

Minutes

EITI International Secretariat

Oslo, 1 April 2014

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MINUTES OF THE 26TH EITI BOARD MEETING

Oslo, 18-19 March 2014

Tuesday 18 March

26-1 Welcome and adoption of the agenda

26-1- Draft Agenda

The Chair welcomed Board members and the agenda was adopted.

26-2 Report from the Head of the Secretariat

Jonas Moberg provided an update of Secretariat activities. He noted the following:

- Implementation was changing with the EITI Standard. The Secretariat continued to devote time and effort to support implementing countries to develop their workplans to make EITI implementation more relevant in each country, and to promote more peer learning.
- Reporting was becoming more timely. Soon the 200th EITI Report would be published and there were around 400 people working full-time on the EITI, and over 800 MSG members around the world.
- The EITI was playing an important role in often very complex environments but, this progress also reveals other considerable challenges including MSG governance issues. The Secretariat's role was evolving from providing training to facilitating peer learning. With the Anglophone and Lusophone training in Dar es Salaam in early March 2014, the Secretariat had concluded the first cycle of capacity building ensuring that all implementing countries had received some training on the EITI Standard.
- Since the previous Board Meeting, there had been several Board Committee teleconferences and an in-person meeting of the Implementation Committee in Washington.
- The International Secretariat was growing and new staff had been recruited.

26-3 Report from the Implementation Committee

26-3-A Implementation Progress Report Jan-Feb 2014, including brief report from the World Bank MDTF

Jonas introduced the Implementation Progress Report for January-February 2014, reminding the Board that an earlier version of the IPR had been circulated for comments via Board Circular. He drew the Board's attention to the assessment of the workplans noting that the Secretariat had not sought to pass judgement on the appropriateness of the workplan objectives, but rather reviewed whether the workplans addressed the provisions set out in the EITI Standard.

Board members pointed out that 15 of the 41 implementing countries had inadequate workplans. Debra Valentine noted that the workplans were new strategic instruments and it was normal that not all countries were up to speed.

Board members discussed the appropriateness of the colour system that was used to indicate progress with implementation. Some suggested that there was a need for more specific indicators to inform the colour system. Others pointed out that the IPR did not reflect a detailed account of the situation and progress in specific

countries, such as in Afghanistan, Azerbaijan, Central African Republic, Democratic Republic of Congo and Nigeria, and asked for more balanced assessments. It was suggested that future IPRs could better explain the reasons for the upgrade and downgrade of a country. The Chair reminded the Board that the IPR was an assessment by the Secretariat and had no permanent meaning. Jonas Moberg stressed that while the Secretariat would seek to improve the format and layout of the document, the IPR was not a quasi-validation and reminded the Board that the current format had been developed reflecting earlier concerns about colours and length of the document.

Daniel Kaufmann and Marinke van Riet sought an update on the environment for civil society in Azerbaijan and the impact on EITI implementation noting that the Rapid Response Committee had agreed that recent events and changes in laws impacting CSOs were linked to the functioning of EITI in Azerbaijan. Jonas Moberg reported that subsequent to the Rapid Response Committee and Implementation Committee discussions, the Secretariat had consulted stakeholders in Azerbaijan. The Secretariat's understanding was that there had been good progress in recent weeks, in particular in terms of reconciling stakeholders' views on the Memorandum of Understanding. Shahmar Movsumov confirmed that there were no obstacles to civil society participation in the MSG. Gubad Ibadoghlu agreed that civil society could participate freely and actively in MSG discussions, but that the broader environment remained challenging. Among other things, Gubad stressed the burden of frequent re-registration and the difficulty to access funding due to cumbersome procedures requesting banks to seek for an official approval before each money transfer. Furthermore, he reported to the Board that the local CSO coalition had been refused the right to assembly at the sub-national level in recent months. It was agreed that the Secretariat would continue its consultations and report to the Rapid Response Committee, which would then consider how to proceed.

Due to a lack of time, it was agreed that Paolo de Sa would provide an update on the World Bank MDTF under any other business.

Actions

The Secretariat to explore possibilities for improving the format of the IPR.

The Secretariat to continue consultations with Azeri stakeholders and report to the Rapid Response Committee.

26-3-B Reporting deadline extension requests

Daniel Kaufmann introduced the paper on behalf of the Implementation Committee. Six countries—Albania, Indonesia, Mozambique, Peru, Zambia and Yemen—had submitted requests for extending the 31 December 2013 deadline for publishing their EITI Reports. Mozambique, Peru and Zambia had subsequently published their EITI Reports in advance of the Board meeting and thus it appeared redundant for the Board to discuss their extension requests. The Implementation Committee considered that Albania and Yemen were not eligible for an extension and recommended that Albania and Yemen were suspended until the outstanding reports had been published. With regards to Indonesia, the Implementation Committee found that the case for an extension was weak, but that the size and complexity of Indonesia's extractive sector and the need to take into account the Board's recommendations for improving EITI reporting, issued with the Board decision in late October 2013, constituted exceptional circumstances. Thus, the Implementation Committee's recommendation was that Indonesia be granted a six months extension.

The Secretariat informed the Board that Yemen's 2011 EITI Report was expected to be published within a few weeks. The Board took note of the recent progress, but also recalled that delays were reoccurring and that Yemen was now facing its third suspension. Some questioned the government's commitment to the EITI process. The Board decided to suspend Yemen effective as of 18 March 2014, but requested that the letter of suspension contain encouragement.

Marinke van Riet sought clarifications on the loans provided by TOTAL, Yemen LNG, and the Yemen Company for Investment in Oil and Minerals, for the production of Yemen's 2010 and 2011 EITI Reports and it was requested

that the Secretariat investigated this further. The Secretariat noted that the government was considering an EITI law to institutionalise the EITI. The loan would be paid back shortly.

