

Minutes of the 2nd EITI Board meeting
EITI Wilhelmstrasse, Berlin, Germany, 11 April 2007

On Wednesday 11 April 2007 the second meeting of the EITI Board took place at the EITI Chair's office in Berlin. The following members of the Board participated:

Chairman

- Peter Eigen,

Board Members:

- Pedro E Aguirre, Pemex
- Humphrey Assisi Asobie, Transparency in Nigeria
- Graham Baxter, BP
- Gulaim M Bazarkulova, Government of the Kyrgyz Republic
- Edward Bickham, AngloAmerican
- Gavin Hayman, Global Witness
- John Kelly, ExxonMobil
- Adolf Kloke-Lesch, Government of Germany
- Stephen Krasner, Government of the U.S.A
- Karin Lissakers, Revenue Watch Institute
- Karina Litvack, F&C Asset Management
- Mark Lowcock, Government of the U.K.
- Gilbert Maounonodji, GRAMPTC , Chad
- Paul Mitchell, International Council on Mining and Metals
- Carlos Monge, Grupo Propuesta Ciudadana, Peru
- Shahmar Movsumov, Government of Azerbaijan
- Fidele Ntissi, Government of Gabon

The Secretariat to the Board was represented by:

- Mary Hunt, Head of the EITI Secretariat
- Dashanta Hewavitarne, Executive Secretary, EITI Secretariat
- Daniel Graymore, EITI Secretariat - Validation
- Piers Harrison, EITI Secretariat - Decision making & Board Procedures
- Jonas Moberg, Advisor to the Chair (Excused himself from the room during the additional session discussing nomination of the Head of Secretariat)

The following alternate members attended:

Anton Artemyev, Revenue Watch Kazakhstan
Alfred Bagueka Assobo, Government of Cameroon
Mike Wilkinson, Shell
Stuart Brooks, Chevron
Kerri Elgar, Government of Australia
Tormod Endresen, Government of Norway
Bennett Freeman, Oxfam America
Kalia Moldogazieva, Human Development Centre Tree of Life - Kyrgyz Republic

Henry Parham, Publish What You Pay
Milas Evangelista de Sousa, Petrobras
Yannick Tagand, Government of France

Observing the proceedings were the following participants:

Scott Brown, IMF
John Strongman, World Bank
Anwar Ravat, World Bank
Isaac Ndoumbe Lobe, African Development Bank

Guest Speaker:

Erich Stather, Federal Ministry for Economic Development and Cooperation
(BMZ) - Germany

Additional Guest (Invited to attend lunch and the open session portion of the meeting)

Marie-Clare Cordonier Segger, Government of Canada
Bente Weisse, Government of Norway

Welcome and Introductions

The Chair opened the meeting and welcomed the Board to Berlin and thanked the German government for their hospitality. He notified the board that Christian Mounzeo would be travelling to Berlin for the Outreach event on 12 April. The Chair then welcomed the new donors and supporters of EITI, and informed the Board that an open session to welcome new donors would take place after lunch. The Board agreed to allow selected journalists to attend the open session.

Discussion on the recommendation for nomination of the New Head of Secretariat was added to the agenda by the Chair.

A request was made for the draft minute to be circulated for the Board's approval at the beginning of each board meeting and that a list of pending actions and their status to be included.

Outreach and Implementation updates

The World Bank (WB) informed the board of progress being made by implementing countries, referring to board paper 2.6.

The WB circulated a response to the letter from the Civil Society Organisations (CSO) on pre validation.

Board members updated the group with progress made in promoting EITI, with particular reference to Indonesia, and Central and South America. Azerbaijan noted that they had received and would respond to requests for assistance from countries on issues of implementation.

John Strongman announced to the board that he will be stepping down as the WB lead on EITI and that he will be replaced by Anwar Ravat. The Chair thanked John for his contribution and welcomed Anwar as an observer.

Legal Entity of the New Secretariat

Tormod Endresen updated the board on the transition of the Secretariat from London to Oslo. A suitable office location had been identified and would be fully operational in time for the agreed handover which will be completed by the next board meeting. This is scheduled to take place in Oslo on 27 September 2007. Recruitment for the Secretariat was continuing. Adverts had been published and the closing date for applications was 20 April 2007.

