

Minutes

EITI International Secretariat

Oslo, 13 July 2016

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MINUTES OF THE 34TH EITI BOARD MEETING

Board informal sessions

The Chair opened the meeting by noting apologies from Sasja Beslik, Olga Bielkova, Montty Girianna, Victor Hart, Enkhbayar Nemekhbayar, and Ian Wood. He informed the Board that Kerstin Faehrmann would be leaving the Board and welcomed Catarina Hedlund as a member of the Board representing supporting countries. He also welcomed a delegation of Ukrainian stakeholders observing the meeting.

The Chair asked Jonas Moberg to introduce the informal sessions, which aimed to help Board members understand the challenges and opportunities around the new beneficial ownership requirements and the EITI's finances.

Understanding beneficial ownership

Jonas noted the global interest in beneficial ownership following the Panama papers. He said that through the EITI 51 countries, many of them non-OECD, had uniquely committed to beneficial ownership reporting, to disclosing beneficial ownership information at the source of where the money is generated. He said that a working group had been created to build the necessary knowledge and experience to support implementing countries.

Andrew Death, from the United Kingdom's (UK) Department of Business, Innovation and Skills, presented the UK's experience of creating a register of people with significant control (PSC) of all companies incorporated in the UK, as well as a proposed register of beneficial owners of companies owning property in the UK. Andrew said that the PSC register would be public and searchable. Making the information public helped with the verification of the data and made it easier for law enforcement agencies to access the information. Some information, like personal identification numbers, was collected but only available upon request. Under certain circumstances individuals could also request to keep their information from the public if the nature of their business or their relationship to it could put them at risk. He said that companies had to take "reasonable steps" to obtain the information. When asked about whether anyone had challenged this in terms of lack of privacy, he answered that a political decision had been made to the effect that transparency was worth the cost. Andrew said that the guidance for the law was over sixty pages long, but most companies just needed the shorter eight-page summary. On the property register, he said that companies bidding, owning or buying property in the UK had to join the register and provide beneficial ownership information. He added that this was a starting point and that other sectors could come later. Andrew's presentation is annexed to these minutes.

Professor Mack Dumba presented the example of the Democratic Republic of the Congo (DRC), where the exercise had shown what could be accomplished under the existing legal framework. As no definition of beneficial ownership existed, the multi-stakeholder group (MSG) hired a consultant to find a definition that would be suitable for the DRC. Professor Mack said that the MSG had sent templates to EITI reporting companies asking for the name of their beneficial owners, their date of birth, nationality, personal identification numbers and address. Most complied. The experience had demonstrated that companies had complicated ownership structures, and that owners could be direct, indirect or both. Professor Mack said that one of the concerns of the MSG was how to verify that the owners, who often were not in the country, were in fact the real owners. Another concern was the legal definition of ownership, and the lack

of a legal basis for requiring disclosure. He noted the role of civil society in encouraging parliamentarians to promote a law requiring the publication of beneficial owners ahead of 2020. An additional challenge that he raised was how to ensure that beneficial ownership disclosure did not put people at risk. Professor Mack finished by noting that new companies coming to the country were more willing to publish beneficial ownership information as part of doing business in the country than companies that were already established. Abdoul Aziz Askia asked whether some of the burden should not land on the countries where the companies were from. Professor Mack challenged this, noting the difficulties involved in ensuring that other countries would comply. Marine de Carne de Trécesson said that France aimed to set up a beneficial ownership register in 2016. Jim Miller noted the importance of beneficial ownership disclosure for companies that had to work together with indigenous partners.

Oleksiy Orlovsky was invited to present the Ukrainian case. He said that even though Ukraine did not participate in the beneficial ownership pilot, the revolution had led to the adoption of legislation on the establishment of a beneficial ownership register, the first in the world, in 2014. Oleksiy said that Ukraine used the existing register of companies rather than creating a new register. The information was publicly available, although some services required paying a fee. Among the challenges identified so far, Oleksiy highlighted the low number of companies reporting, the low number of searches in the register, the inability to verify the information from outside the country due to the absence of similar registers elsewhere, differences in the transliteration of names in the registers, and the fact that beneficial owners could still hide behind trusts and other financial vehicles. To remedy this, Oleksiy suggested raising penalties for non-compliance, including raising the cost of fines from the current USD 300, and blacklisting companies from public tenders. He also suggested having the banks collect beneficial ownership information when opening an account and having them check against the register. He argued that banks could then block the account if the information was not available or if it was wrong.

