17.2-17.3
The Secretariat informed the Board that a paper on the use of the word “expected” had just been compiled, and suggested that the IC consider and present a recommendation on this issue to the Board before Lima.

Proposal 18

The Secretariat explained that proposal 18 sought to reincorporate provisions from the Rules, requiring governments to remove obstacles to implementation. Daniel supported, noting it was already implicit that governments were required to remove obstacles. Jim opposed this proposal noting that one cannot require a government to remove obstacles and Shahmar concurred, citing concerns about an increase in the workload for implementing countries. It was agreed that this proposal would not be taken forward.

There was support for the Committee’s recommendations on the other proposals.

Actions

- The Implementation Committee to revisit the outstanding proposals (4, 10 and 17.1-2) and present a recommendation to the EITI Board.
- Following the agreement on BO, a decision on timelines for the roadmap and from when BO would become a requirement to be agreed via Board Circular.
- The Implementation Committee to turn the agreed refinements into a revised EITI Standard for adoption in Lima.

Board paper 31-B-B Open EITI Data

Sam Bartlett presented the paper on open data. He noted that the Board had conducted a public consultation and that a meeting had been held in Berne with strong participation from implementing countries. He noted that the International Secretariat had received a growing number of requests for support and advice on open data. This work had the potential to strengthen EITI implementation by reducing data collection costs and increasing data accessibility and utilisation. There was strong support for developing data standards to support this work. An example was the work being undertaken with the IMF on classifying government revenue data drawing on existing classification systems. The paper from the Implementation Committee proposed that the Board agree: (1) an Open Data Policy; (2) refinements to the EITI Standard to promote open data; and (3) to undertake further work to develop EITI data standards.

Askia noted that many countries faced capacity constraints in collecting data in the suggested formats, and that support was needed to strengthen these systems. Natalia Yantsen said that although data was useful in electronic format, not everyone had access to the internet and that some had greater trust in paper documents. Alan argued that the work on developing data standards should continue, but that the Board should approve these before updating the EITI guidance materials. Shahmar argued that the EITI should move forward with caution and explore various options in order to avoid an increase in the workload of national secretariats.

Decision

- The Board approved the Open Data Policy.
- The Board approved the proposed refinements to the EITI Standard to promote open data.
The Board agreed to undertake further work to develop EITI data standards, including the formation of a technical working group.

**Actions**

- The Secretariat to publish and publicize the Open Data Policy.
- The Secretariat to incorporate the proposed amendments into the revised EITI Standard.
- The Secretariat to establish a technical working group to develop EITI data standards for consideration by the EITI Board.

**31-10 Report from the Nominations Committee**

This was a closed discussion. The Board agreed to nominate Fredrik Reinfeldt.

**31-11 2016 Global Conference**

Fernando Castillo briefed the Board on the objectives and plans of the government for the conference. The Ministry of Energy and Mines (MINEM) was currently working with the Ministry of Foreign Affairs to arrange visas on arrival for participants coming from countries that required a visa but had no Peruvian embassy or consulate. The Ministry was also coordinating with other government agencies to arrange issues related to protocol, security and health. An inter-ministerial committee had been established to support this. MINEM was planning side events focusing on Peru for 22 February, where the 2014 EITI Report, the reports on the subnational pilots and the report documenting the 10 years of EITI in Peru would be presented.

**31st EITI Board meeting ends**
Annex A Participants list

Chair

The Rt Hon Clare SHORT

Countries

Implementing Countries

Mr Abdoul Aziz ASKIA, Permanent Secretary, Niger
Alt: Mr Didier Vincent Kokou AGBEMADON, Togo

Alt: Mr Jeremy Mack DUMBA, National Coordinator, Democratic Republic of Congo

Mr Gbehzohngar M FINDLEY, MSG Member, Chair, Board of Directors, Liberia Airport Authority, Liberia
Mr Fernando Torres CASTILLO, National Coordinator, Peru

Mr Shahmar MOVSUMOV, Executive Director, State Oil Fund, Azerbaijan

Supporting Countries

Mr Mark PEARSON, Director General, External Relations, Science and Policy Integration, Natural Resources Canada, Canada
Alt: Ms Mary WARLICK, Principal Deputy Assistant Secretary of State, Bureau of Energy Resources, State Department, USA

Mr Nico VAN DIJCK, Advisor, Office of Economic Interests, Directorate-General for Bilateral Affairs, Ministry of Foreign Affairs, Belgium
Alt: Ms Catarina HEDLUND, Deputy Director at the Department for International Trade Policy, Ministry of Foreign Affairs, Sweden

Ms Marine de Carne DE TRÉCESSON, Ambassador, Corporate Social Responsibility, Ministry of Foreign Affairs, France
Alt: Ms Kerstin FAEHRMANN, Head of Division, Energy, Infrastructure, Raw Materials, Federal Ministry for Economic Cooperation and Development (BMZ), Germany

