



**Extractive Industries Transparency Initiative (EITI) program  
Oil Gas and Mining Policy and Operations Unit (COCPO)  
World Bank Group**

**Engagement with Civil Society:  
An EITI implementation case study**

**June 2009**



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**World Bank Group—Oil, Gas and Mining Policy and Operations Unit (COCPO)****Engagement with Civil Society: An EITI implementation case study****ABSTRACT**

Within the World Bank Group (WBG), the Oil Gas and Mining Policy and Operations Unit (COCPO) is the sector unit responsible for policy and advisory services in oil, gas, and mining sectors including World Bank lending. The unit also manages WBG participation in a number of donor-funded global programs and partnerships (GPPs) including the Multi-Donor Trust Fund (MDTF) for Extractive Industries Transparency Initiative (EITI).

The COCPO work program, especially that in the mining sector, has a significant component relating to community, social and gender issues, and on engagement with civil society. For three of the GPPs managed by COCPO including EITI, COCPO successfully sponsored grants from the WBG's grant window, Development Grant Facility (DGF) for the benefit of in-country stakeholders and partners, in the case of EITI, to support civil society organizations (CSOs) in countries and build capacity to enable the CSOs to play an active part in national EITI processes (EITI is a global voluntary initiative managed by a multi-stakeholder entity, the EITI Board, comprising representatives of implementing and supporting countries, industry/private sector investors, and civil society, a format replicated in each EITI country (30 countries to date).

The main finding of the Paper is that the direct support to CSOs through the DGF mechanism (July 2005 to June 2008) was well-received and met key program objectives. In particular, DGF funding helped to catalyze EITI in countries by helping to strengthen CSOs to play their role in the EITI. Also, working closely with Revenue Watch Institute, (COCPO's partner during the later part of the DGF grant cycle) has helped COCPO to build partnerships with CSOs generally. CSOs also found the strategic nature of the DGF interventions to be positive given the DGF grants allowed a broad range of CSO activities (advocacy, research, capacity-building, and communications) to be carried out around the sensitive topic of extractive industries/EITI.

In parallel, overall COCPO technical assistance and MDTF-funded grants to EITI countries and multi-stakeholder groups has helped to advance the EITI in those countries (COCPO/MDTF supports almost all current EITI-implementing countries and MDTF grants have been signed with 18 EITI countries as of June 2009, with more in the pipeline) including meeting CSOs' capacity-building needs as components of the MDTF grant work programs.

However as EITI begins to mature in many countries, especially those approaching the validation deadline, it is also clear that a development opportunity exists for the World Bank to strengthen engagement with and support for CSOs as part of an integrated strategy to help countries (and stakeholders including CSOs) to consolidate EITI processes and embed them into national public financial management systems for extractive sector revenues—with a strong CSO role in promoting transparency and accountability.

In this respect, given MDTF strategy of focus on country EITI goals including validation, other concrete avenues for direct CSO support should be explored such as by stand-alone trust funds and other possible funding sources, in ways that build on the achievements of the initial DGF program. Another message going forward, in addition to funding options, is for a more systemic engagement with CSOs by WBG staff on the EITI and related matters at the country level to achieve two-way dialogue on EITI and broader sector issues of mutual concern.



## **I. Introduction**

1. The WBG Oil Gas and Mining Policy and Operations Unit (COCPO) is the sector unit responsible for policy and advisory services in oil, gas, and mining sectors including World Bank lending. The unit also leads WBG participation in a number of donor-funded global programs and partnerships (GPPs) such as Communities and Small-Scale Mining (CASM), the Extractive Industries Transparency Initiative (EITI), and Global Gas Flaring Reduction (GGFR) (see **Box 1** below).

2. The COCPO work program, especially that in the mining sector, has a significant component related to community, social, and gender issues, and on engagement with civil society as a part of the advisory services to countries. In the case of each of the three GPPs mentioned above, COCPO successfully sponsored grants (totaling \$1.5m per year each, over a three-year period) from the World Bank's grant-making window, the Development Grant Facility (DGF) for the benefit of in-country stakeholders/partners. In the case of the EITI, the goal for DGF funding was to support civil society organizations<sup>1/</sup> (CSOs) in various countries and build capacity to enable those CSOs to better able to play an informed and active part in the then nascent EITI.

### **Box 1: Extractive Industries Transparency Initiative** (see [www.eiti.org](http://www.eiti.org))

The EITI is a global voluntary initiative formed in 2003 and overseen by a multi-stakeholder body, the EITI Board, which comprises representatives of implementing and supporting countries, industry/private sector investors and civil society. The EITI Board's work is supported by an EITI International Secretariat based in Oslo, Norway.

The EITI, through the EITI Principles and Criteria, provides a standard for promoting transparency in oil gas, and mining sectors through publishing of payments by companies and revenues received by governments, and sets out the participative process for this in each country, where the multi-stakeholder nature of EITI is replicated in each EITI-implementing country with full civil society involvement in the EITI process, from launch to issuance of EITI Reports, to EITI validation.

To date (June 2009) some 30 resource-rich countries (in Africa, East Asia, Europe, and Central Asia and Latin America and Caribbean Regions) are implementing EITI. Other countries have expressed interest in the EITI and countries continue to join the EITI. The EITI framework has an external validation mechanism which all EITI-implementing countries must undergo within a specified timeline (to remain part of global EITI). So far, one country (Azerbaijan) has completed validation with several others in process (Liberia, Ghana, and Nigeria).

3. The purpose of this Paper is three-fold:
- **Experience to date**—to showcase the experience of the Oil, Gas, and Mining Policy and Operations Unit (COCPO) in engaging with and supporting civil society organizations involved in the EITI process, through the DGF grant facility, and the ongoing MDTF-funded technical assistance support for EITI;

<sup>1/</sup> Civil society organizations (CSOs) have been described typically as “not-for profit, non-governmental institutions (NGOs), covering a wide range of organizations from development NGOs and think tanks to trade unions, foundations, faith-based organizations, disabled persons organizations, community-based organizations, media (independent and non-profit), and business associations” ( Source: The World Bank, *Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations*, March 2005).