Erica Westenberg of NRGi remarked on the broad spectrum represented by the case studies presented, ranging from the more formal and legalistic example in the UK, which spans all sectors, to the more informal and extractives-specific approach in the DRC, with Ukraine combining elements of both. She stated that it was likely that most countries would adopt a combination of formality and *ad hoc* approaches to get started and noted the examples of Ghana and Tanzania. She stressed that whatever institutional approach was chosen, its success would depend on whether it addressed real problems. She encouraged countries to look at actual problems that beneficial ownership disclosure was meant to address, and added that flexibility and learning by doing as soon as possible would be important. Erica said that the conversation was a reminder of the enormity of the task ahead of implementing countries and that the capacity that would need to be built, accentuating the need for adequate and coordinated resources.

Andrew offered some thoughts for countries seeking to implement the EITI's beneficial ownership requirements. He suggested that countries tailored their approach to what problems they were trying to solve, ensuring that the metrics were sensible and did not add an unnecessary burden for companies, and did not underestimate the challenge. Daniel Kaufmann suggested that beneficial ownership disclosure be seen in connection with contract transparency and revenue transparency. The next step in his view was to make better use of these data points. Wendy Tyrrell asked whether any thought had been given to creating a global beneficial ownership registry and Andrew noted that there were opportunities for cooperating.

Fredrik thanked all the speakers. He said the conversation had been interesting and had helped highlight the challenges that countries would encounter in implementing the EITI's beneficial ownership

requirements.

Introduction to funding review paper by Finance Committee

Fredrik introduced the session by noting that the beneficial ownership discussion was a good example of how new areas of work for the EITI accentuate the need for stable and adequate funding. The Chair of the Finance Committee, Moses Kulaba, was invited to explain the state of the EITI's finances and the ongoing funding review. Moses said that the EITI was going through a difficult financial period following a deficit in 2015 due to lower than planned revenue. As a result, the Board decided to carry out a review of the EITI's funding. Moses asked Eddie Rich to provide an overview of the review to date.

Eddie reported that the EITI had spent less than budgeted in 2015 but revenues – through voluntary contributions - were lower than expected, while the scope of EITI implementation was increasing. He added that the EITI's current funding formula, where companies accounted for 50% and supporting countries provided the other 50% fell into trouble last year as companies struggled under the pressure of low commodity prices. The total number of contributions fell from 66 to 50. Eddie reminded the Board how difficult it was to plan on the basis of voluntary contributions. He added that constituencies contributed in different ways besides the contribution to the core budget. For example, implementing countries paid for their own implementation costs, often with assistance from the World Bank and other donors. Many supporting countries had provided assistance through the World Bank's multi donor trust fund (MDTF).

Eddie reported that the Finance Committee had been heartened by the constructive approach that all constituencies had shown to the funding review so far. He highlighted a common understanding about the need to find a more sustainable approach. He added that the consultations had shown a number of possibilities for how the funding formula could be amended across constituencies, including the possibility of introducing contributions by implementing countries along the lines of the Open Government Partnership, and introducing various models for minimum or recommended contributions for supporting companies and supporting countries.

Speaking on behalf of the supporting oil and gas companies, Dominic Emery welcomed the introduction of minimum contributions for supporting companies. Marine argued that supporting countries contribute through other means and that the constituency would need to consider whether introducing minimum contributions would mean losing some supporting countries. Oleksiy said that there may be technical barriers for implementing countries to contribute; in Ukraine, for example, it would require ratification by parliament. Zainab Ahmed noted that the funding problem would have been solved if all who should have contributed had indeed contributed. She reminded the Board that many implementing countries make substantial contributions by funding implementation activities from national budgets. Daniel encouraged a holistic approach that took into account the total contributions of each constituency, not just financial contributions to the core budget. He also reminded the Board that underspending was not necessarily a good thing, as it had come at the expense of, among other things, Validation. Stuart Brooks commended the positive spirit of the discussion and reaffirmed the companies' unanimous position on mandatory payments. He noted that investors had not to date been significant contributors to the EITI and encouraged bringing them into the discussion. Mary Warlick commended the work that the International Secretariat had done to reduce expenditures and highlighted the role of supporting countries in contributing the lion's share of support to date. She encouraged additional support from all stakeholders and said that the unintended consequences of mandatory contributions needed to be better understood before a final decision was made. Jim Miller suggested considering whether the fee structure could account for multi-

year donations.

