

To: Mr 'Ala Muhyi al-Din

The Members of the Council of Stakeholders in the Iraqi Initiative for Extractive Industries

Observations concerning the Action Plan
for the Iraqi Transparency Initiative for Extractive Industries

Sincere greetings and warm wishes,

Despite the comprehensiveness of the ITIEI's 2019-2020 action plan presenting its activities and the many points that are in harmony with the requirements of the EITI, and the fact that it is a laborious piece of work that should bring deserved praise on those who have drawn it up, our initial reading of the plan raises the following observations:

- 1- The overall sums allocated to activities have been inflated, reaching 2,200,000,000 Dinars, which is a not insubstantial sum to implement this number of events.
- 2- The plan does not contain any activity relating to the importance of diversifying sources of Iraqi economic revenue, in order to reduce dependence on oil revenue for development.
- 3- There is no indication of the importance of issuing an Initiative Law in Iraq.
- 4- Mention of one environmental workshop is not sufficient to highlight the extent of the damage and the environmental pollution that results from extractive industries, especially in the Province of Basra.
- 5- Under the topic about sustainable development, reference must be made to the necessity of drawing up a clear mechanism within the work of the ITIEI to make room for social utility projects that are clear to companies, provincial councils and civil society, and that are in conformity with the decisions of the the ITIEI.
- 6- There is weakness in its approach to broad civil society space in relation to the plan's activities and how to highlight their impact on Iraqi society, and the way it restricts some of its activities to a limited number of organisations.
- 7- There is poor coordination between the plan's activities and the committees of the councils of the producer provinces that are affected by the activities of the extractive industries.
- 8- There is poor coordination of the activities with the committees of the Iraqi parliament and with their role in encouraging diversification of sources of income, and in fact there is a complete lack of such activities in the plan.
- 9- There is poor coordination with the Iraqi Ministry of Planning to clarify to what extent the budgets, which basically depend on oil revenues, dovetail in with the development plan, and clarify the shortcomings in the applications of the budgets, seeking to define the shortcomings in them, and offering suggestions on how to develop them within the reports of the ITIEI, as well as becoming familiar with reports on the social and living situation of inhabitants in order to clarify the influence of the ITIEI on the change in development trends.
- 10- A vague and flabby implementation table.
- 11- One of the basic characteristics of the EITI Initiative is the existence of a three-fold structure that brings together governments, civil society and companies, as equal partners in discussion, responsibility and implementation. In a sector that is distinguished by powerful political and financial interests, corruption and obfuscation, giving an opportunity for free social and civil participation by civil society organisations and civil society space may change the game. The existence of an environment conducive to civil society is something basic to the operation of EITI, and without the contribution of civil society, the EITI Initiative cannot

be successful in providing the transparency that it seeks to achieve. This is what we want to achieve in Iraq.

Please consider these things. With great respect,

Dr Adnan Bahiyya

Member of the International Publish what you Pay Coalition for the Middle East and North Africa

Member of the Iraqi Transparency Alliance for Extractive Industries

Member of the Board of Advisors to the Babylon Provincial Council

Director of the Akad Cultural Institute

cc:

The Iraqi Transparency Alliance for Extractive Industries

With great respect,

With complete transparency...

Discussion of the ITIEI Action Plan Heats Up

Preparation of an action plan is one of the most important responsibilities of the Council of Trustees mentioned in Requirement 5.1 of the Initiative Standards. This requirement requires the Council to be responsible for maintaining a plan setting goals that both reflect the results of ongoing consultations with the parties involved, and at the same time are measurable and have firm completion dates. The plan lists the sources of funds for the activities mentioned, both domestic and foreign, if there are any. These activities are to be open to ordinary people, constantly updated and accompanied by a clearly spelt-out implementation table.

The current action plan generated wide interest and direct follow-up after it was published here on the Initiative Website. The website address recorded the highest number of viewings and the National Secretariat and MPs received many emails and phone calls from those interested in ITIEI's affairs as well as the media and activists from local and international civil society organisations. This in itself is a healthy sign and a positive indicator that the plan has realised the goal that its publication was hoped to achieve.

However, this interest also indicated an unhealthy phenomenon arising from an incomplete understanding of the work and goals of ITIEI in the minds of some civil society activists, whose attention was drawn to the figures and the expense of the activities as published. They thought that the ITIEI was a grant-giving body and that they had to compete in order to win what they could of the finance that it should receive.