- **Results so far**—to outline the results obtained for countries’ EITI processes from this DGF and MDTF interaction and support; and
- **Looking ahead**—to articulate strategies and jointly explore options where COCPO can further strengthen engagement with and support for CSOs as part of an integrated strategy to help countries (and CSOs) to consolidate EITI processes and embed them into national systems of public financial management, with strengthened demand-side accountability.

4. The preparation of this Paper involved a desk review of reports by DGF grant recipients as a self-assessment exercise, assisted by a consultant who also sought external inputs and views including from key CSO stakeholders. This was followed by a dialogue workshop with broad participation from CSOs and within the WBG, including a key address by the Vice President, World Bank Africa Region, Ms. Obiageli Ezekwesili where the findings of the Paper and the options ahead were discussed.

## **II. CSOs have a central role to play in the EITI framework and methodology**

5. As noted, a core EITI principle, hard-wired into EITI Criteria and EITI validation requirements, is that the EITI is a participative process with an integral role for civil society alongside governments and industry. CSO involvement in the EITI occurs both at the International EITI Board and in EITI-implementing countries as part of the National Steering Groups that oversee EITI, and/or as part of related advocacy groups such as “Publish What You Pay” (PWYP) coalitions. Such advocacy is key: indeed it is generally accepted that EITI as now constituted (as a global voluntary initiative) would not exist without the concerted advocacy by a number of civil society groups, coming together with acceptance of EITI goals by governments of key resource-rich countries and oil gas and mining industry. However, as outlined at **Annex II** CSOs also face problems in some cases in fulfilling their EITI role at country level.

## **III. COCPO technical assistance and funding support for the EITI**

6. Since EITI’s inception, WBG support for the EITI has been an integral part of the WBG corporate strategy for the extractive sectors and of the World Bank strategy for governance and anti-corruption. COCPO has delivered on the EITI work program along two tracks so far:

- DGF grant support to CSOs right at the launch of EITI (FY05-FY08); and
- COCPO-provided technical assistance and MDTF grant funding to countries to set up EITI structures and implement their national EITI work plans (including CSO capacity building) and undergo validation as EITI-compliant (ongoing since FY05).

## **IV. Grant support to CSOs through the Development Grant Facility (DGF)**

7. In 2005 the Oil, Gas, and Mining Policy and Operations Unit (COCPO) successfully bid for funds to support civil society groups involved in the EITI from the World Bank’s Development Grant Facility (DGF). These funds would total US\$0.5m per year for three years (that is, a total of \$1.5m) from July 2005 to June 2008. **Box 2** below summarizes the total level of disbursements through the DGF program as well as details of the recipients and the countries in which they operate. Summary details of the individual DGF grant recipients are provided in **Annex I**.



8. The DGF activities (launched before many countries had taken up the EITI) were designed to:

- Build capacity and strengthen demand-side mechanisms in EITI countries
- Increase civil society organizations' awareness of the then-nascent EITI
- Improve understanding among CSOs of the EITI principles, criteria, and implementation process
- Develop an understanding among CSOs of the essential elements of the oil, gas, and mining industries and the related fiscal arrangements so as to improve their understanding of the EITI.
- Strengthen the capacity of CSOs to communicate with the broader population about the EITI and its implementation in their country.
- Improve coordination among CSOs to play a more effective role as stakeholders in the EITI implementation process—including CSOs outside metropolitan centers, from oil, gas, and mining regions.
- Strengthen coordination among CSOs at the regional / global level.

**Box 2: DGF Support to Civil Society Groups – Key Indicators**

**Total DGF support FY05-08: \$1,060,899**

- Of which disbursed via RWI: \$473,586
- Undisbursed \$439,081

**Additional RWI funds leveraged: \$185,804**

**24 recipient organizations:**

- 14 countries
- 13 are now EITI candidate countries
- 9 of which have produced EITI reports
- 1 of which is now EITI compliant

**Regional breakdown:**

- Africa	\$474,237 (31.6%)
- East Asia Pacific	\$114,485 (7.6%)
- Europe / Central Asia	\$462,530 (30.8%)
- Administration	\$9,647 (0.6%)
- Returned	\$439,081 (29.3%)

DGF grant process

9. Initially, DGF CSO grantees were identified by advertising the DGF funds on the Bank's own website; by promoting the availability of funds through international civil society groups; by engaging with local Bank communications officers (who have the responsibility for maintaining



contact with CSOs); and by engaging with CSOs with an established track record on extractive industry and anti-corruption issues.

10. From July 2006 onwards (for a period of two years) COCPO partnered with the Revenue Watch Institute who were asked to administer approximately half of the annual DGF funding and to re-grant those funds to civil society groups working on EITI issues in sub-Saharan Africa.

#### Activities funded by DGF funds

11. The kinds of activities carried out by recipients of DGF grants tend to have reasonably clearly followed the objectives of the program outlined above. A survey of reports from grantees shows that the DGF funds supported the following kinds of activities:

- Training on a wide variety of topics including understanding the EITI; budget analysis and monitoring; oil and mining industry operations, laws contracts and taxation; etc.
- Communications activities focused on making people aware of the EITI. These activities included training for journalists so that they can better understand the EITI, budget, and extractive industry issues; development of radio and television programs on the EITI; and publishing journal and newspaper articles on the EITI.
- Consulting and working with communities outside of the capital city to involve them in the EITI process. These kinds of activities were often focused on including civil society groups in oil or mineral-producing regions.
- Helping to build EITI coalitions, where coalition building has helped improve the effectiveness of civil society in three key ways: (i) coalitions are able to be more representative and therefore harder to ignore in negotiations; (ii) they are able to develop shared programs of capacity building (training, communications, etc); and (iii) the various groups that form such a coalition are able to leverage the individual expertise of member groups—for example, groups familiar with the extractive industries are able to share their knowledge with budget monitoring / anti-corruption groups, and vice versa.
- Analyzing EITI reports and other public information on government revenues and extractive industry company payments.

#### Perceived strengths of the DGF grant program

11. The overall message of COCPO self-assessment of this DGF grant program, confirmed by feedback from CSO stakeholders interviewed, is that the DGF program for EITI and civil society groups came at exactly the right time for many CSO groups in a number of countries, and had a positive catalytic impact, not just for CSOs, but for the overall trajectory of EITI in those countries.

