

# Circular to the National Coordinators

**EITI International Secretariat**

Oslo, 8 November 2012

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Dear all,

It was great to recently meet most of you in Lusaka. Many Board members mentioned how much they appreciated the opportunity to hear your views and discuss how the EITI Standard could be improved.

You significantly influenced the strategy discussion at the Board with each proposal being preceded by a summary of your views. The questions for consultation in this circular are further evidence of how much they value your inputs, so I hope that you can all respond.

The voice of MSGs to shape the global EITI Standard has never been stronger. The next few months will be critical. I hope that we can take this opportunity to make sure that the Standard is one that is both relevant and realistic.

## **1 Report from your meeting in Lusaka**

The EITI [National Coordinators](#) from 38 countries (including a few outreach countries) met in Lusaka on 22-24 October 2012. The meeting came a week after [Afghanistan published the 100<sup>th</sup> EITI Report](#), disclosing government revenues from natural resources. It was also a timely occasion for EITI Implementing Countries to contribute to the consultations on a new EITI Standard. The meeting was co-funded by the European Commission and the World Bank.

### **1.1 Support for the proposals for a new EITI Standard**

The [next version of the EITI Standard that is currently being reviewed](#) was discussed and will be agreed at the 6<sup>th</sup> EITI [Global Conference](#) on 23-24 May 2013 in Sydney, Australia. The proposals to the new EITI Standard are outlined in the paper "[Building on achievements](#)" and are open for contributions from all EITI stakeholders. You presented your views in a joint session with the EITI Board. The proposals under discussion comprise how to improve EITI Reports (including widening their coverage and relevance), simplifying the EITI implementation and strengthening linkages with other efforts to improve the management of natural resources.

You expressed your support for many of the proposals that were put forward, and made suggestions for how the proposals could be clarified and amended. Whilst agreement was not reached on all proposals, Sidi Ould Zeine of EITI Mauritania summed up the discussion when he said "We have much more in common than things separating us". The consultations continue ahead of the next Board meeting scheduled on 26-27 February 2013 in Oslo.

### **1.2 Zambia, Compliant and moving forward to improve transparency**

You also met with the Zambian EITI stakeholders who co-hosted the event. Zambia was the first Southern-African country to become 'EITI Compliant' in September this year and is [continuing to expand transparency into the management of its vast copper mining industry](#). At the opening of the meeting, the [Deputy Minister of Mines Richard Musukwa said that it was shameful that people living in mining areas were not feeling the benefit of the revenues](#). The EU Ambassador and the World Bank Country Director congratulated Zambia on becoming EITI Compliant and reiterated the support of their organisations for EITI processes worldwide.

With now [100 EITI Reports](#), the EITI has reached a critical mass of data which could now be used to compare government revenues from natural resources across countries. This could lead to a more informed debate and to changes in countries.

### 1.3 Sharing best practices

Zeinab Ahmed of Nigeria EITI and Anwar Ravat of the World Bank facilitated an exchange on how countries are improving EITI reporting. Anwar challenged National Coordinators to improve reporting and said: "EITI Reports are only useful when they are timely and when they contain the fullest picture of the revenues in the country".

Most countries are already including information beyond the minimum EITI requirements. Examples presented at the meeting included:

- [Zambia](#) is developing a system for electronic collection of the data that would make data collection quicker, more reliable and facilitate "real-time" reporting.
- [Mongolia](#) is doing detailed reporting on all the payments made to all the provinces in the country. They are working towards visualising this data by using a web-based tool that would allow anyone to see the payments on a map.
- [Nigeria](#) is undertaking several audits within their EITI to ensure comprehensiveness and high quality of data: financial, process and physical audits. It is also considering building systems for automatic data collection.