Civil Society Organisations

Mr Gubad IBADOGLU, Senior Researcher, Economic Research Center, Azerbaijan
Alt: Ms Natalia YANTSEN, Director, PA "Tax Standards Formation", member of the NSG Kazakhstan from dialogue platform of NGOs and NGO Coalition "Oil revenues - under the control of society", Kazakhstan

Mr Ali IDRISSA, Coordinateur National du ROTAB PCQVP, Niger
Alt: Mr Jean Claude KATENDE, Président National de l'ASADHO, Association Africaine de Défense des Droits de l'Homme, coordinateur PCQVP, Democratic Republic of Congo

Mr Daniel KAUFMANN, President, Natural Resource Governance Institute (NRGI)
Alt: Mr Fabby TUMIWA, Executive Director, Institute for Essential Services Reform (IESR), Indonesia

Ms Marinke van RIET, International Director, Publish What You Pay (PWYP)
Companies including Investors

Mr Jean-François LASSALLE, Directeur Affaires Publiques, Total, France

Mr Stuart BROOKS, Manager, International Relations, Chevron
Mr Jim MILLER, Vice President, Environmental Affairs, Freeport-McMoRan, Copper&Gold

Ms Laurel GREEN, Chief Adviser Policy, External Affairs, Rio Tinto

Mr Alan McLEAN, Executive Vice President, Tax and Corporate Structure, Royal Dutch Shell
Alt: Mr Dominic EMERY, Vice-President, Long-Term Planning, BP

Mr David DIAMOND, Director Global Co-Head of ESG, Allianz Global Investors
Alt: Mr Manuel ADAMINI, Special Advisor Responsible Investment, ACTIAM, Netherlands

Board Secretary

Mr Jonas MOBERG, Head of EITI Secretariat, Oslo

Observers

Mr Abbas ABBASOV, Specialist, EITI Secretariat, Azerbaijan

Mr Jonathan ATKINSON, Extractives Adviser, Governance & Extractives Team, Department for International Development (DFID), UK

Mr Ruslan BAIMISHEV, National Coordinator, EITI Kazakhstan

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

Mr Tim BITTIGER, Consultant, EITI Germany

Ms Dorina ČINARI, National Coordinator, Albania

Ms Diana CORBIN, Senior Operations Officer (Donor Relations), Energy and Extractives Global Practice, World Bank, USA

Mr Paulo DE SA, Practice Manager, Energy and Extractives Global Practice, World Bank, USA

Ms Olena DYACHENKO, Head of the Economic and Finance Department, Ministry of Energy, Ukraine

Ms Sonja EISENBERG, Internationale Raw Materials Policy, Federal Ministry for Economic Affairs and Energy, Germany

Ms Siri FARSTAD, Manager Corporate Sustainability, Statoil, Norway

Mr Farid FARZALIYEV, National Coordinator, EITI Azerbaijan

Ms Laura GAVINELLI, Ministry of Economic Development, Italy

Mr Dylan GÉLARD, Policy officer, Extractive Industries Transparency, Ministry of Foreign Affairs and International Development, France
Mr Torge HAMKENS, Adviser, Global Development Raw Materials Initiative, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), Germany

Ms Helga HELLAND, Ministry of Foreign Affairs, Norway

Mr Michael JARVIS, Global Lead, Extractives Governance, World Bank, USA

Mr Jurriaan J. JONGSMA, Legal Counsel, Shell, Netherlands

Mr Eric JOYCE, Chair, Extractive Industries Civil Society (EICS), an NGO on the UK EITI MSG, UK

Mr Konah D KARMO, Head, EITI Liberia

Ms Asmara KLEIN, EITI Programme Coordinator, Publish What You Pay (PWYP), UK

Ms Cathrin KLENCK, Policy Officer, German NGO Forum on Environment and Development, Germany

Ms Anna KUZNETSOVA, National Programme Officer, Embassy of Switzerland, Kiev

Mr Ruslan LAZARENKO, Project Public Finance Expert, GIZ, Ukraine

Mr Evan McGLAUGHLIN, Energy Analyst, Miracle Systems Contractor, Department of State, USA

Ms Ekaterina MIKHAYLOVA, Lead Strategy Officer, Energy & Extractives Global Practice, World Bank, USA

Ms Maria Inmaculada MONTERO-LUQUE, Policy Officer, European Commission, Belgium

Mr Mykhailo BNO AIRIIAN, Head of the International Cooperation Department, Ministry of Energy, Ukraine

Ms Olesya NEKHOROSHKO, Advisor, Minister for Energy, Ukraine

Mr Orji O. ORJI, National Coordinator, EITI Nigeria

Mr Oleksiy ORLOVSKY, Programme Initiative Director, International Renaissance Foundation, Ukraine