12. At the time of the beginning of the DGF funding (mid-2005), EITI was still a relatively new initiative. Many civil society groups were only just beginning to focus on the Initiative and coalitions of these groups only existed in a small number of countries. Because the World Bank



possesses a network of offices across the world it was often able to deploy financial resources through the DGF quicker than many international civil society groups could.

13. The Revenue Watch Institute's own narrative report on their involvement in the DGF grant program concluded: *The Development Grant Facility was a great success. It succeeded in building a broader base of EITI knowledge and support in the target countries, it enhanced the sophistication of knowledge among civil society of EITI processes and their (CSOs) role for influencing that initiative at the country level, and it improved the capacity of stakeholders to follow-up on recommendations from EITI reports and take forward new projects in direct response.*

14. The majority of activities funded by DGF grants were focused on capacity building for local civil society groups. In most countries civil society coalitions were formed by organizations that had a background either in transparency and anti-corruption advocacy, or in advocacy on environmental and human rights issues related to the extractive industries. DGF funding was often able to support training that helped bridge the knowledge gap among these groups.

15. The contribution of DGF to the overall progress of EITI in a country is evidenced by the strong correlation between those countries in which CSOs received DGF funds and countries which have been able to produce EITI reports. Eleven countries have produced EITI reports to date (June 2009): the fact that nine of them were countries that had received DGF support for local civil society groups is a relatively strong correlation. The DGF mechanism was thus able to be used by World Bank task managers alongside the MDTF trust fund in EITI countries as a way of supporting EITI implementation from more than one direction.

16. Indeed it is the case that during times of political transition (when government activity may have slowed down) activities on the EITI were often kept going by local civil society groups—that is, the DGF program has helped to build genuine ownership of EITI programs beyond governments and donors. In countries where there has been a change of government (for example in Mongolia and Sierra Leone) there is some anecdotal evidence that civil society groups were able to encourage the new government to maintain the country's commitment to the EITI process.

17. Finally, DGF funds were moderately successful in leveraging other funds for local CSOs from other funders. This Paper notes that recipients of DGF funds also received a further \$185,804 in funding from the Revenue Watch Institute. In other countries some donors and embassies may have contributed additional funding to recipients, as well. Donors tend to have a strong preference for “not going it alone,” particularly with small CSO organizations which might only be newly engaging with a subject. DGF, being willing to be the “first mover” in funding CSOs on EITI may have reduced the risk perception of other funders.

#### DGF EITI program outcomes compared to DGF eligibility criteria

18. The World Bank's DGF program uses an eight-point eligibility framework within which to judge competing bids for scarce DGF funds sponsored by World Bank units. Although independent evaluations of the COCPO MDTF and the DGF program for EITI (a requirement of the DGF process) have been completed separately, we present below COCPO's own brief self-assessment of the DGF outcomes against those eligibility criteria, as a reference point for any future proposals that COCPO may sponsor for further funding to help cement the EITI and strengthen demand-side accountability (discussed later in the Paper).



1. *The program should further the Bank's development objectives but not compete with regular Bank instruments.* The funding directly contributed to helping the WBG meet its development objectives and particularly those identified by the World Bank's Management Response to the Extractive Industries Review (2005) and its public commitment to actively support the EITI. It clearly complemented WBG's technical assistance and multi-donor trust-funded support (MDTF). That DGF could work in countries before the country became an EITI candidate (and hence eligible for MDTF support) was a clear complement to the MDTF.
2. *The program should operate where the Bank has a distinct comparative advantage and not replicate the role of other donors.* At the time of the approval of the program (in 2005) there was only one other donor—DFID—that could claim some expertise in the EITI and even then had limited experience in the extractive industries. COCPO is one of the larger units in any development bank focused on extractive industries issues and as such was able to fully understand EITI's developmental implications and provide TA to support effective EITI implementation.
3. *The program should encompass multi-country benefits or activities not appropriate to undertake at the country level.* The EITI is a global initiative and the Bank's program of DGF support on EITI was spread across 14 different countries.
4. *The program should reinforce partnerships with key players in the development arena.* The support enabled the Bank to strengthen its relationship with civil society groups in developing countries as well as key international CSOs such as the Revenue Watch Institute and the Publish What You Pay Coalition.
5. *The program should provide significant leverage for generating financial support from other donors.* The DGF program was able to generate, directly, additional funding from the Revenue Watch Institute for CSOs. More importantly, as noted, the DGF seed-funding at an early stage of EITI has led, 3-4 years later, to a high degree of momentum on the EITI with 30 EITI countries, a strong EITI brand, and strong donor partnership and funding support. The MDTF managed by the World Bank has grown from a single launch donor to eleven donors (May 2009) and cumulative funds of over US\$23 million.
6. *Grants should be given to organizations that have a record of achievement and financial probity.* While difficult to answer for smaller grant recipients, the partnering with the Revenue Watch Institute in the latter two years of the DGF program, clearly met this criteria.
7. *Grants should be given to organizations that have an arms-length relationship with the Bank's regular programs.* All of the grantee CSOs were clearly independent of the Bank, indeed some of CSOs involved even had a clear record of having been critical of the Bank's previous engagement in the extractive industries.
8. *Grant programs should have an explicit disengagement strategy tailored to its individual circumstances.* While individual CSO grantees were asked to develop such strategies, COCPO itself has not developed a specific disengagement strategy from the EITI or CSO support at this time, given the stage of progress of global EITI currently. Ahead, a key development opportunity exists to build on the initial DGF contribution to launch and cement the EITI and to strengthen the role of CSOs in EITI implementation, as part of established national systems for transparency and accountability—with a CSO voice.