The implementing country sub-constituency did not support the recommendation to suspend Albania, as they considered the changes in government leadership, national secretariat and MSG composition to constitute exceptional circumstances. Jim Miller questioned the practical effect of the suspension. The Secretariat noted that there had been good progress in recent weeks, with a new national coordinator and regular MSG meetings. It was nevertheless unlikely that the report would be published before June 2014. As in any country there was always a risk of lost momentum if Albania was to be suspended. Should the Board decide to suspend Albania, the suspension would remain in force until the 2011 EITI Report had been published. Should the Board decide to grant Albania an extension, the 2011 EITI Report would need to be published by 30 June 2014, otherwise a suspension would come into effect. The Board decided to extend Albania's reporting deadline by six months, i.e. until 30 June 2014.

Board members supported the recommendation to extend Indonesia's reporting deadline by six months, i.e. until 30 June 2014, noting the recent progress with getting reporting back on track, the complexity of the sector, and the upcoming presidential elections.

On the general issue of extension requests, Fernando Torres Castillo commented on the need to set clear deadlines and have a concrete timeline and landmarks that the countries needed to meet. When countries were suspended, they needed encouragement. Manuel Adamini raised the issue of ensuring that the Board acted in a fair and consistent manner when granting or denying extension requests. Jonas Moberg confirmed that the decisions related to the extension requests needed to be clearly justified.

The details of the Board's decisions on Albania, Indonesia and Yemen are presented in Annex A.

Actions

The Secretariat to provide more detail about the loans provided to the Yemen EITI for the 2010 and 2011 EITI Reports via the IPR.

The Chair to write to the governments of Albania, Indonesia and Yemen advising them of the Board's decisions.

26-3-C Beneficial ownership pilot update

Daniel Kaufmann provided an update on the beneficial ownership pilot on behalf of the Implementation Committee (IC). Twelve countries - Burkina Faso, the Democratic Republic of Congo, Honduras, Iraq, Kyrgyz Republic, Liberia, Niger, Nigeria, Tajikistan, Tanzania, Trinidad & Tobago and Zambia - had agreed to participate in the pilot. The terms of reference for the pilot, including guidance to MSGs, had been developed by the beneficial ownership advisory group and the IC, and had been issued to pilot countries in late February. It was expected that most countries would use the EITI reporting process to collect data. Thus, the Board should expect to start to see some findings of the pilot towards the end of 2014 and Q1 2015.

Corinna Gilfillan briefed the Board on Global Witness' work on beneficial ownership, including their support to the pilot, the importance of disclosure of beneficial information for achieving great accountability in the extractives sector, requiring that companies report on the beneficial owner through the EITI process, and with a definition of beneficial ownership that is consistent with what is in the EITI standard. Representatives from the Democratic Republic of Congo, Liberia and Nigeria shared their early experience of preparing for the pilot and there was also discussion of the usefulness of a template for reporting beneficial ownership information that could be used by implementing countries.

Elodie Grant Goodey agreed to represent the industry constituency on the beneficial ownership advisory group. It

was also raised that it would be helpful to have a representative of the mining industry take part in the advisory group.

The Chair thanked the twelve countries and Global Witness, and recognised that this would not be an easy project.

26-3-D EITI Review

The Chair reported that the Implementation Committee and the Governance Committee had both considered the need to conduct a review of the capacity to provide technical assistance to implementing countries, the management of the Secretariat and the accountability and governance of the Board. There was also a need to look at the balancing of the country representation at the Board.

Paolo de Sa informed the Board that the closing date of the MDTF was 31 December 2015 and that there is a need to extend the MDTF, restructure it or give responsibility to someone else. There was a need to come to a position quickly, and the technical assistance review would contribute to this.

Jonas Moberg noted that the Governance Committee had not been able to consider the draft Terms of Reference for the review prior to the issuing of the Board papers. The Chair of the Governance Committee (Alan McLean) had suggested that the Board move ahead with the draft that had been submitted to the Board, noting that Alan and Marinke van Riet would be amongst those providing input.

Marinke van Riet said that the Governance Committee would hold a meeting in the evening and requested that the EITI Review be discussed on day two of the Board meeting.

Jim Miller inquired whether the Secretariat knew the cost of this review and also if a member of the Secretariat would be providing oversight. The Chair said that the costs had not been discussed, but it would most likely be a 50/50 split. Paolo de Sa said that the cost depended on the number of tasks, but that a budget of US \$200,000 was planned. Practical support could be sorted out between the World Bank and the Secretariat.

It was agreed that subject to approval with of the MDTF Management Committee, the technical assistance review should move ahead. Should the Governance Committee wish to quickly include some elements of the review of the management of the Secretariat in the Technical Assistance review, this could be added to the Terms of Reference.

Actions

The Secretariat and the World Bank to finalise the TOR for the technical assistance review and initiate the tendering process.

26-3-E EITI – a platform for progress?

Jonas Moberg presented the paper from the Implementation Committee noting that it reflected the discussion of the Committee in Washington about the need to incentivise better implementation and improve the system for assessing performance. This discussion arose from the Implementation Committee's conversation about the challenge of assessing the requirements related to civil society. The Committee had recognised that assessment the civil society requirements was an issue that was relevant to EITI implementation more broadly. The proposal was not to change what was required of implementing countries, but to review how implementation was assessed. This could include addressing the current binary way of assessing implementation, whether the terms 'Candidate' and 'Compliant' were adequate reflections of progress in countries, and the need for both maintaining a minimum standard and providing for some flexibility. Jonas also highlighted that the EITI would soon need to develop new Terms of Reference for Validators in accordance with the EITI Standard, and that this was an opportunity to review how the requirements were assessed.

The Chair invited members of the Implementation Committee to comment. Faith Nwadishi said that having a platform to monitor progress and a clear understanding of the areas where governance could be improved would be helpful in terms of incentivising more innovative implementation. Any new system would need to continue to celebrate countries that were doing well. Stuart Brooks recalled that these issues had been the subject of Board discussions for several years, but that it had been complicated to find adequate solutions. He suggested that the Board should set out what it was seeking to achieve and invite stakeholders to submit ideas that the Implementation Committee could then turn into concrete options for the Board to consider. Bob Cekuta highlighted the need for interpretive guidelines for how implementation of the Standard would be assessed through Validation. He noted that implementation was no longer about ticking boxes, but a more challenging task of delivering against the broader objectives for implementation. Zainab Ahmed said that while there was a need for a minimum standard, all countries had their own peculiar challenges. Thus there was a need for flexibility otherwise the EITI would risk losing the countries where reform was needed the most. Jean Claude Katende noted that, with regards to civil society, the Principles were reflected in the Standard but there was a need for developing indicators and monitoring tools to assess whether these Principles were adhered to. He also noted that the Board should clarify how it would deal with the outcomes of such assessments in a way that would allow for continuous progress.