Board paper 2.1 recommended that establishing the legal entity be carried out in a two step approach:

1. An interim legal entity be set up for the short term to establish the Secretariat to enable the recruitment of staff and enter into contractual arrangements.
2. A comprehensive legal entity will be established that will encompass the EITI Secretariat, the Board and EITI conference.

The interim legal entity would take the form of an association under Norwegian law to be founded by Peter Eigen and Tormod Endresen, who would act as members of the Interim association and would discharge their responsibilities in consultation with the Board.

The comprehensive legal entity would stipulate the functions and relations between the Board, the Secretariat and Conference respectively. The comprehensive legal entity should also take the form of an association under Norwegian law.

Board members requested more information regarding the comprehensive legal entity, including Board liability and insurance possibilities. The need for ample time for consideration by Board members of the comprehensive legal entity was noted. Tormod Endresen is to provide draft Articles of Association for the comprehensive legal entity and additional information well in advance of the next Board meeting, with the aim that a decision can be taken at the that meeting.

Decision Made: The Board approved the registration of a short term interim legal entity and the approach to establish the comprehensive entity in due course.

Action: Board to approve the comprehensive legal entity at the next Board meeting in Oslo

Nomination of the Head of Secretariat

Jonas Moberg excused himself from the meeting for the next item. The Board was notified of the Chair's decision to appoint Jonas Moberg as Head of Secretariat and that Randal Fischer had agreed to accept another post in the Secretariat. The Chair asked that the Board endorse his decision, noting that he had the majority support of the selection committee and that paragraph 4.28 of the IAG report ascribed responsibility for the appointment of the Head of Secretariat to the Chair. The Board sought further information about the process followed and at the request of the Board Jonas Moberg and Randal Fischer's CVs were circulated to the Board members during the lunch break. The Board then endorsed the decision. Looking forward, Board Members noted that it would be helpful to establish greater clarity of the Board's role vis-à-vis paragraph 4.28. This might be done in the context of looking at the outstanding corporate governance issues flagged for example in the IAG report.

Decision Made: The Board endorsed the decision of the Chairman for the appointment of Jonas Moberg as the Head of the Secretariat.

Workplan and Budget

Referring to Board paper 2.2, Mary Hunt presented to the Board the workplan setting out priorities for 2007. The first draft was circulated to the Board in February and was compiled by the Secretariat in consultation with Tormod Endresen and the Chair. The plan concentrated on two streams of work:

1. Establishing the new Secretariat in Oslo and the transition process of handing over duties to Oslo.
2. Priority policy issues such as Validation, Pre Validation and the outreach activities.

The paper was presented as a working document that would be revisited as the transition and work on policy issues developed. It was suggested that an EITI strategy which could inform future versions of the workplan over the next year be developed, and that the workplan should indicate what activities the Secretariat will not take on. A suggestion was made that a committee be formed to plan future strategy. The Board considered that the workplan should to a greater extent cover activities relating to sub-national implementation activities and the mining sector outreach.

It was proposed that Board members be used in outreach activities with support from the Secretariat to engage with governments. More emphasis should be placed on implementation support to countries. The Secretariat should dedicate between one and one and a half full time people to support implementation. The workplan should also be more focused on countries that have demonstrated political will to implement EITI rather than those that are non-implementing. A reference to the Multi-Donor Trust Fund and how the WB allocates funding assistance should also be included. The plan might also address engagement with regional institutions such as the African Union. It was suggested that a gradual approach should be adopted to the recruitment of staff and that the number should increase as the work demands increase.

Decision Made: The board approved the proposed preliminary budget for 2007, set out in Annex A.

Action: The Board requested a revised budget for the period 2007 – 2010 to be presented for approval at the next Board Meeting.

Open session - Integrating emerging economies into global governance structure

The Chair welcomed the Speaker Eric Strather, State Secretary at the Federal Ministry for Economic Cooperation and Development. New supporters of the MDTF attended to observe this session.

Erich Strather welcomed the board to Berlin and gave a presentation to the board on the German perspective of how EITI fits into international stage and modern governance structures.

Funding Principles

On behalf of the Finance Committee, Karin Lissakers presented Board Paper 2.3 requesting approval of the funding principles of costs for the international management of EITI. The International Oil Companies notified the Board of their commitment to contribute funding and the Mining Companies offered to foot 1/3 of the private sector's contribution. The Board noted that the approval of the revised budget at the next Board meeting would enable the constituencies to calculate their actual contributions.