### Lessons Learned—Issues with the DGF grant program

19. But there were also other lessons, including the four key lessons learned are outlined below:

- Slow start resulting in unspent allocation: In the first year of operation (FY05) COCPO was only able to disburse \$104,943 (21%) of the \$500,000 provided. In the following years disbursements totaled \$455,310 (91%) in FY06 and \$500,000 (100%) in FY07. The very low disbursements in the first year can be attributed to slower-than-planned start-up capacity in COCPO to design a full program of grants and identify CSO recipients for the DGF funds. Moreover, COCPO was slow to identify the potential for intermediation by partnership with the Revenue Watch Institute (RWI) which in the following years took on the responsibility for identifying and re-granting DGF funds to civil society groups in Sub-Saharan Africa (SSA). Against this backdrop, initial grants were only made to civil society groups in Azerbaijan and the Kyrgyz Republic, which generally had, compared to, say, civil society groups in Africa, greater administrative capacity and longer track records.
- Regional distribution focused on better established CSOs: Relative to the overall regional distribution of EITI candidate countries (currently, almost 2/3 being in Africa) a disproportionate level of DGF funding was allocated to just three countries (Azerbaijan, Kazakhstan, and the Kyrgyz Republic) in the Europe and Central Asia Region. This is partly a reflection of the WBG/DGF fiduciary rules (that require a certain track record of managing grant funds, bank accounts, audited financial statements, and so on) which the more well-developed administrative capacity of CSO groups in these countries were more easily able to meet, in addition to being better equipped to submit coherent and well-designed proposals for work program activities for EITI.
- Need for dedicated task management of DGF: Although cost indicators show minimal administration costs charged to DGF, the progress and positive outcomes from DGF as noted above would not have been possible without program costs borne elsewhere in particular (i) WBG staff and consultant time funded by COCPO and the EITI multi-donor trust fund (MDTF) and (ii) staff in the Revenue Watch Institute and Publish What You Pay who did not charge for their time. Even though the individual DGF grants were relatively small (the average grant was \$35,342), helping to design/review and monitor grant proposals does need a meaningful investment in order to ensure optimal outcomes on the ground and to ensure grant objectives are fully met.
- Gearing up for small grants on a fiscal year basis: Because, as with all WBG Board-approved budgets, DGF funds are allocated annually on a “use-it-or-lose-it” basis, the time window for a small grants process is extremely compact—i.e., within the space of a fiscal year, potential grant recipients must develop and submit proposals; activities must take place; reports must be prepared; and funds must be disbursed within that fiscal year. The result of this compact timetable does mean however that grantees generally focus their work on short-term deliverables (such as training sessions and seminars) at the cost of longer-term activities to strengthen capacity (a perception confirmed by feedback from RWI and PWYP staff, noting the opportunity cost of being unable to strategically support CSOs on EITI issues over a longer timeframe).



## **V. Technical Assistance/funding support through the Multi-donor Trust Fund**

20. Parallel with the DGF program of CSO support for EITI described above, the major partnership program for COCPO is the Multi-donor Trust Fund (MDTF) for EITI Implementation Support which began in 2005 with the United Kingdom (DFID) as the launch donor. Currently (May 2009) the MDTF numbers 11 donors (Australia, Belgium, Canada, the European Commission, Finland, France, Germany, the Netherlands, Norway, Spain, and the United Kingdom) for a total funding in excess of US\$23 million. Other donors (Switzerland and the USA) are in the process of joining.

21. These MDTF funds, together with budget contributions by the WBG, have helped COCPO to deliver technical assistance (TA) and MDTF funding support to countries to set up national EITI structures and begin EITI implementation and move towards validation. COCPO not only works with a large number of EITI countries (the current MDTF Work Plan at May 2009 covers 40+ countries including countries not yet in EITI) but also ensures that engagement with civil society is an integral part of COCPO's TA work in those countries, both those in EITI and those still at the pre-EITI stage.

22. The status of MDTF grants to EITI countries is summarized at **Box 3** below.

### **Box 3: MDTF Grant Agreements with EITI Countries (May 2009)**

<b>MDTF grants signed (19 countries)</b>		<b>In Process / Likely Pipeline</b>
Cameroon	Mauritania	Democratic Republic of Congo
Central African Republic	Mongolia	Mali
Cote d'Ivoire	Niger	
Equatorial Guinea	Nigeria	Recent EITI candidates (5/09):
Ghana		Albania
Guinea	Peru	Mozambique
Kazakhstan	Sao Tome e Principe	Tanzania
Kyrgyz Republic	Sierra Leone	Zambia
Liberia	Timor Leste	
Madagascar	Yemen	

23. The key point to make with respect to MDTF grants is that although they are signed with governments for fiduciary accountability, the national EITI work plan (which the MDTF grant supports) and the use of these MDTF funds are overseen and approved by the national EITI steering groups—which include CSO groups. This applies especially to the major expenses such as hiring Administrators for EITI Reports and hiring vendors for capacity building programs for CSOs, and others.

24. These MDTF grants contribute to the various expense categories of national EITI work plans, mainly to (i) help establish the national EITI Secretariat; (ii) help produce the EITI



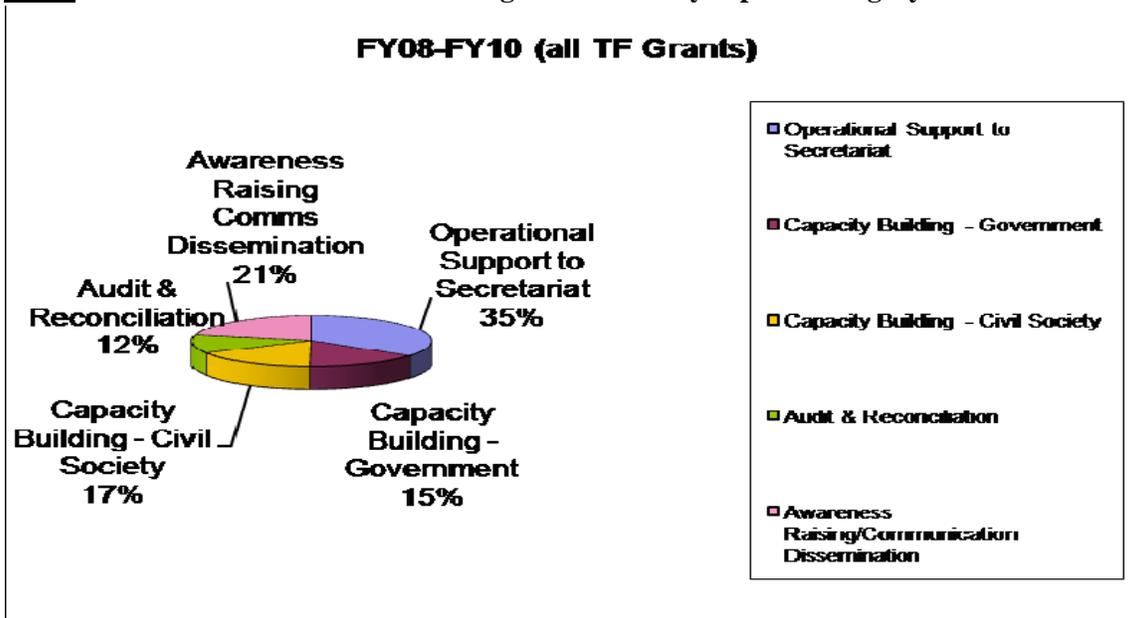
Reports; (iii) provide capacity building for government and CSOs on EITI; and (iv) support communications and outreach. An indicative estimate of the share of MDTF grant funds devoted to different aspects of national EITI work plans (carried out in May 2008 based on a full EITI work plan generated by the governments of nine EITI countries<sup>2</sup>) is shown in **Box 4**. In these countries, about 17 percent of MDTF grant funds allocated were allocated to civil society capacity building (\$804,000 across the nine countries sampled).