Michel Okoko stressed the need for grounding the discussion in the realities on the ground in the countries that were implementing the EITI. He also sought clarification as to why Azerbaijan, Congo and Kazakhstan were mentioned as examples of countries where there were challenges in the environment for civil society. It was agreed that the references to specific countries would be removed.

David Diamond stressed the importance of consciousness about the credibility risk vis-à-vis the countries that were deemed compliant, noting an increasing number of questions from investors with regards to what Compliance with the EITI Standard actually means.

Ian Wood suggested that there was a need for clarifying what the minimum requirements should be, and then to consider indicators for progress towards full implementation. He also suggested that the MSG should have a role to play in determining progress.

Board members noted that this was a significant and strategic document, but that further work was needed to identify possible solutions. It was agreed that stakeholders should be invited to submit their inputs, and that the Implementation Committee would then submit an options paper for the Board to consider at its next meeting.

Actions

The Secretariat to invite input from stakeholders.

The Implementation Committee to present an options paper to the Board at its next meeting.

26-3-F Options for applying EITI standards on the enabling environment for civil society

Daniel Kaufmann presented the paper noting that this paper had been submitted to the Board from Revenue Watch Institute/Natural Resource Charter as an input to the task given to the Implementation Committee regarding reviewing the provisions on civil society. He stressed the need for the EITI to agree on evaluation standards for the civil society requirements, otherwise the EITI's credibility and potential for impact would be at risk. There was a need to be clear and transparent on the indicators that the EITI would use to determine whether there was an enabling environment for civil society and to monitor the direction of travel. The paper set out four options for how to evaluate the civil society requirements .

The Chair thanked Daniel for the input and concluded that this issue would be taken forward through the options paper related to Platform for Progress.

26-4 Report from the Outreach and Candidature Committee

26-4-A Outreach Progress Report October 2013-February 2014

Jonas Moberg introduced the paper, noting that several stakeholders were involved in outreach activities and invited Board members to be in touch with Secretariat staff for any questions and speaking points. He also informally introduced the representatives from France, Germany and the United Kingdom who were at the meeting. Marinke van Riet noted the challenge of ensuring that civil society in outreach countries was adequately prepared for implementation. Bob Cekuta also reminded Board members that all had an important role to play in outreach. Faith Nwadishi asked for an update on Uganda. The Secretariat explained that there was still a lack of government commitment.

26-4-B Candidature Assessment – Ethiopia

Ali Idrissa requested that prior to discussing Ethiopia's application, the Board should discuss the open letter from the EITI Chair to members of civil society related to Ethiopia. The Chair responded that her duty as a Chair was to drive forward the Principles of the EITI. She believed that the public discussion and arguments related to Ethiopia in the lead up to the Board meeting had gone far beyond the Principles of the EITI. The purpose of the letter was therefore to ensure that the discussion was focused on the core of the EITI. She did not agree that the Chair needed to be neutral, but that the Chair should act in the interests of the EITI. If the Board did was not happy with this approach, she would step down from her voluntary role as Chair of the EITI.

Michel Okoko reminded the Board of the background to the letter, noting that during a meeting of the Outreach and Candidature Committee, civil society had reported that a meeting was about to take place in Pointe Noire and that civil society was about to agree a strong statement on their position regarding Ethiopia. He considered this issue to be a governance issue that should not prevent the Board from now having a discussion about the content of Ethiopia's application.

Bob Cekuta presented the paper on behalf of the Outreach and Candidature Committee, noting the numerous discussions that had taken place within the Committee. The Committee had not been able to reach an agreement. Most of the members of the Committee supported the candidature, but the civil society constituency was divided. The Committee had agreed that the Secretariat could put forward its assessment of the application and the recommendation. The main concern within the Committee had been the Proclamation, and its effect on the ability of civil society to play an equal role in the EITI process. The Committee had held a teleconference with Ethiopian civil society, who had expressed support for the candidature. The government had through a letter from the Tolossa Shagi Moti, Minister of Mines, reaffirmed its commitment to work with civil society and welcomed funding for civil society channelled through the EEITI Steering Committee and secretariat.

Eddie Rich reminded the Board that this application had been treated in the same way as all other applications with a view to ensuring consistency with other countries. He informed the Board that since the application submitted in 2010, there had been a parallel EITI process in Ethiopia with several MSG meetings and publication of a reconciliation report. He also informed the Board that the Secretariat's recommendation included a recommendation that the MSG updates its workplan to include a detailed assessment and actions to address potential capacity constraints. Revisions to the 2013-2015 workplan had already commenced with a view to align the workplan with the EITI Standard. The Secretariat and Board had received several letters in response to the Ethiopia application which were posted on the internal website. MSG members from civil society in Ethiopia had recently submitted an open letter reaffirming their support for the application.

Marinke van Riet reminded the Board of the decision in 2010 to defer consideration of Ethiopia's application until the Proclamation was no longer in place. She noted that since then the Proclamation had been implemented and had an effect on the ability of civil society to operate. As an example, she mentioned the fact that the national Transparency International chapter had been forced to close its five regional offices and did no longer have any paid staff as a result of the Proclamation. She expressed concern that two of the NGOs on the MSG did not appear

to be operationally and in policy terms independent of government. She pointed out that almost none of the members of the EITI Board civil society constituency would be allowed to do good governance and transparency work in Ethiopia, including PWYP, RWI, ROTAB, Global Witness and Transparency International because they were funded by foreign sources. She concluded that she would have strong concerns with accepting Ethiopia's application.

Jeremy Mack Dumba said that the EITI was created for countries like Albania, Azerbaijan, DRC and Ethiopia, not for Norway where much is already transparent. If Ethiopia was prevented from implementing the EITI, there would be no possibility for reform. On behalf of the implementing country sub-constituency, he expressed support for admitting Ethiopia.