Decision Made: The Board approved the funding principles, noting that contributions were voluntary and there were no binding commitments for Board members to contribute funds.

Action: A revised budget to be circulated to the Board for constituencies to calculate contributions by the next Board meeting.

Decision-Making

On behalf of the Decision-Making Committee, Stephen Krasner presented Board Paper 2.4 requesting approval of the decision-making system. The Board clarified that this paper superseded Section 4, Recommendation 10 Bullet 5; paragraphs 4.26; and Annex C paragraph 1 of the IAG Report which proposed that the Chair be given a casting vote. It further clarified that there would be 19 voting members of the Board and that the Chair was a non-voting member of the Board.

Concerns were raised about the proposed decision-making process outside Board meetings. The Board discussed the alternative that all decisions outside Board meetings should be taken by consensus. It was noted that this might cause difficulties if an emergency decision was needed, although an extraordinary Board meeting could be convened. The Board did not resolve this issue and agreed a provisional procedure

to operate by consensus outside Board meetings and review this in the light of experience at the next Board meeting.

There was further discussion of the role of Proxies, in particular whether in the event that a Board member is not able to attend a Board meeting, the Board member may nominate a proxy from within their own organisation. The interpretation proposed in board paper 2.4 that organizations are represented on the Board was discussed but not resolved. There was an alternative view expressed that individuals, not organisations, are members of the Board. The Board recognized that resolution of this issue had to come before resolution of the issue of proxies and the Secretariat should set out this issue for the further consideration of the Board.

Decision Made: The Board approved the paper with the principal amendments that the voting majority required is two thirds of the voting members of the Board, with at least one third of each of the four stakeholder constituencies in support of the decision (rounded down where applicable).

Action: The Board to agree and resolve the issue of representation on the Board and proxies at the next Board meeting along with the other outstanding governance issues in Board Paper 2.5 (which there was not the time to discuss).

Validation

Referring to Board paper 2.6, Graham Baxter gave a presentation on the process and recommendation of the Validation Committee.

Eight companies have been asked to submit tenders for carrying out the Validation process. It was agreed that implementing Board member countries should set a date for their validation as soon as possible. There was discussion about the impact of delisting countries, specifically around the difficulty of subsequently engaging de-listed countries in EITI. An issue was raised that some implementing countries participating in the Validation process will have difficulty in meeting the costs. The Board recognised that countries, whilst responsible for validation costs, could secure support from other funders. The Secretariat confirmed that whilst the Secretariat drew up the pre-approved list, individual countries would choose the company they wished to use for validation, and would be contracted directly by the country being validated. There was discussion around the need to ensure that the validators did not expose themselves to conflicts of interest. The Secretariat reassured the board that the list of Validator's would be continually updated through similar procurement procedures and that implementing countries will have the choice of Validator to carry out the work. The Board agreed that pre validation letters will be sent from the Chair to encourage and support implementing countries listed on the website. The Board discussed whether countries should be given 3-6 months to meet the sign up criteria

Decision Made: The Board approved the paper's recommendations, and agreed that countries would have until the next Board meeting to meet the four sign up criteria before the re-launch of the EITI website.

Actions:

1. Chairman to send out Pre-validation letters to 16 countries that have not fully met the four indicators of the sign up criteria. It was agreed that these countries should have until 27 August to reply.
2. Secretariat to commission one of the Validation companies to carry out an objective review of the countries listed on the website, to be completed by 31 August 2007.
3. The Secretariat and the WB to work together to provide support and encouragement to the 16 countries.
4. Final list to be agreed at the next Board meeting in Oslo.

UN General Assembly resolution

Shahmar Movsumov gave a short presentation on the draft UN General Assembly paper and the procedure for getting the resolution passed by the UN. It was agreed that the draft paper be circulated to the Board to make comments on behalf of EITI as well as comments from governments.

The Chair asked Shahmar to produce a briefing paper for the board on the next steps.

Action: An electronic version of the draft UNGAR paper will be circulated to board members for comments.

Multi Donor Trust Fund MoU

John Strongman gave a brief update on the status of the new draft MoU presented to the Management Committee on the 10 April 2007. The next Management Committee meeting will take place on 5 June 2007.

Conclusions

The Chair closed the meeting by thanking the Secretariat for their work in preparing the material for the Board, and the Event Team for the organisation of arrangements in Berlin. He also thanked the committees for their work in producing recommendations for the board to consider.

The Board will meet again on 27 September 2007