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2. MDTF grants to Cameroon, Ghana, Guinea, Liberia, Mauritania, Mongolia, Nigeria, Peru and Yemen (at May 2008).



**Box 4: Indicative Breakdown of MDTF grant funds—by expense category**



24. A caveat is that these numbers have to be treated as indicative because although these are the broad planned-expenditure categories, the final actual expenditures as executed by the country may differ somewhat (even though overseen by the national EITI Steering Group) as expenses may be categorized differently or aggregated within government accounting systems (however major changes to MDTF grants do have to be reviewed and approved by WBG task team leaders).

25. Looking ahead, in addition to CSO support contained in the existing MDTF grant agreements, support for CSO capacity building will continue to be an integral part of the MDTF grant proposals in upcoming grants to new EITI candidate countries.

26. Finally, although the majority of MDTF support to civil society occurs as outlined above, a small amount of ad-hoc support for travel of civil society representatives to training events and conferences has been provided through the World Bank-executed portion of MDTF described immediately below.

27. Note that the country-executed MDTF grants are also supplemented by World Bank-executed TA work programs for the benefit of the national EITI process usually (but not always) in countries still at the early stages of EITI and/or not yet EITI candidates. Such support tends to be focused on specific one-off pieces of consultancy support, studies, and travel for stakeholders, as well as local consultants, international consultants, and World Bank staff providing direct technical assistance to EITI programs. Note also that MDTF also supports global knowledge and learning work such as the production of guidance and research on the EITI, as well as supporting regional or global training events—and ad-hoc support for CSO participants in these events.

28. The example in **Box 5** of a regional event organized by World Bank and MDTF together with CSO organizations is illustrative of the latter type of learning events.



### **Box 5 - Regional training program for CSO representatives in West Africa**

The World Bank, supported by MDTF, and working together with a range of CSO organizations including PWYP, Global Witness, and Secours Catholique held a focused series of training programs for CSO members in Kribi, Cameroon (2005) together with with a “training of trainers” follow-up event in Limbe, Cameroon in 2007

At the latter event, approximately 40 participants from different mainly West African countries (Chad, Republic of Congo, Cameroon, Gabon, Sao Tome, Democratic Republic of Congo, Angola, and so forth) took part and the focus was to a large extent on the oil industry and oil-producing countries where EITI implementation was taking place.

This purpose of this training was to boost the capacity of the most active and promising civil society leaders in sub-Saharan Africa to actively participate in EITI processes in their own countries. The course addressed several major challenges related to CSO capacity-building around EITI in West Africa, including (i) increasing coordination of CSOs participating in EITI at a regional level to ensure continuing exchange of best practices, (ii) training on EITI principles and criteria, (iii) EITI validation processes, (iv) understanding and addressing issues such as the impact of different fiscal and contracting arrangements for extractives, international best practices on licensing, and model revenue management laws ; and (v) . concepts related to the National Budgets links to budgetary management of oil revenues and EITI.

Ultimately, the MDTF contribution was to strengthen participants’ capacity for involvement in EITI implementation and monitoring mechanisms designed to ensure transparency in the management of revenues from extractive industries.

### **Results of MDTF support for EITI from a CSO lens**

29. Finally, the self-assessment mode of this Paper must address whether support to CSOs through MDTF trust fund grants executed by countries/national EITI steering groups is actually effective, as a specific line item. Looked at purely from a single-beneficiary lens (that of CSOs), this is difficult to answer, because MDTF grants are designed as an aggregate—to support the entirety of the national EITI process, not just individual aspects. MDTF grants are to governments—overseen by national steering groups—but CSOs (as a constituency) on the steering groups could indeed lack the clout needed to ensure fullest access to MDTF funds (and/or shaping of activities within the broad MDTF EITI work program agreed).

30. Nonetheless one reference point that helps address the question can be found in the recent (May 2009) independent program evaluation of the EITI MDTF activities which concluded, inter alia, that: *Program Delivery. Globally, EITI has achieved considerable traction since its launch and become the established standard for transparency in the oil, gas, and mining sector. MDTF has played a significant factor in this success, in particular the strong take-up and implementation of EITI by countries (including governments and local civil society). Leveraging the full network of WBG country offices, MDTF/WBG has provided (or is processing) trust fund grants and is delivering technical assistance in all but 3 of the 26 current EITI-implementing*



*countries. It is also conducting active outreach and dialogue with several other candidate countries. This TA work by MDTF/WBG has clearly helped launch the EITI process in many countries and created mechanisms for tri-partite work where none existed before. Similarly, the national EITI processes (which typically include an impressive civil society participation) have generated EITI Reports and revenue information where none was available before (9 out of the 11 EITI-implementing countries which have issued EITI reports so far have an active MDTF TA program and TF grants).*

31. Box 6 below illustrates the contribution of MDTF in targeted communications work designed to reach out to CSO groups in different parts of a country, in this case Kazakhstan.

**Box 6 - Kazakhstan EITI national workshops 2008-2009**

Support for civil society is a core part of the MDTF's support to EITI in Kazakhstan, acknowledged by members of EITI multi-stakeholder steering committee. The MDTF support centered around a series of EITI conferences held throughout Kazakhstan between February 2008 and January 2009, designed to advance the EITI implementation process in Kazakhstan and increase public awareness via the process of active collaboration of representatives of government, companies and civil society organizations.