Stuart Brooks spoke on behalf of the company constituency, supporting the application and noting that this was an application not a Validation. He reminded the Board that while there was limited evidence to support the application in 2010, the four years of the parallel implementation process in Ethiopia had ensured that the Board now had a much more solid evidence on which to base its decision. He recalled that the EITI was not a human rights organisation, and that the focus should be on whether the MSG could function effectively. He supported the close scrutiny of the workplan.

Wednesday 19 March

26-4 Outreach and Candidature Committee (continued)

26-4-B Candidature Assessment – Ethiopia (continued)

With Jonas having consulted the Secretariat's legal counsel, the Chair noted it was not considered good practice that Board members and alternate speak on the same topic. However for this discussion it was extraordinarily agreed that both Board members and alternates be permitted to speak.

Eelco de Groot urged all partners to support Ethiopia in capacity-building, and stated his support for the candidature application. Faith Nwadishi, having consulted civil society in Nigeria, expressed her support for the application, saying the EITI will create a platform to increase the space for civil society. To her mind, by signing up to the EITI, the Ethiopian government committed to perform against the EITI Standard, also with regards to civil society participation. Jim Miller expressed his support for Ethiopia's candidature but suggested that the Board require the MSG to immediately update the work plan. The International Secretariat should monitor closely the concerns about civil society participation. Ali Idrissa noted that all parties wanted Ethiopia to develop their resources but also explained that the respect of fundamental rights, guaranteed by national law, was an essential precondition for that to happen. He therefore believed that the restrictive legal environment in Ethiopia, which would not allow for civil society activists to be protected against government abuse needed to be addressed. Ethiopia should in its action plan lift barriers to civil society participation and commit to having a civil society that can speak freely about the EITI. Michel Okoko noted that Ethiopia must be given a true forum free from political and ethnic issues. He asked the Board not to prevent Ethiopia from implementing the EITI. Gubad Ibadoghlu noted that he support the candidature but with conditions to ensure an effective and independent civil society participation. Support for the development of civil society institutions was necessary.

Bob Cekuta stated that Ethiopia would need to take additional steps to reach compliance and show it was implementing the Standard. These should include:

- 1) The government providing assurances that foreign funding restrictions do not apply to NGOs participating or seeking to participate in EITI in Ethiopia, and additional acknowledgement that because the law does not apply, NGOs participating in EITI are free to accept foreign funding.
- 2) Ensuring NGOs participating in EITI can raise good governance, transparency, and corruption without government interference or impediment.

- 3) Announcing that the EEITI national steering committee will welcome additional funding from international CSOs in support of Ethiopia's EITI process and to directly support civil society organisations.
- 4) Committing regularly to schedule and meet with CSOs working on extractives issues, including advocacy groups focused on government accountability and transparency, through the existing charities and societies proclamation working group.

Olivier Bovet spoke on behalf of his sub-constituency, and expressed their support while recognizing obstacles. He noted that candidature would enable dialogue. Civil society participation needed to be monitored and technical support was needed. Kåre Stomark expressed his support for the application. Didier Agbemadon noted that the EITI promoted dialogue and was a way to bring change to governments. The Ethiopian government had reiterated its commitment several times. Fabby Tumiwa noted that the Board had no moral right to stop countries like Ethiopia to apply to the EITI in order to make progress with their natural resources but he emphasized the need for the Board to uphold the EITI Standard and to make sure applicant countries live up to the requirements defined by the Standard. He asked the Board to consider whether the Ethiopian application met Requirement 1.3. Corinna Gilfillan, on behalf of the US civil society constituency, noted that the referral in 2010 was due to the Proclamation and since then the Proclamation has had the effect of decimating civil society and media. She asked why should the EITI admit Ethiopia now given the deteriorating situation. She expressed her concerns that Ethiopia's work plan failed to show the government's commitment to ensuring an enabling environment and civil society participation. Corinna stated that her constituency did not support the application.

Daniel Kaufmann noted that he had consulted with civil society in Latin America, and that they had serious concerns. Ethiopia did not meet the requirements for successful translation of EITI transparency into accountability. Absence of repression by the government was necessary for the EITI to function. Daniel noted that RWI would have supported the application if there had been more concrete progress towards creating an enabling environment for civil society, including having repealed the NGO proclamation but, instead, the situation has actually deteriorated in Ethiopia. It was important to provide an incentive to improve the situation, and currently civil society engagement was not a priority in validation. Daniel concluded that there was a pressing need for developing a comprehensive framework, so it was unrealistic to say that the civil society situation was likely to assess CSO participation in a systematic and objective way.

Manuel Adamani, on behalf on the investors' constituency, expressed his support to the application. He noted that Bob had made valuable proposals, and suggested introducing some of Bob's concrete proposals into the wording on the suggested way forward to the Ethiopian government and subsequent Secretariat monitoring. Shahmar Movsumov stated the decision to defer Ethiopia's application four years ago was a mistake and a lost opportunity. He called on the Board not repeat the mistake. Fernando Torres stated that he did not support the application because the government was restricting the population's basic rights. The Board should draw up a list of requirements and review the application in July. He noted that the initiative should not be based on exceptions and lose prestige.

Eddie Rich noted that the International Secretariat's assessment was that the application is in line with the Standard, considering how other countries have been assessed. The last sentence in the proposed Board decision was out of the ordinary and reflected the serious concerns voiced. The application was submitted in 2013 so Ethiopia has by default six months to update the work plan to meet the requirements of the Standard as per the transitional arrangements. Updating the work plan was currently in progress, and the recommendation encouraged Ethiopia to take the process further.-

Jonas Moberg reminded the Board that support and capacity-building could be provided by partners and validation could be called at any time. Jim Miller noted that he thought 14 Board members had indicated they would be in favour of the approving the application. Stuart Brooks noted there seemed to be at least two supporters from each constituency and suggested recording it as a majority decision, noting that there were dissenting voices.

