

Minutes of the 6th EITI Board Meeting

6th EITI Board Meeting Athens, 29-30 October 2008

MINUTES OF THE 6TH EITI BOARD MEETING

Stratos Vasilikos Hotel , Athens, Greece, 29-30 October 2008

Board Members

Chair

Dr Peter EIGEN

Implementing Countries

Prof Humphrey Assisi ASOBIE, Chairman NEITI, Nigeria

Mr Kairat DJUMALIEV, Head, Energy and Mineral Resources Department, Kyrgyzstan

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

Alt: **Mr Alfred BAGUEKA ASSOBO**, Head of EITI Techn. Sec., Ministry of Economy and Finance, Cameroon

Mr Hyacinthe MOUNGUENGUI, Gabon

Supporting Countries

Mr Stephen GALLOGLY, Director for International Energy and Commodity Policy, State Dep., United States

Alt: **Ms Erica FERGUSON**, Anti-Corruption Group, AusAid

Mr Michel DOUCIN, Ambassador, Corporate Social Responsibility and Bioethics, France

Alt: **Mr Eduard WESTREICHER**, Head of Division, BMZ Germany (Substituting for Ms Ingrid Gabriella Hoven)

Mr William KINGSMILL, DFID, United Kingdom

Alt: **Mr Geir LØKKEN**, Ministry of Foreign Affairs, Norway (Substituting for Ms Kamilla Kolshus)

Civil Society Organisations

Mr Anton ARTEMYEV, Kazakhstan Revenue Watch

Alt: **Ms Radhika SARIN**, Coordinator, Publish What You Pay

Mr Gavin HAYMAN, Global Witness

Alt: **Mr Gilbert MAOUNDONODJI**, Coordinator, GRAMPTC

Mr Bennett FREEMAN, Oxfam America/Oxfam International

Alt: **Mr Michel ROY**, International Advocacy Director of Secours Catholique

Dr Carlos MONGE, Grupo Propuesta Ciudadana

Alt: **Ms Kalia MOLDOGAZIEVA**, Director, Human Development Centre Tree of Life - Kyrgyz Republic

Mr Christian MOUNZEO, Coordinator PWYP Congo/Pres. Rencontre Pour la Paix les Droits de l'Homme – Congo

Alt: **Mr Ingilab AHMADOV**, Director of the Public finance Monitoring Centre in Baku, Azerbaijan

Companies including Investors

Mr Pedro E. AGUIRRE, Coordinator, Pemex

Mr Edward BICKHAM, Vice President External Affairs, Anglo American

Alt: **Mr Olivier LOUBIÈRE**, Corporate Business Ethics Advisor, AREVA

Dr John KELLY, Coordinator, Planning and Issues Upstream Public Affairs, Exxon Mobil
Alt: **Mr Stuart BROOKS**, Manager, International Relations, Chevron

Mr John GROOME, Chief Operating Officer, International Council on Mining and Metals

Mr Mike WILKINSON, Vice President Sustainable Development, Shell
Alt: **Mr Jean-François LASSALLE**, Vice President of E&P Public Affairs, Total

Ms Karina LITVACK, Head of Governance & Socially Responsible Investment, F&C Asset Management
Alt: **Ms Julie McDOWELL**, Standard Life Investments

