



50th Board meeting

Virtual 9-10 June 2021

Submitted by: EITI International Secretariat

on: 1 July 2021

# Minutes

These Minutes capture the purpose and agreed outcomes of the 50<sup>th</sup> meeting of the EITI Board.

# MINUTES OF THE 50TH EITI BOARD MEETING

---

## Table of Contents

50-1 Welcome and adoption of the agenda.....	3
50-2 Report from the Secretariat .....	3
50-3 Report from the World Bank.....	6
50-4 Report from the Governance and Oversight Committee <a href="#">Presentation: EITI Board Assessment Survey results 2020</a> .....	7
<a href="#">Board paper 50-4: Assessment of adherence to the Expectations for EITI supporting companies: results and recommendations</a> .....	7
50-5 Report from the Implementation Committee.....	12
<a href="#">Board Paper 50-5: Review of EITI reporting options</a> .....	12
50-6 Report from the Validation Committee .....	13
<a href="#">Board Paper 50-6: Report from the Validation Committee</a> .....	13
50-7 Report from the Finance Committee.....	14
<a href="#">Board Paper 50-7: 2021 Q1 Accounts and Q2 2021 Forecast</a> .....	14
50-8 EITI Global Conference.....	15
<a href="#">Board Paper 50-8: EITI Global Conference and Members' Meeting</a> .....	15
<b>Annex A – Board country decisions</b> .....	16

## 50-1 Welcome and adoption of the agenda

The **EITI Board Chair, Rt Hon. Helen Clark** opened the meeting and welcomed the Board members to the EITI's 50<sup>th</sup> Board meeting which marked 15 years since the EITI's first Board meeting at the UN headquarters in New York in December 2006. She thanked the EITI stakeholders for their dedicated work to the transparency agenda in the extractives, and noted that Stuart Brooks had been attending Board meetings from the outset.

The Chair reminded Board members of the procedural setting of the Board meeting in which only full Board members speak on a given issue. As with physical meetings, Board alternates should only speak if the full Board member has not yet provided their constituency views and the agreement was made for the alternate to step in.

The draft Board meeting agenda was approved.

## 50-2 Report from the Secretariat

### Board paper 50-2-A: Implementation Progress Report

Mark Robinson presented a summary of the IPR for the period February–May 2021 and announced the launch of the EITI 2021 annual Progress Report. He highlighted that many countries had continued to grapple with the effects of the COVID-19 pandemic, and several countries were also experiencing political instability, social unrest or conflict, or a decrease in stakeholder engagement, weak MSG governance and funding gaps. He noted that, despite these challenges, innovations in reporting were happening in all regions. On the annex to the IPR, which provided a country-by-country assessment of EITI implementation, he noted that the country entries included the Civicus Monitor ratings of civic space for the first time. He added that the past quarter had seen tangible improvements in countries on beneficial ownership, state-owned enterprise and commodity trading transparency, as well as a substantial number of capacity building and communications activities undertaken by the Secretariat.

Bady Baldé shared updates on implementation in Chad, Mali, on which the Rapid Response Committee had been briefed, and on recent developments in Myanmar. On Chad, he noted that the military council in place had named a transition government. The Minister of Petroleum and Energy, Mr Oumar Djarma Torbo, Chair of the EITI MSG, had been maintained. EITI stakeholders were pursuing their work and preparations for Validation scheduled to begin in October. On Mali, he noted that both the ECOWAS and the African Union had imposed sanctions following the second coup in less than a year. He added that progress with implementation would be challenging in this context, but that stakeholders at the national level had not called for suspension. Validation scheduled to begin in October 2021 would likely be postponed. The functioning of the MSG would partly depend on civil society's willingness to engage with the military regime.

On Myanmar, he highlighted that social unrest, military aggression and crackdowns on civil liberties had continued to escalate, with sanctions imposed by the United States and the European Union. It was the Secretariat's understanding that some private oil companies had suspended payments to the oil and gas SOE, Myanmar Oil and Gas Enterprise. The Secretariat had received a letter on 8 June noting that an EITI civil society member from the Sagaing region

had been arrested by the military and calling for a public statement by the EITI Board Chair or the Executive Director of the International Secretariat. On EITI implementation, the Secretariat had been informed by Deputy Minister of Planning, Finance and Industry U Maung Maung Win that the military regime planned to continue EITI implementation, including establishing an MSG. The Secretariat has informed the Deputy Minister of the conditions that needed to be met before the Board could lift the suspension. A public statement was issued by the Executive Director and the civil society member has since been released from military custody.