Ali Idrissa reiterated that it should be noted that there were reservations from both implementing governments plus civil society. Daniel Kaufmann stated that the necessary additional steps noted by Bob Cekuta and others, as well as the extent of dissent, should be documented and conveyed to Ethiopia. He also inquired as to whether EITI International Board meetings could be live streamed to the public in the future.

Stuart Brooks noted that there had been some unfortunate personal elements in the deliberations and asked that all recognised the commitment to the EITI that the Chair had showed.

The Secretariat's recommendation was approved by majority consensus with several members expressing their dissent. Daniel Kaufman sought clarifications on the language that would underpin the Board's decision. The details of the Board's decision are presented in Annex B.

26-4-C Candidature Assessment – United States of America

US nationals recused themselves from the discussion.

Marinke van Riet presented the Outreach and Candidature Committee's recommendation that the candidature application of the United States of America would be approved. She noted that this was the first time the Committee had considered a request for adapted implementation. Having assessed the request, the Committee considered that the complexity of payments to sub-national government entities and the documentation provided by the MSG demonstrated exceptional circumstances justifying adapted implementation for requirement 4.2.d related to direct payments and revenues for subnational governments. The MSG had suggested a two phased approach whereby the MSG would first collate information about revenues received by the States from publicly available sources and include this in the EITI Report. In a second phase, States would volunteer to opt-in to participate fully in the reconciliation process. The Committee considered that this approach provided a credible basis for ensuring that the EITI reporting process was sufficiently inclusive and comprehensive.

Jean Claude Katende expressed concern that the EITI Standard did not define what could constitute exceptional circumstances nor did it set a time limit on the adaptation. Faith Nwadishi and Marinke van Riet also recommended that the United States of America moves forward with the Dodd-Frank Section 1504 legislation by issuing new stronger rules plus implementing project level reporting as part of the first EITI report.

The Board admitted the United States of America as an EITI Candidate country effective as of 19 March 2014, and approved the request for adapted implementation regarding requirement 4.2(d). The details of the Board's decision are presented in Annex B.

Board paper 26-4-D Candidature Assessment – Papua New Guinea

Bob Cekuta presented the Outreach and Candidature Committee's recommendation for the candidature application of Papua New Guinea to be approved. He noted that the weak capacity of civil society was a concern. Some Board members expressed concern regarding the recent changes in government leadership on the EITI in Papua New Guinea, the country's ambitious first report deadline in their workplan and the need to monitor needs for institutional support.

Recognising the need for support in capacity building and reengaging with the new government lead on the EITI, the Board admitted Papua New Guinea as an EITI Candidate country effective as of 19 March 2014. The details of the Board's decision are presented in Annex B.

Actions

The Chair to write to the governments of Ethiopia, Papua New Guinea and the United States advising them of the Board's decisions.

26-5 Report from the Validation Committee

Eelco de Groot introduced the report from the Validation Committee. He asked that the Board clarify the practices for Board members' participation in and observation of committee meetings. The Validation Committee also considered a need for further clarity on the role of the Validation Committee vis-à-vis the Implementation Committee.

26-5-A Validation Paper: Guatemala

The Validation Committee recommended to the Board that Guatemala would be designated as EITI Compliant. The Secretariat informed the Board that the Decree establishing the legal basis for the MSG had been amended and that previous concerns related to decision-making powers had been removed.

The Board declared Guatemala a Compliant country effective as of 19 March 2014. It was agreed that the language in the suggested Board decision recommending revisions to the legal basis for the MSG was no longer needed. The details of the Board's decision are presented in Annex C.

Actions

The Chair to write to the government of Guatemala advising them of the Board's decision.

26-6 Report from the Governance Committee

Marinke Van Riet presented the report from the Governance Committee noting that a working group had been established to discuss the role and potential new requirements for supporting companies.

It was noted that the Code of Conduct had been submitted to the Board for approval via circular.

It was agreed that in line with the Implementation Committee's recommendation, the Technical Assistance review would be taken forward after final approval by the MDTF Management Committee. The Governance Committee would shortly consider whether elements of the International Secretariat management review could be incorporated into the Technical Assistance review or whether governance and management issues would be better addressed in a separate review to be carried out in parallel with the Technical Assistance review. The Governance Committee would then make a recommendation to the Board. It was noted that a rapid process forward was needed.

Actions

The Governance Committee to consider incorporating elements of the International Secretariat management review in the Terms of Reference for the technical assistance review.

26-7 Report from the Finance Committee

26-7 2013 Annual Accounts and 2014 Forecast

David Diamond presented the 2013 accounts on behalf of the Finance Committee.

2013 accounts showed a significant gap between forecast and actual spending, but that much of this was related to parallel funded, especially related to the Conference. Even without the parallel funding, however, the gap between spending and revenue was US \$0.7 million. The Finance Committee did not consider the difference as representing structural problems, but mainly due to unusual high costs of Board meetings (eg. the Board side visits around the Abidjan meeting). The Finance Committee did, however, note poor expenditure planning by the Secretariat, and recommended closer monitoring of spending.

The Committee would soon circulate the financial review to the Board, and recommended that these financial issues be looked at in the review of the management of the International Secretariat.

It was agreed that there was value in holding Board meetings in implementing countries, even though costs were often higher. It was suggested that the Secretariat should explore options for reducing costs related to Board meetings, for example by reducing the number of observers.

Actions

The Finance Committee to circulate the financial review to the Board via circular.

26-8 Report from the Audit Committee

26-8 Report from the Audit Committee (Including the 2013 Annual Accounts from the auditors, the 2013 Auditors Report and the Management Letter)

Elodie Grant Goodey, on behalf of the Audit Committee, noted that the auditor had confirmed that the 2013 accounts gave a true picture of the financial situation in 2013 and that all the auditor's questions had been answered by the International Secretariat. The Chair signed off the accounts on behalf of the Board.

The International Secretariat's decision to rotate auditors at least every seven years and base the selection on a minimum of two quotes was endorsed. The country constituency was encouraged to take part in the Audit committee.

Any other business, including diary and Board meeting updates

Mark Pearson provided an update on mandatory disclosure requirements in Canada. Reporting was due to start in June 2015, implemented either through provincial securities regulation or federal legislation.