Others

Observers

Ms Gro ANUNDSKAAS, Oil and Energy Ministry, Norway
Ms Khamzina ASEMGUL, Ministry of Energy & Mineral Resources, Kazakhstan
Ms Thora BROUGHTON, Canadian International Development Agency
Ms Diana CORBIN, World Bank
Mr Paulo DE SA, Manager, Oil Gas & Mining Dept., Policy Operations Unit, World Bank
Mr Louis DICKS-MIREAUX, Deputy Division Chief, IMF
Mr David HENRY, State Department, US
Ms Magali KREITMANN, Directorate for Development Policy, France
Mr Ron LYEN, Natural Resources Canada
Mr Adil MAMMADOV, State Oil Fund, Azerbaijan
Ms Geraldine MURPHY, DFID, United Kingdom
Mr Gabriel NEGATU, African Development Bank
Amb. Birgitta NYGREN, Ministry of Foreign Affairs, Sweden
Mr Diarmid O'SULLIVAN, Global Witness
Ms Donica POTTIE, Director, Department of Foreign Affairs and International Trade, Canada
Ms Vanessa POUGET, Ministry of Foreign Affairs, France
Mr Enery QUINONES, European Bank for Reconstruction and Development
Mr Anwar RAVAT, Program Manager, EITI Program, World Bank
Mr Haruna SA'EED, NEITI Nigeria
Ms Rosemary STEVENSON, DFID, United Kingdom
Ms Friederike v. STIEGLITZ, BMZ, Germany
Mr François VALÉRIAN, Senior Project Coordinator, Transparency International
Mr Somit VARMA, World Bank and IFC
Ms Bente WEISSER, Ministry of Foreign Affairs, Norway
Ms Gabriele ZÖLLER, Senior Advisor, BMZ Germany

EITI Secretariat

Dr Sam BARTLETT, Regional Director
Mr Tim BITTIGER, Regional Director
Mr Anders Tunold KRÅKENES, Communications Manager
Mr Jonas MOBERG, Head of Secretariat
Dr Francisco PARIS, Regional Director
Mr Jürgen REITMAIER, Senior Regional Advisor
Mr Eddie RICH, Regional Director
Mr Pablo VALVERDE, Conference Manager

Welcome and Introductions

The Chair opened the session by welcoming new members of the Board:

- **Kairat Djumaliev**, new representative of the Government of Kyrgyzstan;

- **Michel Doucin**, who replaced Jean-Pierre Vidon as the Government of France's representative;
- **Julie McDowell** from Standard Life Investments, as the alternate for Karina Litvack;

He noted that there were many alternates represented by new proxies, including **Eduard Westreicher** from Germany and **Geir Løkken** from Norway, and also many observers in line with the EITI practice to try to make it possible for supporters to observe the meetings.

He noted the progress of the Initiative since the last Board meeting in Madrid in May, including:

- Passing of the UN General Assembly Resolution noting the EITI. He thanked the Government of Azerbaijan for tabling the resolution, and the efforts of governments and civil society organisations for rallying support;
- Progress on the Conference, including the confirmation of 3 Heads of State and the CEO of Royal Dutch Shell;
- The National Coordinators meeting in Oslo; and
- Progress on outreach noting particularly his visits to the African Development Bank, Iraq, Qatar and Sweden.

Jonas Moberg added:

- Between the World Bank MDTF team and the Secretariat, all 23 implementing countries had been visited;
- Final draft of the Guide on 'How to Communicate the EITI' was available and Board members were invited to comment;
- Increase in peer lesson learning especially following the National Coordinators meeting and the West African EITI Conference hosted by the Government of Nigeria and ECOWAS.

Gavin Hayman added that two reports had recently been published: Senator Lugar's Report on US efforts to tackle the resource curse (http://lugar.senate.gov/sfrc/pdf/DRAFT_petroleum_poverty_paradox.pdf), and the Global Witness/Bank Information Centre's analysis of the World Bank and IMF's efforts on extractive industries transparency (www.globalwitness.org/media_library_detail.php/676/en/assessment_of_international_monetary_fund_and_world).

A discussion followed on the lessons of the UN General Assembly Resolution. Shahmar Movsumov noted that it had been difficult to shake off the image of the EITI as a northern imposed initiative and argued that more developed countries ought implement the EITI. Karina Litvack noted that some companies expressed similar views. Chair suggested commissioning a paper to explore this issue.

Action

The **Secretariat** will prepare an issues paper outlining the pros and cons of supporting countries becoming implementers.

EITI Implementation and Outreach Progress Report (Board Paper 6-2)

Jonas Moberg introduced the implementation progress paper by noting some improvements in countries such as Kyrgyzstan but concerns in Mauritania and the Democratic Republic of Congo. He highlighted the need for the

Secretariat to engage even more in country-by-country 'coordinating energy' by bringing the various actors together on a regular basis.