Fredrik welcomed the wide-ranging discussion and thanked the Finance Committee for the report. He said that while he did not think the EITI was a big spender, the increased demands from additional countries and requirements would increase the need for additional funding. If the Board was unable to mobilise funding, it would have to take the consequences in terms of limiting the scope of its work. He concluded that the goal for 2016 should be to stabilise the funding situation and find a way to sustain it in 2017. Supporting companies and countries could play a significant role in ensuring this.

34 -1 Welcome by the Chair and adoption of the agenda for the formal session of the Board meeting

The Chair welcomed Board members to the formal session of the Board. The Board approved the agenda.

34-2 Report from the International Secretariat

Jonas Moberg informed the Board that 22 Committee calls had taken place since Lima and these calls had been a good opportunity to get to know the Board members. He mentioned that the Chair's high-level engagement with a number of heads of government in conjunction with the London summit had been significant for the EITI. EITI's new website was presented to the Board by Christina Berger and Victor Ponsford. Jonas added that this new site focused more on data and the key issues and less on the EITI as an institution. He thanked the World Bank and its funders for the financial contributions that made the new site possible.

Validation

Jonas stressed that in the recent past, particular focus had been on preparations for Validation. He commented that while many countries were eager to be Validated, some implementing countries were worried about losing their compliant status. This highlighted the need to strengthen communications efforts and the need to begin to speak differently about Validation and that Validation under the Standard was entirely different from Validation under the 2011 Rules. Jonas spoke of the unique opportunity to address the longstanding challenge of the term "compliance" which signifies that the job is done. The Standard would enable stakeholders to talk about how countries were doing against four different levels of progress which was more meaningful than the terms "candidate" and "compliant". In the coming months, some countries that are presently compliant with the 2011 Rules, will likely be adjudged to have made meaningful progress with the EITI Standard. The concept of "downgrading" did not exist in the EITI Standard, and the EITI should be careful about using it.

Jonas also made the following reflections:

- Focus has shifted from extractive sector governance to anti-corruption and tax justice. It was therefore important to make sure that the EITI could make the connection to tax justice, to beneficial ownership, to accountable governance. The work being done with the EITI should not be considered in an extractives silo, but shining a torch on practical means to address these national and global challenges. We needed to do a better job of explaining internationally that the EITI was well placed and of our relevance in the implementing countries.

- With the development of a complex standard came a responsibility to ensure that we communicated and explained the Standard. While the Secretariat had done many trainings virtually, they needed to be on the ground. However, the current financial situation did not make this possible in many cases.
- Following a Secretariat mission, it was evident that progress with implementation has slowed down in Myanmar, but the EITI was having a positive effect in Papua New Guinea. It underscored the importance of government ownership of the process.
- With beneficial ownership, many countries would struggle to put in place laws, regulations and procedures that would give effect to the EITI Requirements. A rough estimate showed that USD 14 million was required to implement the new requirements.

Jonas introduced the Implementation Progress Report, including the thematic issue which highlighted challenges with civil society in a number of countries: Afghanistan, Azerbaijan, the Kyrgyz Republic and Nigeria. In some countries, the problem was that governments were not providing an adequate environment for civil society. Elsewhere, representatives had sat too long on the MSG. He said that it would be unlikely that one approach could solve all cases, but consultations at an early stage could be part of the solution. He also noted that Validation could be a useful tool to document good practice.

A further challenge he identified was that implementation could be costly and outcomes unsure in countries that were unstable or fragile. Jonas asked whether the EITI could afford continuing implementation in these countries and whether some broader strategy should be considered. Catarina Hedlund asked about the situation in Yemen in this regard. Eddie Rich said that the situation continued to be tragic and noted that the Implementation Committee might wish to consider what effect the prolonged fighting could have on their status.