In order to support strong and credible EITI implementation mechanisms it was a core objective in these national conferences to have full and early involvement of civil society groups (national and regional CSOs) on par with the representatives of government and extractive companies. These EITI workshops, fully funded by the EITI MDTF, were an ideal opportunity to convene a large number of independent civil society organizations to debate the structure of EITI implementation process in Kazakhstan, with more than 100 representatives of various civil society organizations and media taking part in the workshops series from all over the country. Mr. Yuri Krivodanov, a representative of the coalition of NGOs was specially selected by the CSO coalition to assist the event's organizers in preparation to each of the EITI workshops. His role was to coordinate the participation of CSOs representatives at the workshops, ensure all CSOs have a single and agreed position towards EITI implementation process, and be a major speaker at the workshops from CSOs.

The total MDTF contribution specifically toward ensuring CSOs' participation at the workshops amounted to approximately US\$60,000, without which CSO representation may not have been as comprehensive. This close collaboration and interaction between the CSOs and all stakeholders at the EITI workshops were a major outcome of this MDTF investment and helped to build trust and credibility between the members of the EITI steering committee, and made the communication process move more smoothly and efficiently. For example, the first and second EITI reports for Kazakhstan were widely discussed and approved by the multi-stakeholder steering committee at these EITI national workshops.

32. Beyond that, it would be useful not to view World Bank support to civil society groups in the EITI context from just a narrow financial lens. First, COCPO staff (as all World Bank staff) have access to senior government ministers and policy makers that others may not and in the case of EITI, the COCPO staff consistently advocate not just for adopting EITI but for ensuring a proper role for civil society groups in that process (as a minimum, to ensure that COCPO advice to countries is fully in line with EITI Criteria).



33. Further, the World Bank (COCPO and WBG managers in country offices) can play—and indeed have been called to play—a role in helping to raise the matter of protection of civil society participants in EITI when difficulties arise. Thus, within the boundaries of WBG procedures (there is clear World Bank operational guidance on working with civil society groups<sup>3</sup> although the World Bank’s own Articles of Agreement<sup>4</sup> explicitly state that WB staff “shall not interfere in political affairs of any member...”), our assessment is that COCPO and WBG TA interventions for EITI via MDTF are generally positive for CSOs.

34. But there is room to do more. For instance, although WBG task managers and consultants have engaged well with local CSOs on EITI issues, the level of consultation and engagement may be patchy on broader extractive industries issues. A common refrain in this self-assessment process was therefore that civil society groups in some countries perceived that COCPO or WBG staff simply did not connect with the CSOs or consult with them enough. As the RWI Narrative Report on DGF funding for FY07-08 states: “...efforts should be made to accommodate other legitimate transparency and accountability of concerns of EI producing communities that may not fall directly within the current EITI mandate. As the World Bank begins to embark on the new EITI++ framework, these concerns, as well as consultations with civil society, must be taken into consideration during the strategic planning.”

## **VI. Workshop and discussion with CSOs**

35. As an integral part of this COCPO exercise and Paper, the major findings outlined above were discussed at a workshop held in May 2009, with broad participation from CSOs from Part I and Part II countries, donor agencies, EITI Secretariat Oslo team and WBG staff. See **Annex III** for agenda and panel discussants.

36. The featured speaker was Ms. Obiageli Ezekwesili, Vice President, World Bank Africa Region who gave a thoughtful and well-received talk about the innovative and strategic work of the EITI, and the CSO role therein. On the latter, Ms. Ezekwesili brought a unique view to this discussion, having addressed the issues from all three perspectives—government, civil society, and World Bank. Ms. Ezekwisli reiterated her belief that the World Bank needs to continue to reach out to CSOs and encourage greater civil society-government relations as in the EITI.

37. The key messages stressed in the talk were (i) a general failure to regulate markets effectively and hence the central role for transparency, accountability, and regulation including in extractive industries; (ii) the very important monitoring role of CSOs in this respect—although dysfunctions which sometimes characterize the civil society sector (as in government and private sectors) can lead to fragmentation and weak CSO coalitions and voice; and (iii) a better balance in who leads the advocacy agenda so that these agendas are not just supply-driven (from the outside-the-country NGOs) but are demand-driven (from within the country, led by empowered national civil society groups which effectively engage governments).

38. A discussion followed on the salient findings outlined above and of options for collaborative WBG-CSO work ahead on EITI, including interest expressed in continued WBG-

3. The World Bank, Issues and Options for Improving Engagement Between the World Bank and Civil Society Organizations, March 2005 (p.18).

4. Both the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA)—the two core organizations of the World Bank—have provisions in their Articles of Agreement prohibiting “political activity”. See <http://go.worldbank.org/W01PGBIFM0>.



sponsored funding for CSO role in EITI projects, and on continued operational collaboration in specific countries on EITI and on CSO capacity-building.

## **VII. Conclusion and Options Going Forward**

39. Given the stage EITI was at globally, the involvement of DGF from 2005 to 2008 in EITI and in funding for CSO groups had a positive impact, in particular to help catalyze EITI in those countries and build momentum for EITI that later tremendously increased country demand for EITI and resource mobilization by donors for support to EITI countries. Had DGF outreach and disbursement been higher in the first year (2006), and more widely distributed across countries the DGF impact may have been correspondingly greater.

40. More broadly, the partnership established with the Revenue Watch Institute in the second year of DGF funding was positive, and has remained positive even in non-DGF areas (such as collaborative work in selected countries). Overall, COCPO sees this as a good example of DGF funding playing its intended catalytic role and meeting its objectives – and could be continued as discussed below.

41. Looking ahead, COCPO will consult within the SDN vice-presidency and with Regional vice presidencies for strengthened use of MDTF grants for the EITI and other alternative funding sources in ways that builds on the successful track record of the EITI globally and of multi-stakeholder processes to promote transparency. The goal of such possible funding should be carefully structured to focus on countries and CSOs with a demonstrated track-record on EITI, would be to help cement EITI and the CSO role therein so that EITI is consolidated at the country level and is embedded in national systems for transparency of revenue and public finances and promotes demand-side accountability. Equally, supporting CSOs on the latter's broader work on mining sector issues, such as building a voice for communities affected by mining and the CSOs' role as a stand-alone and discrete stakeholder group will be an important goal for COCPO.