Ms Rachel OWENS, Senior Campaigner, Oil, Gas & Mining Team, Global Witness, UK

Ms Olena PAVLENKO, Representative, Dixi Group, Ukraine

Ms Lidia PECI, Foreign Affairs, Trade & Development, Canada

Mr Sabiano PEREIRA, EITI Timor Leste

Mr Omer VAN RENTERGHEM, Theme expert Land, water and ecosystems, Inclusive Green Growth Department, Ministry of Foreign Affairs, Netherlands

Mr Boris RAEDER, EITI Germany

Ms Ilhem SALAMON, Senior Oil and Gas Specialist, Energy and Extractive Global Practice, World Bank, USA

Ms Daksha SHAKYA, Operations Officer, Energy and Extractives, World Bank, USA

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Ms Lene SCHUMACHER, Head Of Section, Development Policy and the Finance Act, Ministry of Foreign Affairs, Denmark
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Mr Ardi STOIOSBRAKEN, Deputy Director Inclusive Green Growth Department, Ministry of Foreign Affairs, Netherlands

Ms Elda Guterres da SILVA, National Coordinator, EITI Timor Leste

Mr Koji TSUTSUI, Second Secretary, Embassy of Japan, Kiev, Ukraine

Mr Colin TINTO, Campaigner, Oil, Gas & Mining Team, Global Witness, UK

Mr Ruben WERCHAN, Project Public Finance Expert, GIZ, Germany

Ms Erica WESTENBERG, Senior Governance Officer, Natural Resource Governance Institute (NRGI), USA

Ms Johanna WYSLUCH, Project Manager, EITI, Germany

Ms Shiori YAMADA, Third Secretary, Embassy of Japan, Kiev, Ukraine

EITI International Secretariat

Mr Eddie RICH, Deputy Head of Secretariat

Mr Sam BARTLETT, Technical Director

Ms Dyveke ROGAN, Policy Director

Ms Leah KROGSUND, Administration Manager

Mr Brynjar WIERSHOLM, Finance & HR Manager

Ms Shemshat KASIMOVA, Country Officer

Ms Lyydia KILPI, Conference Manager

Ms Gisela GRANADO, Country Manager

Ms Oliana VALIGURA, Country Manager
Annex B  Beneficial Ownership Option 5

a) It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Where possible, beneficial ownership information should be incorporated in existing filings by companies to corporate regulators, stock exchanges or agencies regulating extractive industry licensing. Where this information is already publicly available, the EITI Report should include guidance on how to access this information.

b) It is required that:
   i. The EITI Report should document the government’s policy and MSG’s discussion on disclosure of beneficial ownership. This should include details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to beneficial ownership disclosure.
   ii. By 1 September 2016 [note this is 6 months after Global Conference], the multi-stakeholder group should publish a roadmap for disclosing beneficial ownership information in accordance with clauses (c)-(f) below. The MSG will determine all milestones and deadlines in the roadmap, and the MSG will evaluate implementation of the roadmap as part of the MSG’s annual activity report.

c) As of 1 January 201[X], it is required that implementing countries request, and companies disclose, beneficial ownership information for inclusion in the EITI report. This applies to corporate entity(ies) that bid for, operate or invest in extractive assets and should include the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Any gaps or weaknesses in reporting on beneficial ownership information must be disclosed in the EITI Report, including naming any entities that failed to submit all or parts of the beneficial ownership information.

d) Information about the identity of the beneficial owner should include the name of the beneficial owner, the nationality, and the country of residence, as well as identifying any politically exposed persons. It is also recommended that the national identity number, date of birth, residential or service address, and means of contact are disclosed.

e) The multi-stakeholder group should agree an approach for participating companies assuring the accuracy of the beneficial ownership information they provide. This could include requiring companies to attest the beneficial ownership declaration form through sign off by a member of the senior management team or senior legal counsel, or submit supporting documentation.

f) Definition of beneficial ownership:
   i. A beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.
   ii. The multi-stakeholder group should agree an appropriate definition of the term beneficial owner. The definition should be aligned with (f)(i) above and take international norms and relevant national laws into account, and should include ownership threshold(s). The definition should also specify reporting obligations for politically exposed persons.
   iii. Publicly listed companies, including wholly-owned subsidiaries, are required to disclose the name of the stock exchange and include a link to the stock exchange filings where they are listed to facilitate public access to their beneficial ownership information.

1 Reference to EU AMLD and FATF definitions…
iv. In the case of joint ventures, each entity within the venture should disclose its beneficial owner(s), unless it is publicly listed or is a wholly-owned subsidiary of a publicly listed company. Each entity is responsible for the accuracy of the information provided.

(g) The EITI Report should also disclose the legal owners and share of ownership of such companies.

Add language from 3.11(c).