Cielo Magno and Mary Warlick noted that the discussion on civil society had direct implications for the work being done by the Governance and Oversight Committee. Faith Nwadishi said that further work needed to be done to understand what had happened with civil society in Nigeria. Stuart Brooks encouraged further work on mainstreaming for countries like Norway, to which Marine requested additional information on how the feasibility studies had gone. Laurel Green requested that more forward planning be communicated to the Board, especially when high-level visits were planned, so that stakeholders could help build interest prior to missions.

Dyveke Rogan provided an update on the situation in Azerbaijan, as requested by the Board. She said that the International Secretariat had recently visited the country to take part in the general assembly of the NGO coalition and to speak with stakeholders. The mission showed positive developments in terms of implementation, notably with regards to the recently published 2014 EITI Report, and some positive steps in terms of addressing the Board's concerns on the environment for civil society, including some improved access to funding – albeit from the government only -, reduced restrictions on freedom of movement, unfreezing of bank accounts and release of some political prisoners. She noted the continued challenges for civil society working on the EITI, notably with regards to the legal framework under which civil society operated which posed some challenges related to accessing funds and registrations of NGOs. In addition, some NGOs were facing financial penalties related to ongoing criminal cases and there were also some question marks concerning civil society's freedom of expression. Gubad Ibadoglu noted that the corrective plan for Azerbaijan had ended in April and asked what the next steps would be. Dyveke answered that the Implementation Committee had looked at Azerbaijan's Validation together with the broader Validation schedule for all countries and had decided to recommend to the EITI Board that Validation should start on 1

July. Daniel challenged the Secretariat's account of the situation, which he felt was too positive with regards to the dire situation faced by civil society in Azerbaijan. He referred to the recent concerns raised by EBRD's leadership on the lack of civic space in the country and also pointed out that the Open Government Partnership had recently declared Azerbaijan 'inactive' because of failure to address concerns related to the civil society environment. Mary noted the importance of recognising the positive developments in Azerbaijan.

Jonas was asked to provide additional information on Afghanistan. He said that demonstrating progress on fighting corruption was crucial to ensure continued support from the international community, and the recent nomination of Ghazaal Habibyar as Minister of Mines and Petroleum was a window of opportunity to make implementation more meaningful. He added that the latest report showed significant shortcomings. Afghanistan would need more time to become compliant. He also made reference to his conversations with President Ashraf Ghani in Kabul and at the Anti-Corruption Summit in London and noted the strong political commitment. President Ghani was keen to give priority to beneficial ownership disclosure and saw this as a key area where the EITI could contribute. Jonas noted that a number of donor conferences were coming up and that President Ghani was eager to ensure that the donor community recognised and acknowledged the challenges they faced.

Mary asked about the situation in Kazakhstan, where the Board was scheduled to hold its next meeting. Jonas noted that there were some issues about the enabling environment for civil society and said that an update would be provided in advance, for example in August. Nurabaev Kanaevich confirmed that the Government of Kazakhstan was looking forward to welcoming the Board.

Ana Carolina Gonzalez Espinosa asked about the situation for civil society in the Republic of the Congo and Cielo suggested setting up a grievance mechanism. Jonas responded that the Secretariat was in close contact with civil society in Congo and encouraged that any proposals concerning a grievance mechanism took as their point of departure the existing mechanisms in the Articles of Association, on which a fuller brief could be provided to the Board.

On outreach, Jonas said that Fredrik had recently been in Canberra and that the Australian Government had announced that it would implement the EITI. He noted that Jacqui Vincent, from the Department of Industry, was observing the meeting. Marine noted that France would soon implement as well and introduced Isabelle Wallard as the national coordinator. Additionally, Evert Everts, who was leading on Dutch implementation, was introduced to the Board. Jonas noted that challenges in Mexico had led to some delays in the government's timeline, but some of the trust-building measures were starting to bear fruit. More broadly he noted that although resources for outreach were limited, a lot of outreach was done by other stakeholders and he encouraged the Board to work strategically with the International Secretariat in the countries where they operate.

Actions:

- The Implementation Committee to consider whether sustained instability and violence like that currently experienced by Yemen may affect the status of countries after a certain point.

34-3 Report from the World Bank

Paulo de Sa provided an update from the World Bank. He noted that the Extractives Global Programmatic Support (EGPS) that had taken over the multi donor trust fund (MDTF) was aiming to reach some USD 30

million by the end of the year and was open for new proposals. A program manager was being recruited. The details of the report are available in the presentation annexed to these minutes.