Therefore, we need to draw people's attention to some facts that will make this discussion more heated and thus draw the attention of civil society to the goals of the plan and the results hoped for from the different activities, and thus provide the organisation with thoughts that that will be more helpful in fulfilling the hoped-for goal. These facts include:

The EITI's work resembles the work of organisations attached to the United Nations in that it consists of a group of countries that have committed themselves to adhere to mutually agreed rules and mechanisms and on this basis seeks to achieve a goal that is beneficial to all. Therefore, one cannot treat the ITIEI in the same way as one treats civil society organisations that are usually not subject to the same strict work mechanisms and financial oversight that UN organisations are subject to. For the same reasons, we cannot deal with it as a grant-giving body that offers financial support and funds to activists and active civil organisations because it is quite simply not like that.

The Board of Trustees drew up this plan after exhaustive study of the priorities of broader stakeholders in the oil, gas and mineral sectors, based on the guaranteed allocations, like the allocations of the Ministry of Oil, and the probable funding coming from the World Bank and some development partners as detailed in the introduction to the plan. The Board also defined the challenges that the ITIEI would probably face in the course of implementing the plan, the first of which is the probable budget deficit. On this basis, they drew up implementation alternatives if the deficit continued, including requesting the Ministry of Oil to raise the allocation, merging some activities and moving them to the next plan.

The biggest challenge that the Board has faced after the plan was adopted and published was the ending of the World Bank grant entitled the EGPS grant, which for many years had been allocated to countries participating in the EITI. This means that the action plan is deprived of funding of no less than \$400,000.

The expenses found in the current action plan are estimates recorded in accordance with mechanisms used by the World Bank or any future donor. These amounts do not necessarily reflect the amounts spent, or that will in fact be spent, on each activity, which are normally subject to tight accounting mechanisms and which may be much less than the estimates mentioned.

Board members' work on the Initiative is voluntary work for which they do not receive any remuneration. Representatives of civil society who are kind enough to help with the organisation of some of the activities do not usually interfere in the financial affairs or in the spending of sums allocated to the activity. These matters are undertaken by specialist committees composed of officials from the National Secretariat on the basis of administrative regulations, and their work is subject to spending and accounting regulations in force in the Ministry of Oil and the World Bank.

For all these reasons, we reaffirm what we said at the beginning of this article regarding the healthy phenomenon relating to the heated discussion about the plan, how it is financed, and the cost of the activities, because this realises the purpose of its publication. However, at the same time, we have a right to ask:

Has wider civil society played its required role in the ITIEI?

Has it really benefited from the information published in its reports calling the government and companies to account?

Has it carried out its role of informing citizens about important facts and the results achieved in the reports on the extraction sector, which comprises more than 95% of the country's budget?

Has it studied the effect that the ITIEI's reports can have on the situation of extractive industries and thus on improving services and realising the desired growth and prosperity?

Finally, we have the right to query the actual effect that the participation of civil society in the work of the ITIEI has had in convincing the main players in it (the government and the companies) to disclose details to citizens more important than the few million dinars that this organisation or that activity might earn from the crumbs that the Initiative has spent in its workshops.

These are legitimate questions that we have the right to raise in upcoming public meetings and workshops with the purpose of obtaining answers that are in the public interest.

'Ala Muhyi al-Din

The Iraqi Transparency Alliance for Extractive Industries

Communique Issued by the Iraqi Transparency Alliance for Extractive Industries

An article by Dr 'Ala Muhyi al-Din, the deputy chairman and executive director of the Transparency Initiative for Extractive Industries in Iraq was published on the Initiative's website under the title "With Complete Transparency". Because some of the contents of the article relate directly to Iraqi civil society and its organisations, it is our moral responsibility in the Iraqi Transparency Alliance for Extractive Industries to clarify a few things and respond to the queries raised by the writer of the article under the following points:

1. The writer of the article does not make it clear whether his article expresses the official point of view of the Transparency Alliance since he is the executive director and the article is published on the official website, or whether the article expresses the writer's personal point of view. If the article expresses an official point of view, it would have been more appropriate for the thoughts contained in it to be discussed before its publication at the ITIEI's Board of Trustees and be voted upon according to the normal conventions. If the article is the personal point of view of the writer, then he should have published it in another place other than the Initiative's official website.
2. Civil society and its organisations have suffered since the foundation of the Iraqi Transparency Initiative for Extractive Industries because the management of the ITIEI have failed to understand the role of civil society in it, and the specificities of this role in comparison with the role of companies and the government. As I launch into this discussion, I would like to explain the specificities of the role of civil society in the ITIEI and say that the partnership between the government and companies (both domestic and foreign) exist de facto. It is a long-standing relationship governed by laws and contracts, and there is nothing new in it. However, the third partner in the ITIEI are the civil society organisations. They are the new partner and the biggest stakeholder. The administration of the ITIEI should understand this fact and cooperate with Iraqi civil society. However, it appears that even though the ITIEI has been in existence for so many years, its management still do not have a clear grasp of the importance of cooperation and openness to Iraqi civil society as a full and important partner in the ITIEI. To be more explicit, let us say that a good indicator of the degree of cooperation and openness hoped for is for the management of the ITIEI to be transparent with civil society and provide it with all data and information relevant to the ITIEI and not keep some information back. For example, the writer of the article mentions that the World Bank has cancelled its grant of \$400,000. This information was not circulating in the Stakeholders' Council despite its importance, and was not made available to civil society at the time. A second example is that when the ITIEI plan was drawn up and was discussed at the Stakeholders' Council, there was some discussion about the activities, but the amounts allocated were not discussed. The third example is when on more than one occasion the management of ITIEI forbade the members of the Stakeholders' Council who are representatives of civil society from apprising their colleagues in other civil society organisations of some data and information that were brought up in the meetings and which are related to the transparency of the extractive sector. This is all contrary to the understanding of transparency whose banner ITIEI is supposed to be waving.
3. In civil society literature, it is well known that there two important expressions: capacity building and empowerment. 'Capacity building' means to build up the

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capacity of organisations as institutions and activists as individuals and provide them with the various resources they need to have the capacity to serve their societies and their countries. 'Empowerment' means to remove all the obstacles, whether legal or otherwise, that prevent civil organisations and activists from carrying out their duties towards their societies and their countries. In civil society work it is customary for the process of building up the capacity of civil society organisations and activists to go on continually, and then they are empowered to do the things that they have built up the capacity to do. This process requires the combination of the efforts of various bodies, as well as human and financial resources. To ignore and skip this process and then to require civil society and its organisations to carry out their duties without passing through the stages of capacity building and empowerment means that there is an implicit intent to frustrate the efforts of civil society organisations and activists, and limit their chances of success in accomplishing what is required of them for the sake of the public good. In spite of this, Iraqi civil society has managed, thanks to the fact that international organisations are cooperating with it, to train activists and experts of a high level of experience and competence in the field of the transparency in extractive industries. These activists have participated in international conferences and have succeeded in filling important posts in international organisations, which is a source of great pride.

4. The article also contains an analysis of what the writer calls 'an unhealthy phenomenon'. He writes: "However, this interest also indicated an unhealthy phenomenon arising from an incomplete understanding of the work and goals of the ITIEI in the minds of some civil society activists, whose attention was drawn to the figures and the expense of the activities as published. They thought that the ITIEI was a grant-giving body and that they had to compete in order to win what they could of the finance that it should receive." We are astonished that situations like this could arise, because if such a misunderstanding has really occurred, it means that the ITIEI has been unable to communicate a correct understanding of its work despite the many years of partnership between civil society and the ITIEI that have passed, despite the presence of representatives of civil society on the Stakeholders' Council, and despite the partnership of many civil society organisations in ITIEI activities and events both inside and outside Iraq. For the sake of argument, let us assume that some NGOs submit proposals to the management of the ITIEI for the implementation of activities listed in the ITIEI plan. Should such a situation be considered unhealthy? Should such a situation lead to heckling and criticism? This is particularly astonishing since Iraqi civil society contains organisations with experience and competence in implementing activities relating to transparency in extractive industries, which enables them to successfully implement any activity or event. Testimony of this is given by international partner organisations who have financed many significant activities since 2011 until today. The writer's language, which leads one to the understanding that the greatest concern of Iraqi civil society organisations has been to obtain some 'crumbs' from the workshops implemented by the ITIEI, is unfortunate and unjust. We in the Iraqi Transparency Alliance for Extractive Industries reject it categorically and demand that the writer of the article reviews his conduct and corrects his ideas about Iraqi civil society, its civil society organisations and activists.
5. The writer of the article asks: "Has wider civil society played its required role in the Initiative? Has it really benefited from the information published in its reports calling