42. This is particularly important given that the focus of the EITI multi-donor trust fund is and will be on validation support to countries. Further, the accepted need to be highly selective in future MDTF activities (given the boom in demand for funding support from new and existing EITI countries, which requires choices be made) means that other forms of WBG support to civil society groups in the EITI may not be forthcoming.

43. In addition to funding options, a message for COCPO is for a more systemic engagement with CSOs by WBG staff on EITI and related matters at the country level. This will entail, on country-specific work for both EITI and broader oil gas and mining sector issues, a redoubled effort by the COCPO team (including strengthened internal learning events on CSO liaison) to more systematically consult with and engage civil society groups at the country level in a two-way dialogue on sector and EITI issues of mutual concern (such as on the extractive industries value chain / EITI++ work).

44. As part of this, COCPO will closely work with the World Bank's civil society team to establish a tailored training program for the COCPO team on CSO engagement, including by participation of CSOs in these learning events (to be planned for later in calendar 2009). In addition, beyond COCPO, active ways to engage groups of CSOs in different countries via the Global Distance Learning Network (GDLN) on sector issues will also be explored.



45. Finally, at the global level on extractive sector issues, COCPO and WBG management remain well-engaged with CSO representatives through special-purpose fora established just for this purpose, including the EI Advisory Group and structured meetings on EITI issues at the Bank/Fund Annual Meetings and Spring Meetings. This will continue, in close concert with the World Bank's civil society team.

COCPO  
June 2009



### Details of DGF Grant Recipients 2005 – 2008

Country	Organization	Project name / description	Grant US\$
<b>Recipients: July 2005 – June 2006</b>			
Azerbaijan	Open Society Institute acting as a financial agent for the Public Finance Monitoring Centre	Series of training sessions to improve public awareness about the EITI process in Azerbaijan.	\$41,149
Azerbaijan	Center for Economic and Political Research	Improving public awareness about the extractive industries activities in Azerbaijan (grant provided as part of support to CSO coalition).	\$11,952
Kyrgyz Republic	Community and Mining Development Institute	Engaging local government and mass media representatives in the process of raising awareness of the EITI	\$27,042
Kyrgyz Republic	Economic Policy Institute “Bishkek Consensus”	Enhancing the transparency of benefit streams of the Extractive Industries in the Kyrgyz Republic	\$24,800
<b>Total DGF disbursements in FY06 (DGF funds undisbursed)</b>			<b>\$104,943</b> <b>(\$395,057)</b>
<b>Recipients: July 2006 – June 2007</b>			
Azerbaijan	Open Society Institute as a financial agent for the Union of Traders and Producers	Raising awareness of the extractive industries in the regional communities of Azerbaijan	\$10,753
Azerbaijan	Open Society Institute	EITI international conference: pilot countries experiences (bought together representatives from ECA sub-region).	\$88,640
Azerbaijan	Open Society Institute	Core funding for the CSO coalition on the EITI.	\$30,000
Cameroon	CRS	Regional training program and conference for CSOs from West Africa.	\$60,000 (+\$10,000 from RWI)
D.R. Congo	ASHADO Katanga	Capacity building for local CSOs. Awareness raising workshops in mining regions. Promoting EITI amongst local CSOs.	\$41,030 (+\$28,970 from RWI)
Ghana	ISODEC	Educating CSOs on the principles of EITI. Building CSO capacity, particularly at the community level.	\$27,000 (+\$43,000 from RWI)
Kazakhstan	NGO “Echo”	Creating favorable conditions for the effective implementation of the EITI in Kazakhstan	\$51,700
Kazakhstan	Public Association “Demos”	Organize and conduct training sessions for NGOs in the “Oil Revenues Under Public Oversight” Coalition.	\$10,855
Kyrgyz Republic	Community and Mining Development Institute	Engaging local government and mass media representatives in the process of raising awareness of the EITI	\$18,200
Kyrgyz Republic	HDC “Tree of Life”	Participation of civil society in EITI process in Kyrgyz Rep.	\$23,868

Shading indicates where DGF funds were disbursed via the Revenue Watch Institute.


**Details of DGF Grant Recipients 2005 – 2008**

<b>Recipients: July 2006 – June 2007 (continued)</b>			
Mauritania	AFCF	Building the capacity of local CSOs to engage on EITI issues. Training on resource revenue management.	\$18,410 (+\$11,590 from RWI)
Mongolia	Open Society Institute	Capacity building for CSOs and promotion of the EITI	\$30,000
Nigeria	Institute of Human Rights and Humanitarian Law	Lifting the resource curse	\$10,500
Sierra Leone	National Coalition for the Extractive Industries (NACE)	Educating CSOs on the EITI. Consultation on the EITI with regional CSOs. Improving public awareness of mining company operations.	\$35,000 (+\$35,000 from RWI)
<b>Total DGF disbursements in FY07</b>			<b>\$455,310</b>
- <b>Of which were disbursed by the Revenue Watch Institute</b>			<b>\$181,642</b>
- <b>Additional Revenue Watch funds provided to recipients</b>			<b>\$128,560</b>
<b>DGF funds returned</b>			<b>(\$44,024)</b>