A discussion followed on four key issues:

- how to ensure sufficient input into this report from all actors, especially civil society;
- how to keep Board members more informed and active on achieving progress in slower countries;
- consideration of the use of workplans as a benchmark of progress; and
- providing more overview of the key cross-country issues eg. is the progress of countries being hampered by lack of financing?

The Board accepted the Report, noting particularly concerns about lack of progress in EITI implementation by certain countries and asking Board members and supporters to redouble their efforts especially in Equatorial Guinea, Sierra Leone, Democratic Republic of Congo and Mauritania. The Board emphasized the need to get validations done in a timely manner, noting that the 2010 deadline is not simply a target date.

Action

The **Secretariat** to undertake more systematic and inclusive country-by-country coordinating energy (eg. teleconferences of supporters), especially in countries making slow progress.

The **Secretariat** to reflect on the suggestions for improving the Implementation Progress Report and will consider ways of keeping Board members and supporters more informed of progress between Board meetings.

Central African Republic EITI Candidature (Board Paper 6-3)

Tim Bittiger introduced this paper, explaining how the Central African Republic has, in the assessment of the Secretariat, met the four sign-up indicators and noting some particularities about the process.

While welcoming progress made, the Board asked for more information before determining whether to admit the country. Board members wanted to be satisfied that all stakeholder groups were adequately engaged and consulted in the EITI process. They asked for more information about the origin of the members in the current EITI-CAR institutions. In order to do this, **the Board asked for three more weeks to assess the validity of the process before a decision was taken.**

Action

The **Secretariat** to inform the Government of the Central African Republic of the Board's request and invite Board members to make a final assessment by 19 November.

National Co-ordinator Meeting Report (Board paper 6-4) and Financing Validation Guidance (Board paper 6-5)

The Draft Report of the National Coordinators Meeting (Board Paper 6-4) was circulated and presented by Alfred Bagueka Assobo, National Coordinator for Cameroon. He reported that 21 National Coordinators had met in Oslo earlier in the month to engage in detailed discussions on some of the most challenging and pressing aspects of the EITI implementation at the country-level. These included promoting a more effective multi-stakeholder and governance process, establishing disclosure requirements, ensuring effective communications, and preparing for validation. He stated that the meeting was a great success, and that there had been consensus that it should be regularly repeated.

Linked to this report, Jonas Moberg then introduced the paper on financing validation. The paper proposed that the Board maintain its current guidance that countries pay for their own validations, however, in cases where this is simply not practicable, consideration of external financial support should take into account that national ownership must in no way be undermined; that respect of the EITI principles and criteria must in no way be undermined; and that the International Secretariat should be consulted on any proposed financing arrangements.

The Board welcomed the draft report from the national coordinators and approved the guidance on financing validation with one amendment under national ownership: 'Such ownership may for example be demonstrated through a government's commitment to co-fund the majority of the validation'.

Action

The **National Coordinators** to consider the draft meeting report and produce a final version.

The **Secretariat** to make the minor amendment to the Guidance on Financing Validation and to issue.

Civil society participation in EITI-implementing countries

Gavin Hayman and Radhika Sarin raised the broad concern that some EITI implementing countries were not fulfilling their responsibility under EITI implementation of allowing appropriate civil society participation. They cited the case of Marc Ona who has been the subject of a travel ban from Gabon several times in the past few months. They welcomed the role of the rapid response committee in these issues but asked if there was a further role for the Board in addressing these differences of opinion.

The Board strongly reinforced the need for civil society to be fully engaged in the EITI process. The discussion noted that the Board, in considering this concern, would fully assess the information on the ground in each case, especially by making full use of appropriate diplomatic channels, in order to come to a Board judgment.