### 1.4 Improving EITI reporting

You discussed a wide range of issues relating to materiality and data quality in EITI Reports during break-out sessions. Below are some of the suggestions:

- Transfers between state owned companies and governments should be required in EITI Reporting.
- EITI Reports should include background information that will make EITI reports comprehensible.
- Detailed disaggregation company by company was recommended, but acknowledged that countries should be allowed time to adjust.
- On the question on whether the sale of in-kind revenues should be included, it was supported, but recommended that the terminology on in-kind reporting should be clarified. Concerns were raised that this may not be possible to do in some countries.
- On license transparency, it was noted that licenses and permits are often public. These documents are official legal acts, and they should be accessible to the public.
- On contract transparency, contracts could be freely accessible to the public.
- Contract disclosure is already a reality in a number of countries, such as Afghanistan, Liberia, Ghana, Congo and DRC. Some countries, such as Liberia, went even further to audit the contracts.

## 1.5 Other issues

- All of you shared materials and reports that you are using to reach out to citizens in your countries. This documentation can be accessed through the country websites (see <http://eiti.org/countries>).
- N'dri Koffi from Côte d'Ivoire discussed with colleagues how stakeholder dialogue and MSG governance could be improved. There was agreement that confidence among the members, responsible behavior, and technical knowledge were important elements, underscored by clear rules of engagement and operations for the group.
- Tim Bittiger recalled the ways Implementing Countries can participate in the EITI international structures. He appealed to National Coordinators to ensure representation of their countries in at the Global Conference and Members Meeting, participation in the nominations process for Implementing Country 2013-2015 Board members and active dialogue within the sub-constituency, represented through five Board members and five alternates.
- Mack Dumba from DRC, staged a town-hall-style meeting, where the audience was asked to assume the roles of citizens of the mining province of Katanga. He presented the figures and findings from DRC's latest EITI Report and answered participants' questions about what the numbers meant and how the money was being allocated.
- Jacob Mukete, African Development Bank, and Christian Peters, European Commission Delegation to Zambia, shared how their institutions are supporting EITI implementation and expressed support to the proposals to improve the EITI Standard.
- Michel Okoko of Congo presented a proposal for an "EITI Code of Conduct" that requires a high ethical conduct from EITI Office Holders.
- Joe Williams of Publish What You Pay explained how countries can get training and build capacity on the EITI. Further information about his can be found at [www.eiti.org/training](http://www.eiti.org/training).
- In a session moderated by Mark Regis of Trinidad and Tobago, the National Coordinators discussed funding of EITI implementation and expressed a need for diversifying sources while streamlining of funding procedures from different donors and securing government funding as core financing.
- Sam Tokpah from Liberia facilitated a discussion on how to build stakeholder capacity. National Coordinators called for more standardised global training, and to rethink who should receive training, for example declaring parties in reporting.
- Marti Flacks, the US, presented the transparency requirements outlined in the recent Dodd-Frank Act. Participants discussed how these transparency requirements would affect EITI implementation.
- Chantal Spit and Sam Bartlett presented the themes and objectives of the 2013 Global Conference.

*A shorter version of the report above has been made available on the EITI website: <http://eiti.org/news-events/eiti-implementers-look-ahead>*

*Photos from the meeting can be found at <http://www.flickr.com/photos/eiti/sets/72157631933609864/>.*

## 2 Consultations on coverage of SoEs and sales of in-kind payments

In Lusaka the EITI Board discussed proposals for reporting revenues collected and payments made by state-owned enterprises (SoEs), and reporting sales of the state's share of production. The Board requested that the Secretariat consult with implementing countries on the practicalities of addressing these issues.

**National coordinators are encouraged to bring these issues to the attention of the MSG and send any comments to Sam Bartlett ([sbartlett@eiti.org](mailto:sbartlett@eiti.org)) at the Secretariat by 30 November 2012.**

### 2.1 Reporting revenues collected and payments made by state owned enterprises (SoEs)

The EITI Rules already state that "EITI reporting must apply to all extractive industry companies (including international, national, and state-owned companies) operating in that country" (Requirement 11). It has been proposed to modify the EITI Rules to require that EITI Reports:

- a) Disclose material SoE-government transfers in a disaggregated form, whether monetary or in-kind, and reconcile these transfers. (To clarify: this would require SoEs to disclose all payments to the state, the state to disclose all payments received from SoEs, and the independent administrator to reconcile these figures).
- b) Include an explanation of the prevailing rules and practices that govern exchanges between government and the SoE, including provisions for how the SOE is financed.
- c) Include a unilateral statement from SOEs on their quasi-fiscal expenditures, such as on social programmes, infrastructure projects, or subsidies.