**Shading** indicates where DGF funds were disbursed via the Revenue Watch Institute.



**Details of DGF Grant Recipients 2005 – 2008**

<b>Recipients: July 2007 – June 2008</b>			
Azerbaijan	Open Society Institute as a financial agent for the CSO coalition	Core funding for the CSO coalition + a review of the EITI process thus far in Azerbaijan	\$55,000
Cameroon	CRS	Support to local PWYP coalition. Training on budget, EI, and CSO management issues. Public awareness campaigns.	\$49,000 (+\$15,000 from RWI)
Cote d'Ivoire	Publish What You Pay Coalition	Training and awareness seminars on EITI for CSOs. Working with parliamentarians to institutionalize EITI.	\$70,000
D.R. Congo	Eastern Kasai Coalition	Capacity building for local CSOs. Awareness raising workshops in mining regions. Promoting EITI amongst local CSOs.	\$32,016 (+\$42,244 from RWI)
Guinea	AGT	Building the capacity of local CSOs to engage on EITI. Training on EITI and mining revenue management.	\$53,185
Indonesia	Transparency International	EITI Socialization: Raising the awareness of key stakeholders on the need for transparency in the extractive industries	\$24,485
Kazakhstan	Public Foundation "Local Self-Government Development Centre"	EITI implementation in Kazakhstan	\$20,364
Kazakhstan	Public Association "Demos"	Training courses for mass media representatives on the EITI	\$32,207
Kyrgyz Republic	Community and Mining Development Institute	Organizing and conducting training seminars for civil society groups in the regions affected by mining operations in order to promote a greater understanding of the EITI	\$16,000
Mongolia	Open Society Foundation	Advancing the EITI through the empowerment of civil society	\$60,000
Niger	RJDH	Jointly managed project to increase capacity of local PWYP coalition through training. Communications programs (production of radio programs and printed materials). Including CSOs outside of the major metropolitan areas.	\$29,488
Niger	ROTAB		\$48,608
Revenue Watch Institute costs for translation of proposals and project documents			\$9,647
<b>Total DGF disbursements in FY08</b>			<b>\$500,000</b>
- Of which were disbursed by the Revenue Watch Institute			<b>\$291,944</b>
- Additional Revenue Watch funds provided to recipients			<b>\$57,244</b>
<b>Total DGF disbursements from July 2005 – June 2008</b>			<b>\$1,104,277</b>
- Of which were disbursed by the Revenue Watch Institute			<b>\$516,944</b>
- Additional Revenue Watch funds provided to recipients (leveraging)			<b>\$185,804</b>

**Shading** indicates where DGF funds were disbursed via the Revenue Watch Institute.



## Annex II

### CSO role in EITI: issues experienced in certain countries

With a wide range of countries now implementing EITI, it is possible to discern certain patterns of issues that affect CSOs and their role in EITI, albeit in a small number of countries. These issues include:

- *Defining civil society:* Civil society is a generally self-defining group but in some EITI countries there may be little tradition of independent civil society at least in the EI sectors. Non-governmental groups may be seen as politically-associated, either with the current government or with political opposition groups. Still others maybe local affiliates of major international CSO groups with little local representation. A common issue in some EITI countries is the perception that EITI processes include CSO groups selected just so that they will be uncritical of the other EITI stakeholders.
- *Selection of civil society representation in EITI processes:* In all EITI processes there is an inevitable tension between selecting a multi-stakeholder group (to manage the process) that is small enough to be able to meet and function efficiently, yet large enough to be representative of those interested in the process. The result is that in many countries, for reasons of practical administration, not all organizations wanting to be involved in an EITI stakeholder group are able to be. Thus, in some EITI countries there has been disagreement on whether the “right” CSOs are involved in the EITI process.
- *Civil society veto over the EITI process:* The issue of whether CSOs have a veto within the multi-stakeholder EITI process is a recurring one. Globally, the EITI Board only makes decisions where all three constituencies are in agreement with. Yet the EITI is a voluntary—not mandated—process in the vast majority of countries, and hence decisions are (mostly) made by consensus or if voting is by simple majority—meaning civil society groups can be out-voted (although the validation process would surface major problems).
- *Actions affecting civil society groups involved in the EITI:* In a very small number of countries, the full and effective participation of civil society in the EITI process can be viewed as having been restricted by government action of various types, such as actions affecting CSO members in countries like Angola and Gabon. The EITI Board and other stakeholders globally have been consistent in asking for protection of CSO members involved in the EITI process.
- *Acceptance of civil society as legitimate and valid partner by all stakeholders:* While the role of CSOs in the EITI process is clearly recognized in EITI Criteria, its practical implementation may be patchy in some EITI-implementing countries. Combined with (in some countries) a “history” between government and civil society, civil society groups may have difficulty in being accepted as a legitimate and valid partner in improving transparency and accountability. As a recent publication on mining revenues states (Otto, J., Andrews, C. et al, *Mining Royalties – A Global Study on their Impact on Investors, Governments and Civil Society*, The World Bank, 2006, p. 252):

*“Increasingly, civil society does not want to be spoon-fed information on the benefit and revenue streams, but it does want to participate with the company and government in the design of the methods to collect and monitor the benefits and revenue streams on a continual basis. Moreover, once the monitoring and evaluation system is designed and operational, certain members of civil society would like it to identify benchmarks against which a company’s or government’s performance can be evaluated. This can substantially raise the stakes for companies and governments because it could imply a set of targets that may or may not be within the company’s or the government’s sole competence to achieve”.*



WBG Oil Gas and Mining Policy and Operations Unit  
(COCPO)

**Working with Civil Society to Implement the Extractive Industries  
Transparency Initiative: An Implementation Case Study**

**WORKSHOP**

May 12, 2009 - 15.00 – 18.00 hrs - Room F8P-100  
2121 Pennsylvania Ave, NW, Washington DC

**AGENDA**

- Session 1:** **A Review of Recent Bank Support to Civil Society Groups Working on the EITI**
- 15.00 – 15.10** **Introductions**  
*Paulo de Sa* (Sector Manager, COCPO)  
*John Garrison* (World Bank Civil Society Unit)  
*Jonas Moberg* (Head, EITI Secretariat Oslo)
- 15.10 – 15.40** **Civil Society's Role in EITI: A Country and World Bank Perspective**  
*Obiageli Ezekwesili*, Vice-President, World Bank Africa Region
- 15.40 – 15.55** **Summary of Issues Raised by DGF and EITI Trust Fund Support to Civil Society**  
*Sefton Darby*, S.E.B. Strategy Ltd and *Esther Petrilli-Massey*, COCPO
- 15.55 – 16.10** **Case Study: Implementing a Civil Society Program on the EITI**  
*Valery Nodem*, RELUFA, Cameroon
- 16.10 – 16.30** **Discussion and Questions**  
Moderated by *John Garrison*
- 16.30 – 16.45 Coffee
- Session 2:** **Panel Discussion: How Can the World Bank Strengthen and Deepen Its Work with Civil Society Groups Involved in the EITI in the Future?**
- 16.45 – 18.00  
*Jonas Moberg*, Head, EITI Secretariat  
*Radhika Sarin*, Publish What You Pay  
*Morgan Mandeville*, Revenue Watch Institute  
*Valerie Nodem*, RELUFA, Cameroon.  
*Dorjdari Namkhajantsan*, Open Society Forum, Mongolia
- Anwar Ravat*, Program Manager, EITI, COCPO
- Moderator: *John Garrison*