Legal Entity and Constituency Guidelines (Board Paper 6-6)

The Chairman stressed the importance of having a proper organisational structure in place before the Doha Conference. Jonas Moberg introduced the paper by explaining that the proposal was for an Association registered under Norwegian law which was suitably light-touch, non-bureaucratic, but needed a Members meeting to whom the Board would be accountable. This built on agreements from previous Board meetings that:

- *"The comprehensive legal entity should take the form of an association under Norwegian law." (Berlin);*
- *"Members agreed that the current structure was not tenable and called for a swift resolution in a constructive and collaborative effort."(Oslo)*
- *"There was wide agreement on the need to move forward swiftly and have a new model in place for the Conference."(Madrid)*

The constituencies would propose the Members. He set out a proposed timetable for agreement before the Doha Conference: Board members had until the end of November to provide comments or seek additional clarifications. The Secretariat would then make any final amendments and circulate a final draft proposal on 3rd December to be prepared by 15 December, it was hoped, for an agreement on the proposal that would then be submitted to a members meeting in February for adoption.

He noted a few changes from the Board paper that had been circulated:

- the arrangements for the appointment of the Head of the Secretariat;
- noting that contributions were voluntary;

- amendments to the Articles could only be made by the Members Meeting, not the Board;
- a commitment to a governance review within 2 years; and
- an indemnification clause for Board Members was introduced.

Jonas added that it was proposed that the Secretariat procure liability insurance for the Board to cover the unlikely liability scenarios, though not criminal liability or gross or wilful negligence.

In the following discussion, some Board members sought clarification on how the balance of constituency members would be worked out. Shahmar Movsumov suggested that the first priority for implementing countries on the Board should be given to validated/compliant countries. The supporting countries had expressed the importance of finding the right language around individuals representing governments. It was noted that the French version of the Articles was poorly translated in places.

There was **Board consensus on the process and timetable** and a new version of the Articles of Association was circulated (at the meeting and then in Board Circular 34). Many re-expressed their strong determination to conclude this issue before Doha.

Action

Board members to provide comments or seek additional clarifications to the proposed Articles of Association and to the Constituency Guidelines to the Secretariat by the end of November. The Secretariat to make any final amendments and circulate a final draft on 3rd December, for an agreed proposal by 15 December, for subsequent adoption by the members meeting in Doha.

Constituencies to continue their processes to nominate Association Members and Board Members in time for Doha.

Upon formation of the Association, the **Secretariat** to procure liability insurance.

Expanding Corporate Support for the EITI – Efforts by Investors (Board Paper 6-8)

Karina Litvack introduced the paper outlining the major engagement undertaken by the EITI supporting institutional investors over the previous two months to write to over 130 publicly-listed extractive companies operating in the 23 candidate countries to encourage their support for the EITI.

The **Board** expressed gratitude to the work of the investors and noted that there was much to learn from this process.

EITI Secretariat Workplan and Budget 2009 (Board paper 6-10)

Jonas Moberg introduced this paper noting the three priorities for the Secretariat: providing support to implementing countries, targeted outreach activities, and organising the EITI Conference. He noted that, although many of the activities and priorities continue from last year, they are more streamlined and focused for 2009.

Eddie Rich presented the summary of accounts (updated from the original Board paper), noting the reasons for a smaller budget for 2008 than forecast but outlining the expectation that the overall 3-year budget remains realistic and on-track. He explained that there had been some problematic delays in funding from some supporting countries and an underestimate of the number of supporting companies to join in 2008. He added that the funding base had doubled in 2008 (in number of contributors and in volume of contributions), though the agreed formula for the balance of contributions remained.

The discussion welcomed the emphasis on validation in the workplan and the need to focus on helping countries understand what they needed to do. Other comments covered a wide range of suggestions including:

- the need to produce a glossy *annual* report (as proposed in the workplan) was questioned;
- there was a request made for more guidance on sub-national flows;
- the opportunity to generate more knowledge on extractive sector transparency through collaboration with academic institutions was expressed, though it was noted that the Secretariat is already doing much of this;
- there was a short discussion on the importance of the evaluation process which was being undertaken in time for Doha;
- the Secretariat was asked for more detail on the travel plans of the Chair and Secretariat in future;
- the Secretariat might consider how to present a wider workplan and objectives for the Board as well as the Secretariat.