Jonas noted that the situation looked more promising than a couple of months ago. He also said that a number of implementing countries were claiming that funds had not yet been disbursed, which could hamper them from complying with requirements. He added that it was possible that this was due to countries not being able to take the necessary steps to conclude grant agreements and associated paperwork on time. Lauren requested additional information on the projects, including on how the funds were distributed. Paulo said that the minutes of discussions of the steering committee could be shared with the Board pending approval from the committee.

34-4 Report from the Implementation Committee

34-4-a Transitional arrangements including Validation schedule

Fredrik invited Maria Isabel Ulloa as one of the co-chairs of the Implementation Committee to introduce Board paper 34-4-A. She said that the main task of the Committee had been to develop a proposal for transitional arrangements for countries, including providing a revised schedule, given the funding constraints of the organisation. She outlined the proposal for transitional arrangements, which addressed all of the changes between the 2013 and 2016 EITI Standard. With respect to the Validation schedule, the Implementation Committee had decided to recommend to the Board that option 3a be pursued or, if sufficient funding was not available, that option 3c would come into force. Fredrik asked Moses to comment as Chair of the Finance Committee on the availability of financial resources. Moses said that each Validation cost an estimated USD 30 thousand and said that although the funding could be found for 15 Validations in 2016, the number of Validations planned for 2017 could pose a financial challenge.

Mary suggested that if the funding situation was not expected to change between now and October, a decision could be made in favour of the Committee's suggestion 3c as 3a was more expensive. This view was supported by implementing country representatives and company representatives on the Board. Zainab added that while some countries wished to be Validated, implementing countries were concerned about the short timeframe between the Board's decision (June) and the expected commencement date of 1 July. She stressed the need for the Board to clearly communicate the decision to the government officials concerned. Sam Bartlett explained that 1 July would be the date by when the Secretariat would start work, and the Validation process itself would take some time to start in country. The Secretariat would propose a schedule to the multi-stakeholder groups, and although the Validation procedure requires that the Validation work be completed within a standard timeframe there would be some flexibility for example on when country missions should take place within that timeframe. Solange Ondigui Owonna noted that additional training would be desirable for implementing countries to help them quickly adapt to the 2016 Standard ahead of Validations.

Civil society argued that option 3a was recommended by the Implementation Committee and that it could accommodate many of the concerns raised with regards to availability of funding and exceptional circumstances. Ana Carolina said that whereas option 3a took into account financial and practical constraints, 3c would imply a change of policy - it would *de facto* give a maximum of three years, instead of 2.5. She added that this could have reputational repercussions for the EITI.

Fredrik noted that there were differing views, the Board was close to an agreement on the schedule. The

decision was deferred until the next day.

34-4-b Transparency in commodity trading

Jonas introduced paper 34-4-B and the recommendation from the International Secretariat to establish a commodity trading pilot. He clarified that this pilot was not aiming at introducing a new requirement, rather at focusing additional support on a minimum standard already laid out in requirement 4.2. He added that the Implementation Committee had agreed to endorse the Secretariat's recommendation to the Board, but suggested that it no longer be referred to as a pilot. Dominic Emery said that a multi-stakeholder working group had been created to start work on providing guidance and assistance, and five countries had been identified for further work but that other countries that were interested would be welcome to participate. He added that an estimated USD 320 thousand would be needed to support the group's work and provide training in country, and that the Swiss and UK governments had expressed an interest. Jonas noted that funding for this work would be additional and not come from the EITI's core budget. Zainab noted the potential to exchange experiences with other countries implementing requirement 4.2 and noted the relevance for Nigeria, where trading and bartering by national oil companies were on the rise. Stuart noted that this work could have important political implications and highlighted Iraq in particular.

The Board expressed support for the recommendations in the paper.

Actions:

- The Secretariat to invite countries to participate in the commodity trading effort.

34-5 Report from the Validation Committee

Fredrik invited Mark Pearson to report on the work of the Validation Committee in light of the discussion held the day before on the transitional arrangements.