Paulo de Sa gave a brief update on the situation of the World Bank MDTF. He noted that total funds had reached US \$72 million and that there was a financial plan that covered the amount until the end of December 2015 when the MDTF will either end or need to be renewed. Integrating the EITI into national systems and creating budgetary lines to fund implementation was encouraged. It was assumed that there would be technical assistance post-2015. It was noted that a decision on the future of the MDTF was needed.

Jonas noted that the Board had agreed for the next Board meetings to take place on 1-2 July and 14-15 October 2014. Mexico continued to be interested in hosting the Board meeting in July, but a final confirmation was pending. The Government of Myanmar had confirmed its willingness to host the autumn meeting. It was agreed that the Secretariat would convey to the Government of Myanmar that the Board would accept the invitation provided that a candidature application could be submitted to the Board for consideration at the July meeting.

Participant List

Chair

The Rt. Hon. Clare SHORT

Countries

Implementing Countries

Alt: **Mr Didier Vincent Kokou AGBEMADON**, National Coordinator, Togo

Mr Florent Michel OKOKO, Chairman of the Executive Committee, Republic of Congo

Alt: **Mr Jeremy Mack DUMBA**, National Coordinator, Democratic Republic of Congo

Mr Fernando CASTILLO TORRES, National Coordinator, Peru

Alt: **Mr Alfredo PIRES**, Secretary of State for Natural Resources, Timor-Leste

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

Supporting Countries

Mr Mark PEARSON, Director General, External Relations, Science and Policy Integration, Natural Resources Canada, Canada

Alt: **Mr Robert CEKUTA**, Principal Deputy Assistant Secretary, State Dept., USA

Mr Kåre STORMARK, Deputy Director General, Ministry of Foreign Affairs, Norway

Alt: **Mr Pekka HUKKA**, Ambassador, Ministry of Foreign Affairs, Finland

Mr Olivier BOVET, Senior Programme Manager Trade Promotion, State Secretariat for Economic Affairs (SECO), Switzerland

Alt: **Mr Uwe WOLFF, Desk Officer, Federal Ministry for Economic Cooperation and Development Unit 203 (Governance, democracy, rule of law), BMZ, Germany**

Civil Society Organisations

Mr Gubad BAYRAMOV, Senior Researcher, Economic Research Center, Azerbaijan

Alt: **Ms Natalia YANTSEN**, Director, PA "Tax Standards Formation", member of the NSG Kazakhstan from dialogue platform of NGOs and NGO Coalition "Oil revenues - under the control of society", Kazakhstan

Ms Faith NWADISHI, Executive Director, Koyenum Immalah Foundation/National Coordinator Publish What You Pay, Nigeria

Alt: **Ms Corinna GILFILLAN**, Head, Global Witness, USA

Mr Ali IDRISSE, Coordinateur National du ROTAB PCQVP, Niger

Alt: **Mr Jean Claude KATENDE**, Président National de l'ASADHO, Association Africaine de Défense des Droits de l'Homme, coordinateur PCQVP, Democratic Republic of Congo

Mr Eelco DE GROOT, Senior Policy Officer, Cordaid, the Netherlands

Alt: **Mr Fabby TUMIWA**, Executive Director, Institute for Essential Services Reform (IESR), Indonesia

Ms Marinke van RIET, International Director, Publish What You Pay (PWYP)

Alt: **Mr Daniel KAUFMANN**, President, Revenue Watch Institute (RWI)

Companies including Investors

Mr Jean-François LASSALLE, Directeur Affaires publiques, Total
Alt: **Ms Carine Smith IHENACHO**, Vice President Legal, Statoil

Mr Stuart BROOKS, Manager, International Relations, Chevron
Alt: **Mr Guillermo GARCIA**, Head of Revenue Transparency, ExxonMobil

Mr Jim MILLER, Vice President, Environmental Affairs, Freeport-McMoRan, Copper&Gold Inc.
Alt: **Mr Ian WOOD**, VP Sustainable Development, BHP Billiton

Ms Debra VALENTINE, Group Executive, Legal & External Affairs, Rio Tinto
Alt: **Mr Suresh RAJAPASKSE**, VP Health and Safety, Environment, Security, and Sustainable Development, ArcelorMittal

Ms Elodie GRANT GOODEY, Head of Societal Issues and Relationships, BP

Mr David DIAMOND, Director Global Co-Head of ESG, Allianz Global Investors
Alt: **Mr Manuel ADAMINI**, Head of ESG-research, SNS Asset Management

Board Secretary

Mr Jonas MOBERG, Head of EITI Secretariat, Oslo

Observers

Ms Zainab AHMED, EITI Nigeria (NEITI) National Coordinator, Nigeria

Ms Kelly Suzanne ALDERSON, Communications Officer, World Bank

Mr Tommaso ANDRIA, Deputy Head of Mission, Embassy of Italy, Norway

Ms Gro ANUNDSKAAS, Assistant Director General, Ministry of Petroleum and Energy, Norway

Ms Victoria AYER, Senior Anti-corruption and Good Governance Advisor, USAID

Mr Jon ATKINSON, Extractives adviser, Growth and Resilience Department, Policy Division, Department for International Development (DFID), UK

Ms Christina BERGER, Consultant

Mr Edward BICKHAM, Advisor, International Council on Mining and Metals (ICMM)

Mr Matthew BLISS, Director Extractives Unit, Cordaid

Mr Calle BETHELSEN, Adviser, Political Section and Defence Section, Embassy of Japan in Norway

Ms Rebecca BRYANT, Assistant Secretary, Economic Engagement Branch, Australian Department of Foreign Affairs and Trade

Ms Dorte CHORTSEN, Advisor, Ministry of Foreign Affairs, Denmark

Mr David COHEN, Managing Counsel, Compliance, Policy, and Investigations, Chevron Corporation

Mr Jeff COLLINS, Senior Counsel for International Policy, Chevron Corporation

Ms Diana CORBIN, Operations Officer, Donor Relations EITI, World Bank

Mr José CORREIA NUNES, Head of Unit - Budget Support and Public Finance Management, European Commission (EC), Belgium