The Chair summarised by saying that the Board's helpful points would be noted and addressed, and that the **workplan and budget were accepted.**

Results from the EITI Board Effectiveness Survey (Board Paper 6-11)

Karina Litvack introduced this paper by explaining the good governance practice of undertaking a Board evaluation, and the right of the Board to evaluate and assess its performance. She outlined the key findings - notably that there was a general satisfaction with the functioning of the Board with some reservations (such as on-going concerns on legal entity and need for improvement in French communications); and that there was support for Peter Eigen as an effective Chair and a strong consensus to invite him to continue for a further term.

Before leaving the room to allow for closed discussions on his succession, Chairman Peter Eigen stated that, if invited, he would be very willing to serve for another two years.

The subsequent closed discussion is not recorded in these minutes.

Once reassembled, Mike Wilkinson summarised the closed discussion by announcing that there was clear and early unanimity on inviting Peter Eigen to serve another term. He noted that this Board is breaking new ground and has faced, and is going to face, many challenges ahead, including that of transition. He stated that the **Board wholehearted supported all the report's recommendations.**

Action

The **Board** to recommend to the Members meeting to appoint Peter Eigen to serve one more term as Chair.

The **Nominations Committee** of the post-Doha Board to develop and begin a process for the succession of the Chairman by mid-2009, and the Secretariat to allocate a budget to support an international search process.

The **Board and Secretariat** to develop a more structured EITI induction for new Board members, including roles and responsibilities and performance expectations.

The **Secretariat** to consider how to develop better communications to the Board about how EITI implementation is progressing on the ground, so as to enable more effective decision-making by the Board.

The **Board and Secretariat** to make more and better use of Board Committees. A paper will be presented to the Board on how to do this.

The **Board and Secretariat** to encourage more effective use of some of the present constituency and sub-constituencies processes and meetings. This should be considered alongside the Governance and legal entity discussions prior to the Doha Conference.

The **Secretariat** to improve the quality and timeliness of both formal and informal Board communication in French and improve engagement with francophone stakeholders.

The **Secretariat** to develop a better forward-planning system for key meetings and decision-making.

The **Secretariat** to highlight action points for the Board in covering e-mails of Board circulars.

Conference planning Board paper 6-12

Eddie Rich introduced this paper by outlining progress so far and requesting Board oversight through a Board sub-Committee. He noted that 3 Heads of State have agreed to address Doha so far and that we expect more in the next few weeks. In addition, he expressed gratitude to Board members for their help in securing confirmations from the CEO of Shell and other high profile stakeholders who were confirming everyday. The design of the programme was, he stated, within the framework of themes set out in Accra and Madrid. However, he outlined the challenges of steering between flexibility and a consistent flow, ensuring that the right people speak in the right sessions, and adhering to protocol. He alerted the Board to the desire for more high level representation from mining companies and from supporting countries. He summarised the media and publications plan, including the encouraging on-going discussions with Al-Jazeera, and confirmed that the Government of Qatar would cover most costs leaving our major expense as transport of key stakeholders from implementing countries (around \$500,000). He invited Board members to contribute to that item, noting the Government of Germany's pledge of \$150,000.

The UK, Azerbaijan, Shell, Anglo-American and Publish What You Pay agreed to serve on the sub-Committee.

The Board was broadly content with the evolving process but made the following suggestions:

- balance to the 'fireworks' of high profile speakers with sufficient discussion about on-the-ground progress in the programme;
- extend the Board meeting on the Monday and add a meeting of the new Board on the Wednesday evening after the close of the Conference;
- consider how to involve the Qatar Investment Authority;
- ensure powerful imagery and overarching media strategy.

Action

The **Secretariat** will convene a meeting of the Conference sub-Committee and take the above issues on board.