The Board has noted that these proposals refer to SoE operations in their home countries.

### 2.2 Reporting sales of the state's share of production

In several Implementing Countries, particularly countries which use production sharing agreements, the most significant payments are "in-kind". The EITI Rules already require that these payments are disclosed in volume. Several countries have disclosed the revenue received from the sales of these resources. Some stakeholders have argued that this should be required for all Implementing Countries. Two proposals have been considered by the Board:

- (a) A requirement that EITI Reports reconcile information from the buying company on the sale of the state's share of production, with information from the selling SoE or government agency.
- (b) A requirement that SoEs report on the volumes sold and revenues received, broken down by the type/grade of product, month, market and type of buyer, and provide a list of buyers, including term contract holders and spot buyers.

In Lusaka, the Board noted the significance of these issues, but noted that further work is needed to ensure that any requirements are feasible.

### 3 Connecting with communications officers in all EITI countries

As part of strengthening our communications efforts in the lead up to the Global Conference next year, we want to get in touch with the individuals within each national secretariat who lead on communications. **We would be grateful if you could complete the form at this link <http://ei.gl/QkYel7> or send an email to Anders Kråkenes [akrakenes@eiti.org](mailto:akrakenes@eiti.org) with the name and contact details of the person leading on communications in your EITI secretariat.**

### 4 The EITI video competition: please notify the Secretariat on progress

Many of you mentioned that you are already planning to submit a video for the video competition. The Secretariat is interested in hearing from all of you about whether and when you will submit your video.

**Please complete the form found at <http://ei.gl/QkYel7> or send an email to Anders Kråkenes [akrakenes@eiti.org](mailto:akrakenes@eiti.org) and state whether or not you are planning to submit a video.**

Your country's video will be a key method of raising awareness about EITI in your country. Your video - or sections from it - could be shown to the presidents, CEOs and hundreds of participants at the Global Conference. One country will be selected to receive an EITI Chair's Award for their video. You can learn more at <http://eiti.org/national-video-competition>.

### 5 Participation of Implementing Countries in the EITI international management

You are encouraged to ensure that their countries participate even more actively in the international management of the EITI.

In the short and mid-term, countries can take the following actions for involvement:

- **Participate in the elections for Implementing Country members of the EITI Board 2013-2015.** The EITI International Secretariat will propose a nomination procedure by the end of the year. It offers to facilitate the nomination process again. Everyone is encouraged to engage early in this process. It is important that Implementing Countries are represented by active Board members.
- **Work actively with your sub-constituency members on the EITI Board to make your interests heard.** Five members and five alternates representing different regions are mandated to represent the Implementing Countries on the Board. It is encouraged that you and your government communicate regularly with them to ensure that they raise and advocate for the necessary issues at the Board level. It is recognised that interactions between Implementing Countries and the EITI international management can be improved. The caucus meetings of National Coordinators in the margins of the Board meeting are a welcome example of how views can be coordinated and voices strengthened. You are invited to discuss within your sub-constituency the ways in which access and participation can be improved. Suggestions can be sent to Tim Bittiger ([tbittiger@eiti.org](mailto:tbittiger@eiti.org)).
- **Ensure country participation at the EITI Global Conference and Members Meeting.** The Secretariat has sent letters from EITI Chair Clare Short to Heads of State of all EITI Implementing Countries inviting them to speak at the Conference. It would be appreciated if you could follow-up these letters. It is important that all Implementing Countries are represented at the EITI Members

Meeting, at the level of Minister or National Coordinator. The Members will elect the EITI Chair and Board 2013-2015. Countries are also invited to feature their EITI process in the EITI National Expo and the video competition (see above).

Best wishes,

A handwritten signature in black ink, appearing to read 'Jonas Moberg', with a long horizontal flourish extending to the right.

Jonas Moberg  
*Head of Secretariat*