Mr Hervé CRONEL, Conseiller spécial, Chargé de l'Economie et du Développement durable, International Organisation of the Francophonie

Mr Paulo De SA, Manager, Oil, Gas and Mining Policy Division, World Bank

Mr Dominic EAGLETON, Senior Campaigner, Global Witness

Mr Saw Thu Ka EE, Karen Environmental and Social Movement Network, Myanmar
Mr Andrew ENEVER, UK Country Tax Lead, Shell

Ms Marta Eulalia ESTRADA, Ambassador, Embassy of Guatemala, Norway

Ms Amelia EVANS, Executive Director, Institute for Multi-Stakeholder Initiative Integrity, US

Ms Siri FARSTAD, Manager corporate Sustainability, Statoil

Mr Farid FARZALIYEV, State Oil Fund, Azerbaijan

Ms Marti FLACKS, Deputy Director, Bureau of Energy Resources, Office of Energy Programs (ENR/EGA/EP), Department of State, USA

Mr Elnor GASANOV, Advisor, Ministry of Foreign Affairs, Norway

Mr Dyland GELARD, Democratic Governance Division, Ministry of Foreign Affairs, France

Ms Alexandra GILLIES, Head of Governance, Revenue Watch Institute (RWI)

Mr Max GEORGE-WAGNER, Governance Program Associate, Natural Resource Charter

Mr Greg GOULD, Natural Resource Revenue, Department of the Interior, US Department of State

Ms Laurel GREEN, Chief Adviser Policy, External Affairs, Rio Tinto

Mr Felix HORNE, Africa Researcher, Human Rights Watch

Mr Jurriaan J. JONGSMA, Legal Counsel, Shell

Mr Bengt JOHANSSON, CSR Ambassador, MFA Sweden

Mr Albert Muyeba KABUYA, Programme Coordinator (CENADEP) & EITI MSG Member - DRC

Mr. Konah D. KARMO, Deputy Head of Secretariat, EITI Liberia

Mr Simon KELLY, Director, Emex – EITI Software, Ireland

Ms Asmara KLEIN, EITI Programme Coordinator, Publish What You Pay (PWYP), UK

Ms Lena LINK, Advisor, Sector Programme "Good Financial Governance", GIZ

Ms Tin Su Su MAR, Pyoe Pin, Myanmar

Ms Taryar MAUNG, Myanmar Coalition for Transparency

Mr Tom MAYNE, Senior Campaigner, Global Witness

Ms Ulviyya MEHRALIYEVA, State Oil Fund, Azerbaijan

Mr U Yee MON, Seinn Young Soe Mandalay, Myanmar

Mr Christian MOUNZEO, Vice President, EITI Executive Committee, Republic of Congo

Mr U Htun Myint AUNG, 88 Generation, Myanmar

Ms Lisa MISOL, Senior Business and Human Rights Researcher, Human Rights Watch

Ms Maria Inmaculada MONTERO LUQUE, Policy Officer, European Commission, Belgium

Ms Clare MURPHY, Transparency and Governance Advisor, US State Department, US

Mr Paul MUSSENDEN, Deputy Assistant Secretary, Natural Resources Revenue Management, U.S. Department of the Interior, US

Mr Kassongo BIN NASSOR, Senior Manager, External Affairs (Tenke Fungurume), Chairman (Commission for Transparency and Good Governance of the Mining Chamber) & EITI MSG Member – DRC

Mr Seraphin NDION, Permanent Secretary EITI-Congo, Republic of Congo

Ms Patricia PÉNA, Director General, Global Sustainable Economic Growth, Department of Foreign Affairs, Trade and Development, CIDA

Mr Michael RÖSCH, Programme Leader, Good Financial Governance, GIZ

Ms Elda Guterres da SILVA, EITI National Coordinator, Timor Leste

Ms Umesha de SILVA, Policy Analyst, Natural Resource Governance, Thematic and Sectoral Policy, International Development, Canada

Ms Margaret SUTHERLAND, Assistant Director, UK EITI Implementation, BIS

Mr Samson TOKPAH, National Coordinator, EITI Liberia

Mr Harald TOLLAN, Senior Advisor, Ministry of Foreign Affairs, Norway

Mr Alexander VERBEEK, Ministry of Foreign Affairs, Netherlands

Mr Johnny WEST, Open Oil

Ms Erica WESTENBERG, EITI Policy Officer, Revenue Watch Institute (RWI)

Mr Pablo VALVERDE, Senior Advisor, Council on Ethics, Government Pension Fund Global, Norway

Mr Toshio YODOMI, First Secretary, Embassy of Japan, Norway

EITI International Secretariat

Ms Kjerstin ANDREASEN, Administrator, EITI

Mr Bady BALDE, Country Manager

Mr Wouter BIESTERBOS, Strategic Advisor

Ms Souad HARVEY, French Coordinator

Ms Shemshat KASIMOVA, Communications and Country Researcher

Ms Lyydia KILPI, Intern

Ms Leah KROGSUND, Finance & Administrative Manager

Mr Anders KRÅKENES, Communications Manager

Mr Francisco PARIS, Regional Director

Mr Jürgen REITMAIER, Consultant, EITI

Mr Eddie RICH, Deputy Head of Secretariat

Ms Dyveke ROGAN, Regional Director

Annex A:

EITI Board decision on Albania

The Board agreed that:

Albania was eligible for an extension, and extended the reporting deadline to 30 June 2014. If the outstanding report is not published by 30 June 2014, the Albania will be suspended, and the suspension will not be lifted until Requirement 2 is met (i.e., a 2012 EITI Report by 31 December 2014). If the suspension is in effect for more than one year the EITI Board will delist Albania.