The EITI and International Accounting Standards (Board Paper 6-7) and the EITI and Disaggregated Reporting (Board Paper 6-13)

Bennett Freeman presented the progress of the International Accounting Standards Board's consideration of the Publish What You Pay proposal of country-by-country reporting as part of the standards. He acknowledged the serious and legitimate challenges that such a standard would present. Karina Litvack added that she wanted to make the IAS Board aware of EITI views.

John Kelly expressed concern that such a standard would infringe sovereignty and that mainstreaming transparency in this way threatened to lose the engagement element of the initiative.

On disaggregation and within the same discussion, Carlos Monge presented his paper arguing that disaggregation is increasingly required in stock exchange and national audit requirements and that the Board taking a position to encourage companies to disaggregate payments would both be in line with EITI principles and in the companies' best interests. William Kingsmill added that this is an increasing problem in many emerging economies where the trend is towards higher level aggregation. Company representatives cautioned the Board against moving EITI priorities.

The Chairman concluded that this was a useful and important discussion, but it was too ambitious to use this multistakeholder forum to try to come to a single Board position on these issues. He advised Board members to keep the wider Board informed of progress and public debate on these issues.

Any other business

Edward Bickham noted that 3 of the candidate countries are now considering the inclusion of forestry in their EITI processes. Jonas Moberg responded that this is in line with the EITI role as a global minimum standard to which other sectors, as well as other parts of the 'governance chain', might be added at the country level.

Linked to this point, Shahmar Movsumov commented that the World Bank still uses the 'EITI++' label. The Chairman said that we would continue to use informal channels to make our position clear that it is not appropriate for the World Bank to use 'EITI' in this context.

Board Calendar

A paper on Board dates for 2009 was considered. The following dates and venues were agreed:

16 February – Doha

18 February – Doha

14-15 May – Washington

17-18 September - Baku

Summary of Action Points

The **Secretariat** will prepare an issues paper outlining the pros and cons of supporting countries becoming implementers.

The **Secretariat** to undertake more systematic and inclusive country-by-country coordinating energy (eg. teleconferences of supporters), especially in countries making slow progress.

The **Secretariat** to reflect on the suggestions for improving the Implementation Progress Report and will consider ways of keeping Board members and supporters more informed of progress between Board meetings.

The **Secretariat** to inform the Government of the Central African Republic of the Board's request and invite Board members to make a final assessment by 19 November.

The **National Coordinators** to consider their draft meeting report and produce a final version.

The **Secretariat** to make a minor amendment to the Guidance on Financing Validation and to issue.

Board members to provide comments or seek additional clarifications to the Articles of Association and to the Constituency Guidelines to the Secretariat by the end of November. The **Secretariat** to make any final amendments and circulate a final draft on 3rd December, for an agreed proposal by 15 December, for subsequent adoption.

Constituencies to continue their processes to nominate Association Members and Board Members in time for Doha.

Upon formation of the Association, the **Secretariat** to procure liability insurance.

The **Board** to recommend to the Members meeting to appoint Peter Eigen to serve one more term as Chair.

The **Nominations Committee** of the post-Doha Board to develop and begin a process for the succession of the Chairman by mid-2009, and the Secretariat to allocate a budget to support an international search process.

The **Board and Secretariat** to develop a more structured EITI induction for new Board members, including roles and responsibilities and performance expectations.

The **Secretariat** to consider how to develop better communications to the Board about how EITI implementation is progressing on the ground, so as to enable more effective decision-making by the Board.

The **Board and Secretariat** to make more and better use of Board Committees. A paper will be presented to the Board on how to do this.

The **Board and Secretariat** to encourage more effective use of some of the present constituency and sub-constituencies processes and meetings. This should be considered alongside the Governance and legal entity discussions prior to the Doha Conference.

The **Secretariat** to improve the quality and timeliness of both formal and informal Board communication in French and improve engagement with francophone stakeholders.

The **Secretariat** to develop a better forward-planning system for key meetings and decision-making.

The **Secretariat** to highlight action points for the Board in covering e-mails of Board circulars.

The **Secretariat** will convene a meeting of the Conference sub-Committee and take the above issues on board.

EITI Secretariat
24 November 2008