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the government and companies to account?” The writer of the article does not clarify here what he means by the role of civil society in the ITIEI so that we can indeed evaluate it. In order for us to understand the role of civil society in the ITIEI, we must go back to two very important documents that clarify this role and indeed regulate the overall work of the ITIEI. These are ‘The Articles of Association of the Transparency Agency for Extractive Industries’ and ‘the EITI Global Standard of 2019’, which is an international document to which Iraq has committed itself. The Articles of Association do not spell out a specific role for civil society, or for companies, or for the government. Instead, it talks about the Board of Trustees as an institution with goals and tasks, and thus any success that is achieved is a joint success, and similarly, any failure is a joint failure. If we probe more deeply into the distribution of responsibilities, the chairman of the Board of Trustees and his deputy are the party that bear the major part of the responsibility for the success or failure because the Articles of Association stipulate that board decisions should be taken unanimously, and if there is disagreement the decision should be taken by the chairman of the board, or in his absence by his deputy. The second document, the EITI Global Standard of 2019, is much more detailed than the Articles of Association referred to above and contains clear texts concerning the role of civil society in the ITIEI, especially in the Civil Society Partnership Protocol, which talks exhaustively about the empowerment of civil society and removing obstacles that prevent it from performing the roles attributed to it for the success of the work of the ITIEI. It also talks about providing the financial resources necessary to energise civil society, and here we must say that the ITIEI is still very far from the picture drawn by the Civil Society Partnership Protocol annexed to the EITI Global Standard of 2019. This leads us to an important conclusion, which is the lack of the preparatory work that would enable Iraqi civil society to fulfil the role spelt out for it in the EITI Global Standard of 2019. How can we expect results if the preparatory work has not been done?

6. The final question posed by the writer of the article is: “Finally, we have the right to query the actual effect that the participation of civil society in the work of the ITIEI has had in convincing the main players in it (the government and the companies) to disclose details to citizens more important than the few million dinars that this organisation or that activity might earn from the crumbs that the ITIEI has spent in its workshops.” Here we will ignore the subjective comparison that the writer of the article makes with regard to convincing the government and companies, and the ‘crumbs’ that the ITIEI spends on its workshops. We have, by the way, already spoken about this objectionable tone under Point 3. The comparison can be ignored and condemned because of its illogical and unproductive form, and because it conveys an accusation and no more, and we challenge the writer of the article to reveal to us the name of the civil society organisation that requested funding from the ITIEI. We will, however, focus on the last question about the effect of the partnership with civil society on the work of the ITIEI. However, here we would like to correct the writer of the article’s question because the question is partial, and the correct question is the one that will lead to the correct response. We propose to him that the question be more comprehensive and cast in the following form: “What is the real effect that the ITIEI has had in Iraq? And what is the role of civil society in achieving this effect?” We believe that this is the correct question. We are confident that the contributions of civil society throughout the last ten years through the many proposals it has submitted

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to develop ITIEI reports, and which are documented in the minutes of the meetings of the Board of Stakeholders are sufficient to show the importance of the role of civil society in the ITIEI. We can go into more detail on another occasion regarding the contributions of civil society when the purpose of the discussion and the questions is to analyse the mistakes (which civil society was not responsible for) that have happened during previous years of the life of the ITIEI, and to try to find objective and just answers in order to avoid falling into the same mistakes time and time again.

7. We would like to remind the administration of the ITIEI of the many positions that Iraqi civil society has taken in which it has indicated through its representatives on the Board of Stakeholders the mistakes that have occurred and which civil society expected at the time would affect the evaluation of Iraq in the process of ratification, and this is what actually happened and led to the suspension of Iraq's membership of the ITIEI as a result of ignoring the observations of Iraqi civil society and its representatives on the Board of Stakeholders. After that, Iraqi civil society had an honourable national position when it did its best from its position as an active partner in the ITIEI to convince the investigating delegation sent by the EITI to lift the suspension and restore Iraq to full membership because we believe that Iraq deserves this position, and that the mistakes that occurred and led to the suspension can be dealt with. Here we demand that the management of the ITIEI pay attention to the reasons for the suspension of Iraq's membership, and seek to deal with them and to avoid falling into them again in the future. As Iraqi civil society (organisations and activists) concerned about the issue of transparency in extractive industries, we will cooperate with the management of the ITIEI to maintain the membership of Iraq in the EITI on condition that the management of the ITIEI has the same spirit of cooperation and partnership that Iraqi civil society has. Finally, we ask: Whose interests would it serve for Iraqi civil society to separate from the ITIEI?

May God bless us as we serve Iraq and its people.

The Iraqi Transparency Alliance for Extractive Industries

Baghdad 14 August 2019