Mark informed the Board that the Committee had met three times since Lima. The Validation procedures developed by the previous Validation Committee had been reviewed and submitted to the Board for approval on the basis of no-objection through Board circular 212. He highlighted the rationale behind the new procedures and the lessons from the pilots, which although of high quality, had raised concerns about the role of the International Secretariat. As a result the new procedures included checks and balances and empowered the Validator to review or amend the report of the International Secretariat. He said that the overall assessment would remain with the Board and would be based on the report of the Secretariat, the recommendations of the external Validator and the comments of the multi-stakeholder group.

On the transitional arrangements discussed the day before, Mark said that the Committee had discussed the Implementation Committee's recommendation, but that Committee members had concerns as to whether it would be practical to carry out 30 validations in 2017 as in option 3a due to resource constraints. Daniel noted that the Board should keep in mind that some countries had indicated that they wanted to be validated on time or earlier than their scheduled date, and that there was still a need for bold fundraising. Fredrik thanked the committees for their work in laying the foundation for the discussions and noted that there was agreement on the transitional agreements (annexed to these minutes, below). He also noted the strong support for conducting 15 Validations in 2016 starting on 1 July and reminded the Board that implementing countries could request an extension if they considered it necessary. The question, he said, was on what would happen in 2017 and 2018 taking into account the EITI's finances and working conditions. He noted that the Implementation Committee had linked its recommendation to the

availability of funding and said that identifying funding for 30 Validations would probably be difficult. He suggested that a group of six countries be Validated in the first quarter of 2017 and that the Board review the situation at the Board's next meeting in October for the other countries. He noted that countries could also request to be Validated earlier if they considered themselves ready. The Board expressed its unanimous support for this approach and took note of the need to convey that Validation was about quality assurance, recognising progress and helping to improve implementation, not just a pass-fail exercise.

Actions:

- The Board agreed the following schedule for Validations:
 - 15 Validations (in Azerbaijan, Ghana, Kyrgyzstan, Liberia, Mali, Mauritania, Mongolia, Niger, Nigeria, Norway, Peru, Sao Tome & Principe, Solomon Islands, Tajikistan and Timor-Leste) will commence on 1 July 2016.
 - Six further Validations will commence on 1 January 2017 in Honduras, Iraq, Mozambique, Philippines, Tanzania and Zambia.
 - The Board foresaw confirming the schedule for the remaining countries at its next meeting in Astana.

34-6 Report from the Finance Committee

As Chair of the Finance Committee, Moses informed the Board that the Secretariat was seeking funding on an ad hoc basis in 2016, but this was not sustainable for the future. He stressed the need for a mechanism with assurances. The funding review sought to resolve some challenges as well as properly plan and identify responsibilities.

Zainab inquired about the possibility of moving funds from implementation to Validation. Moses responded that the cost of Validation had two elements: (1) secretariat staff time and travel, and (2) the cost of engaging a consultant to act as Validator. The World Bank EGPS was providing funding to cover consultant costs. The staff time and travel costs for the 15 validations could be met by temporarily drawing on funding allocated to implementation support in the 2016 work plan. The Board paper noted that this was not a sustainable solution in the longer term.

Moses proposed that each constituency would send their comments. These would be reported back to the Finance Committee at the end of July. The Finance Committee would compile the comments and decisions with the aim to have clear recommendations for Astana. Moses also welcomed suggestions on additional funding.

Mary Warlick commented that the options paper was a good start and could be built upon. She reminded that it had been agreed in the Finance Committee to drill down on additional options such as outreach to new stakeholders. Mary, Dominic, Jonathan and Oleksiy volunteered to take on the role of gathering suggestions for additional funding. Suggestions could also be shared with Eddie and Brynjar in the Secretariat.

Professor Mack Dumba informed the Board that a meeting was organised in May in Kinshasa for national coordinators from Africa. All of the national coordinators were in agreement that they should be responsible for their own funding. Professor Mack Dumba shared that he had had a meeting with the Prime Minister about the EITI's funding challenges and the Prime Minister would like to meet Fredrik. He brought

the suggestion that the EITI Chair could speak with leaders in EITI countries in the effort to secure funding.

Moses updated the Board on the finances as per the first quarter of 2016 and whilst the outturn was positive, the uncertain nature of voluntary funding would require constant monitoring of contributions in 2016. The Secretariat would continue reducing costs for the remainder of the year, including reallocating money from implementation support to Validation, a situation which would not be sustainable beyond 2016. Fredrik thanked the Belgian government for their support for training for Francophone countries.

