Dear Validation Committee,

The UK EITI Multi-Stakeholder Group (MSG) were pleased to receive the final validation report from the International Secretariat (received 28 August 2019), and have discussed the results at our most recent meeting (2 September 2019). We look forward to receiving confirmation of the outcome of the validation process following your Committee’s deliberations, and formal approval by the EITI Board.

As you will know, the UK was a prime mover behind the establishment of EITI, and remains a key supporter, working with and through EITI to maintain momentum for greater transparency worldwide. And since 2014 the UK’s MSG has proved a valuable forum for government, civil society and industry to meet and together deliver greater transparency over our domestic extractive industries.

As set out in our response to the draft validation report (submitted to the validator on 2 July 2019) the MSG is in most regards content with the results of the validation. We believe that we have made meaningful progress against the Standard and are indeed very close to achieving a fully satisfactory rating. We hope that we will be able to undergo a revalidation swiftly in order to achieve that rating.

However, I am writing on the MSG’s behalf to express our significant concerns about one particular element of the validation – the assessment that we have made ‘inadequate’ progress on Requirement 1.3 - civil society engagement – and to bring to the Committee’s attention the significant developments since the validation process began well over a year ago.

Our understanding is that the EITI Board has the discretion to consider developments and information disclosed after the commencement of validation, where they are of material significance to the assessment. Given that EITI rules would require the UK to be suspended from being an implementing country if the assessment on 1.3 stands, this is clearly a material issue and of grave concern to the MSG.

We continue to dispute the finding on page 9 of the validation report that ‘Civil Society has not been substantively or meaningfully engaged in EITI implementation in the UK so far’ and we are very disappointed that this has remained in the report. As set out in our response to the draft validation, the statement is factually inaccurate: during most of the time that the MSG has been in existence, there has been substantial and meaningful civil society engagement and representation, both in the MSG and in its working groups. A range of civil society groups, representing both international NGOs and domestic interests, were engaged and energetic participants in the MSG from its inception through to late 2017, as evidenced in the minutes of the 25 MSG meetings held over that period, and as recognised in the international secretariat’s initial report – which assessed progress as ‘meaningful’.

The MSG acknowledges that during 2018 civil society representation has not been as broad or as active as we would have liked. However, those groups who had decided to withdraw from the MSG during 2018 continued an active dialogue with the MSG secretariat, which has ultimately resulted in agreement of a revised framework for civil society representation. This framework now has broad support from all civil society groups and was agreed by the MSG in May 2019. The framework will see the return of the Civil Society Network (CSN) to its position as coordinator, but with a number of changes to its principles, including to actively encourage representation from local communities. CSN are currently recruiting for a Network Coordinator, applications for which close on 30 September. Once a suitable individual has been recruited, the coordinator will facilitate a participatory process among UK civil society organisations and individual citizens to appoint new civil society representatives to the MSG.
This represents significant progress and will help ensure an organised and equitable process for EITI representation that allows both organisations and representatives from local communities to participate. The MSG believes this will put us in a position to achieve a rating of ‘satisfactory’ when we are next validated.

In the meantime, a number of individuals representing a range of NGOs as well as community interests are representing the constituency on the MSG, by mutual agreement. This includes key civil society organisations (National Resource Governance Institute, Publish What You Pay, Global Witness and Transparency International), an academic, and an individual from an area affected by the extractive industries. Full details are on our website. The interim members are active participants on the MSG and its sub-groups.

The MSG therefore strongly believes that ‘inadequate progress’ is an extremely harsh assessment of civil society representation within UK EITI – both in terms of most of the period up to the validation, and subsequently. We would respectfully ask the Validation Committee to use its discretion to take into account the considerable progress made since the validation process began. This would also help ensure the validation provides a reasonably up-to-date assessment, following the considerable delays in finalising the initial assessment.

We would also like to draw two other issues to the Committee’s attention:

- Regarding Requirement 3.2 – Production data, the validator has noted in its response to our feedback that since the initial assessment the MSG has subsequently acted to address the gaps highlighted. The MSG would therefore like to ask the Committee to consider upgrading this area to ‘satisfactory’, in light of new information provided in the MSG’s response.
- We were disappointed to find that there remain some basic factual inaccuracies about UK tax rates in the validator’s final report, even though we have previously highlighted these to the validator. The Supplementary Charge is set at a rate of 10%, not 32% and the Petroleum Revenue Tax is now set permanently at zero (0%), not 50%.

In summary, the UK MSG respectfully request the Committee to use its discretion to reconsider the above areas. These points have the full backing of all constituencies within the MSG. We hope that a swift decision might be made on this to enable to UK to quickly move towards a revalidation, and – we hope – a fully satisfactory rating.

The UK Secretariat and MSG members would be happy to provide any further information that might be helpful to the Committee’s deliberations, and we look forward to receiving the outcome.

Yours,

Matthew Ray

Chair, UK EITI Multi-Stakeholder Group