EITI Board decision on Ethiopia

The decision of the EITI Board reads as follows:

The EITI Board admits Ethiopia as an EITI Candidate country on 19 March 2014. In accordance with the EITI Standard and associated transitional arrangements, Ethiopia is required to publish its first EITI Report within two years of becoming a Candidate (by 19 March 2016). If the EITI Report is not published by this deadline, Ethiopia will be suspended. Validation will commence within three years of becoming a Candidate (by 19 March 2017). In accordance with requirement 1.6c, the MSG is required to publish an annual activity report for 2014 by 1 July 2015. The Board notes the concerns expressed by some stakeholders regarding potential obstacles to implementation such as legal barriers to implementation and capacity constraints in civil society. In accordance with requirement 1.4.c.i and 1.4.c.iii, the Board recommends that the MSG updates its workplan to include a detailed assessment and actions to address potential capacity constraints, as well as plans for addressing any legal, regulatory or administrative barriers to implementation identified in the ongoing legal review commissioned by the MSG.

EITI Board decision on Guatemala

The decision is as follows:

The EITI Board designates Guatemala as Compliant. In accordance with the EITI Standard:

- Guatemala must be revalidated within 3 years, i.e. Validation will commence on 19 March 2017 or earlier upon request of the EITI Follow-up Committee. Validation will be conducted in accordance with the EITI Standard.
- Stakeholders in the process may call for a new Validation at any time within that period if they think the process needs reviewing. Where valid concerns exist that a country has become EITI Compliant, but its implementation of the EITI has subsequently fallen below the standard required for Compliance, the Board reserves the right to require the country to undergo a new Validation or face delisting from the EITI.
- In accordance with the transitional arrangements approved by the Board to the EITI Standard, Guatemala is expected to publish the 2012 EITI Report by 31 December 2014.
- In accordance with Requirement 7.2, Guatemala is required to publish an annual report on the previous year's activities, detailing progress in implementing the EITI. The annual report for 2013 should be published by 1 July 2014.

In all decisions on Validation, the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand.

The Board congratulates the Government of Guatemala for its sustained commitment and leadership in the implementation of the EITI process. The Board also congratulates Guatemala's

EITI National Commission, its Technical Secretariat at the Ministry of Energy and all stakeholders involved for their efforts and effective leadership in EITI implementation.

In advance of the 2012 Report the Board recommends that:

- the MSG's terms of reference includes the responsibility of approving the EITI-GUA's work plan;
- the MSG adopts a clearer definition of materiality for payments and revenues to be disclosed.
- the MSG continues its efforts to ensure a credible EITI reporting process so that the EITI Report contains reliable data based on accounts audited to international standards.

The Board tasks the EITI International Secretariat with monitoring the effective functioning of the MSG and to provide regular updates to the Board on progress with implementing the Board's recommendations.

EITI Board decision on Indonesia

The Board agreed that:

Indonesia was eligible for an extension, and extended the reporting deadline to 30 June 2014. If the outstanding reports are not published by 30 June 2014, Indonesia will be suspended, and the suspension will not be lifted until Requirement 2 is met (i.e., a 2012 EITI Report by 31 December 2014). If the suspension is in effect for more than one year the EITI Board will delist Indonesia.

EITI Board decision on Papua New Guinea

The decision of the EITI Board reads as follows:

The EITI Board admits Papua New Guinea as an EITI Candidate country on 19 March 2014. In accordance with the EITI Standard and associated transitional arrangements, Papua New Guinea is required to publish its first EITI Report within two years of becoming a Candidate (by 19 March 2016). If the EITI Report is not published by this deadline, Papua New Guinea will be suspended. Validation will commence within three years of becoming a Candidate (by 19 March 2017). In accordance with Requirement 1.6c, the MSG is required to publish an annual activity report for 2014 by 1 July 2015.

EITI Board decision on United States of America

The decision of the EITI Board reads as follows:

The EITI Board admits the United States of America as an EITI Candidate country on 19 March 2014. In accordance with the EITI Standard and associated transitional arrangements, the United States of America is required to publish its first EITI Report within two years of becoming a Candidate (by 19 March 2016). Validation will commence within three years of becoming a Candidate (by 19 March 2017). In accordance with requirement 1.6c, the MSG is required to publish an annual activity report for 2014 by 1 July 2015.

The Board congratulates the USEITI Multi-Stakeholder Group for achieving this milestone, and for the openness and transparency demonstrated during the preparation of the application.

The Board recommends that the USEITI Multi-Stakeholder Group updates its workplan to link the EITI implementation objectives to the national priorities for the extractive industries (requirement 1.4a).

The Board accepted the USEITI Multi-Stakeholder Group request for adapted implementation with respect to sub-national payments (Requirement 4.2d) for the first and second EITI Report in accordance with the approach and timetable outlined in the USEITI workplan. The EITI Standard requires that "the EITI Report must provide a

comprehensive reconciliation of government revenues and company payments ... in accordance with the agreed scope", i.e., a comprehensive reconciliation of company payments to sub-national government entities and the receipt of these payments where these are material. The EITI Standard allows for adapted implementation "where the country faces exceptional circumstances that necessitate deviation from the implementation requirements" (Requirement 1.5).

The Board agreed that the documentation provided by the USEITI Multi-Stakeholder Group regarding the complexity of payments to sub-national government entities sufficiently demonstrated the exceptional circumstances of US implementation with respect to sub-national payments, and the significant practical barriers to securing the participation of sub-national government entities. The Board agreed that the two-phase approach set out in the candidature application provides a credible basis for ensuring that the EITI process is sufficiently inclusive, and that the EITI Report is comprehensive, reliable and will contribute to public debate. The Board requested that the MSG takes steps to ensure that the proposed narrative reports include an assessment of the comprehensiveness of the information, particularly with respect to payments to sub-national government entities. As per requirement 5.3d, the reports should identify any "any gaps or weaknesses in reporting ... and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report". The Board requested that USEITI Multi-Stakeholder Group documents the effectiveness of this approach for the first and second EITI Reports.

EITI Board decision on Yemen

The Board agreed that:

Yemen is ineligible for an extension and was suspended effective 18 March. In accordance with the EITI Standard, the suspension will be lifted if the EITI Board is satisfied that the outstanding EITI Report is published within six months of the deadline (i.e. by 30 June 2014). If the outstanding reports are not published by 30 June 2014, the suspension will remain in force until the EITI Board is satisfied that Yemen has met requirement 2 (i.e., a 2012 EITI Report by 31 December 2014). If the suspension is in effect for more than one year the EITI Board will delist Yemen.