Actions:

- Each (sub)constituency to consider the options for their constituency and provide comments to the Finance Committee on the funding review.
- The Finance Committee to present a recommendations paper on a new funding model to the Astana Board.

34-6 Report from the Governance and Oversight Committee

Fredrik asked Mary to report on the work of the Governance and Oversight Committee. She said that the Committee had met five times since Lima and had changed its name to reflect its new oversight role. Mary said that terms of reference for the Committee had been circulated to the Board along with a workplan. She briefly went over the standing issues in the workplan and said that the bulk of the work of the Committee centred around three priority areas: deriving lessons from the Board meeting in Kiev, deriving lessons from the Members' Meeting in Lima and following up on the 2015 Governance Review. Mary said that in conducting its work the Committee would aim to be inclusive while ensuring quick progress. She encouraged all Board members and alternates to engage with these three work streams and asked the work stream leads to provide a brief update of their progress.

On the lessons from Kiev, Marine said that a two-track approach had been initiated by the Committee to develop specific recommendations over the coming weeks on, amongst other things, formalising Board decision-making procedures, nomination procedures and improving the accountability of the EITI Chair and Head of Secretariat. On the lessons from Lima stream, Carine Smith Ihenacho said that the Committee would work on promoting improvements to constituency guidelines and in particular strengthening nomination procedures. On the follow-up to the 2015 Governance Review, Oleksiy said that it would be primarily a stock-taking exercise to ensure that what the Board had approved was followed up and to feed into the work of the two other streams.

Actions:

- The Governance Committee to make recommendations to the Board on the three workstreams.

Any other business

Jim noted the heavy workload ahead of the Validation Committee in the coming months. He asked the International Secretariat to look into alternatives to ensure more efficient teleconferences in several languages that did not require consecutive translation. Jonas agreed that this was a particularly important issue and said the Secretariat would inform the Board of the options that had been looked into as well as the costs involved in pursuing other alternatives. He noted that there were no straight-forward solutions. A key challenge in selecting a provider of quality communication solutions was that many companies did not work with many of the countries in the EITI. Jim asked company representatives on the Board to suggest

alternatives to the Secretariat from their companies.

Oleksiy informed the Board on behalf of Olga Bielkova that a letter would be issued to the Board requesting adapted implementation following armed conflict in the country.

Laurel said that she was impressed with the way the Board committees had functioned so far and encouraged the International Secretariat to again send a reminder to Board members on how to make these more efficient as well as to send papers out sooner. Jonas said that a reminder of committee good practices had been circulated to the Board through Board circular and that other ideas could be pursued. He also said that the Secretariat would continue to work towards providing Committee papers at least five days ahead of a Committee call. Laurel suggested that papers could be sent in stages to avoid bottle-necks.

Faith asked whether it would be possible to provide more follow-up to Board members on what is expected of them and Wendy suggested that it be complemented with a discussion on the long-term vision for the EITI through a Board retreat. Jonas reminded Board members of the EITI Board manual and Fredrik suggested looking at holding a Board retreat in the first half of 2017.

Fredrik reminded everyone that they had agreed that the next meeting would take place in Astana on 25-26 October and Jonas said that the Secretariat would get back on suggestions for possible visits in the region just before and after the meeting. These could include mining site visits in Kazakhstan and small but high-level delegations to Kyrgyzstan and Tajikistan as well as meetings in the margins of the meeting itself in Astana.

Mary encouraged Board members to volunteer as Chair of the Outreach and Candidature Committee. Fredrik thanked Marine and Nico van Dijck for their work in the Board. Stuart noted how constructive and collegiate the Board meeting had been and commended the Chair for his chairing of the meetings.

Actions:

- The International Secretariat will aim to send Committee papers at least five days ahead of Committee meetings.
- The International Secretariat will inform the Board about its progress in finding technical solutions to improve the quality of teleconferences.
- The Board to consider holding a Board retreat in the first half of 2017.

34th Board meeting ended

Annex A – Participant list

Participant List (not participating – in grey)

Chair

Mr Fredrik REINFELDT

Countries

Implementing Countries

Ms Olga BIELKOVA, Member of Parliament, Ukraine

Alt: **Mr Nurabaev Bazarbai KANAEVICH**, Chairman, Committee of Geology and Subsoil Use, Ministry of Investment and Development, Kazakhstan

Mr Montty GIRIANNA, President, EITI National Committee, Indonesia

Alt: **Mr Enkhbayar NEMEKHBAYAR**, Director-General, Strategic Policy and Planning Department, Ministry of Mining, Mongolia

Ms Zainab AHMED, Federal Minister of State Ministry of Budget and National Planning, Nigeria

Alt: **Mr José Fernandes ROSA CARDOSO**, National Coordinator, São Tomé e Príncipe

Mr Didier Vincent Kokou AGBEMADON, National Coordinator, Togo

Alt: **Mr Ismaila Madior FALL**, Minister, Legal Adviser to the President and Chair of the EITI National Committee, Senegal

Mr Jeremy Mack DUMBA, National Coordinator, Democratic Republic of Congo

Alt: **Ms Agnès Solange ONDIGUI OWONA**, National Coordinator, Cameroon

Mr Victor HART, Chair of TTEITI, Trinidad and Tobago

Alt: **Ms Maria Isabel ULLOA**, Vice Minister of Mines, Colombia

Supporting Countries

Ms Mary WARLICK, Principal Deputy Assistant Secretary of State, Bureau of Energy Resources, State Department, USA

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

Ms Catarina HEDLUND, Deputy Director at the Department for International Trade Policy, Ministry for Foreign Affairs, Sweden

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Annex B – Transitional arrangements for the 2016 EITI Standard

Preamble. On 23 February 2016 the EITI Board adopted ~~the~~ the 2016 EITI Standard^[1], replacing the 2013 EITI Standard^[2]. On 2 June 2016 the Board agreed the transitional arrangements for the adoption of the 2016 EITI Standard by implementing countries.

The Board agreed the following:

1. The following provisions of the 2016 EITI Standard will be phased in as follows. Where countries undertake Validation prior to these requirements coming into force, the Board will assess compliance with these provisions as soon as the requirements come into force:
 - a. The requirement for work plans to “outline the multi-stakeholder group’s plans for implementing the recommendations from Validation and EITI reporting” (requirement 1.5.c.iv) will come into force on 31 December 2016.
 - b. The requirement for annual progress reports (APRs) to include “an overview of the multi-stakeholder group’s responses to and progress made in addressing the recommendations from reconciliation and Validation” (requirement 7.4.a.iii) will come into force for 2016 APRs onwards.
 - c. The requirement for MSGs to “publish its procedures for nominating and changing multi-stakeholder group representatives, decision-making, the duration of the mandate and the frequency of meetings” (requirement 1.4.b.vi) will come into force with immediate effect.
 - d. Requirement 1.4.b.vi “Where the multi-stakeholder group has a practice of per diems for attending EITI meetings or other payments to multi-stakeholder group members, this practice should be transparent and should not create conflicts of interest” will come into force with immediate effect.
 - e. The requirement for MSGs to “Agree a clear policy on the access, release and re-use of EITI data” (requirement 7.1.b) will come into force on 31 December 2016.
 - f. The disclosure of beneficial ownership roadmaps (requirement 2.5.b.ii) is required by 1 January 2017. Countries applying for candidature after 1 January 2017 will be required to address the roadmap requirement as part of the MSG’s workplan.

2. The changes that relate to EITI Reporting listed below will only be assessed in Validations starting from 1 Jan 2018 onwards. **Where feasible, implementing countries are encouraged to address**

^[1] <https://eiti.org/document/standard>

^[2] <https://eiti.org/document/standard-2013>

these aspects in ongoing reporting. Countries are expected to address these aspects as they agree their next Terms of Reference for Independent Administrators. Where countries undertake Validation prior to these requirements coming into force, the Board will assess compliance with these provisions as soon as the requirements come into force.

- a. The requirement that EITI Reports be available in open data formats (requirement 7.1.c) will come into force on 31 December 2017
- b. The requirement that reporting on license allocations is extended to all licenses issued or transferred in the financial year covered by the EITI report (requirement 2.2.a) will come into force on 31 December 2017.
- c. The requirement that EITI Reports to cover the government's policy and MSG's discussions on disclosure of beneficial ownership (requirement 2.5.b.i) will come into force on 31 December 2017.
- d. The disclosure of beneficial ownership information (requirement 2.5.c) will come into force by 1 January 2020.