Board members raised the following points:

- Progress on state-owned enterprise transparency in the Democratic Republic of the Congo was closely linked to meaningful follow-up from national stakeholders on corrective actions from the previous Validation, concluded in October 2019. Such good examples should be shared across EITI implementing countries, including through the state-owned enterprise network.
- It would be helpful for the Secretariat to explain what would be covered by technical assistance to be provided to selected countries as part of the Opening Extractives programme, which could raise questions in the future about how these countries would be assessed under Validation. Awa Marie Coll Seck noted that the entry describing progress on beneficial ownership transparency in Senegal should be updated and reflect the adoption of a decree in April 2021. She added that the situation in the country was stable and that the country was maintaining the current starting date for Validation. Ines Marques explained that technical assistance would be provided in all areas of beneficial ownership transparency, including on agreeing adequate materiality thresholds. She added that consultations with in-country stakeholders on their demand for support were underway and that the programme included peer-learning beyond the selected countries.
- It would be desirable for Board members and their constituencies to be involved in the design of events on the contribution of the EITI to the energy transition. Ines noted that the Secretariat is planning events in the run-up to COP26 in collaboration with partners such as NRGI, Chatham House and Carbon Tracker. The events aim to mobilise support for and provide data use cases on how EITI can contribute to policy discussions on the impact of the energy transition on the extractive sector.
- The addition of the Civicus Monitor ratings to country entries was considered helpful by civil society Board members. They showed how critical it was for the EITI Board to closely monitor restrictions to civic space. In addition to concerning developments in Myanmar, the civil society constituency had recently received a troubling account from civil society working on extractives in Nigeria. The situations in Mali and Myanmar raised the question of how the EITI could keep working with government institutions which international actors did not recognise as legitimate. Cielo Magno appealed to international oil companies to stop payments to the military government in Myanmar, thereby legitimising the junta.

**Actions:**

- The Secretariat to monitor developments in Chad, Mali and Myanmar, keep the Board informed and advise the Rapid Response Committee and the Implementation Committee on future action as required.
- The Secretariat to share information about events in connection with COP26 and further updates on progress with work on the implications of the energy transition in its

implementation support.

## Board paper 50-2-B: Outreach Progress Report

The Chair invited Diana Kaissy, Chair of the Outreach and Candidature Committee (OCC), to present the Outreach Progress Report (OPR) from the Secretariat, and noted that the Secretariat had presented the report to the OCC.

Diana presented the OPR, indicating that the OPR provides an update from the Secretariat on country and corporate outreach activities and developments from the period February – June 2021. Outreach activities during the period continued to be limited by the COVID-19 pandemic.

No new candidature applications were received by the Secretariat. However, applications are still expected from Angola, Equatorial Guinea and Gabon this year, with potential applications from Lebanon and Tunisia early next year.

Angola continues to make progress in preparing a candidature application, but progress has been slowed by government concerns about how civil society members were nominated and elected to the MSG. Although the documentation received by the Secretariat indicates that the civil society nomination process was open and free from government interference, the Ministry of Mineral, Oil and Gas Resources has raised concerns that members from two leading civil society organisations engaged in natural resource governance were not nominated and that a member from an official trade union was nominated. The Secretariat is working with the government and civil society to address and overcome concerns, stressing the importance of the independent process for civil society nominations. The Ministry of Mineral, Oil and Gas Resources is preparing terms of reference for the MSG and has shared an outline of a work plan with the Secretariat. Angola's candidature application is still expected in Q3 2021, assuming continued progress on these issues.

Earlier this year, the Secretariat provided concrete recommendations to Equatorial Guinea of tasks and steps to complete before submitting a new candidature application. The country, however, faced a major setback following the tragic series of explosions in Bata in early March, which resulted in significant loss of life and infrastructural damage, and diverted the government's attention and resources. The Minister of Mines and Hydrocarbons, however, wrote the Secretariat recently to confirm the country's desire to submit a new candidature application, potentially in Q3 2021. The government resolved to reconfirm its commitment to implement the EITI, to reconstitute the MSG to address past concerns about the civil society nomination process and to host a civil society conference later this year to stimulate further civil society engagement in the EITI process.

Gabon has made significant progress following the President's commitment to re-join the EITI in January 2021. The country has formed an MSG, which held its first meeting in May. The Secretariat has worked with the MSG and civil society in the country concerning the sign-up steps and the civil society protocol. The documentation provided to the Secretariat appears to show that the civil society nomination process was inclusive, independent and transparent. Remaining core activities include the finalization of the MSG terms of reference, the recruitment of a permanent secretariat and the elaboration of a work plan. The Secretariat anticipates a candidature application from Gabon in Q4 2021.

The Secretariat remains hopeful for candidature applications from Lebanon in Q4 2021 and from Tunisia in Q1 2022, but stable, supportive and engaged governments in both countries would be needed for the EITI candidature process to move forward.

Outreach activity to Australia, Brazil, Chile and South Africa has been limited as a result of lack of government interest and the attention diverted to address the COVID-19 crisis. The Secretariat has developed an outreach plan to South Africa and anticipates greater outreach there once the COVID-19 situation stabilizes. The Secretariat is monitoring interest in the United States and reaching out to the Biden Administration to gauge support for re-application to the EITI. The Secretariat is also following up on interest from Serbia, South Sudan and Uzbekistan and hopes to engage with governments in those countries soon concerning the benefits of EITI implementation.

With regard to corporate outreach, Diana stated that the EITI was pleased to welcome Boliden as a new EITI supporting company. The Secretariat has also prepared a Company Outreach Plan for 2021-2022 to help achieve the EITI Outreach Strategy 2020-2022, EITI's strategic priorities and to invigorate outreach to financial institutions.

## 50-3 Report from the World Bank

Christopher Sheldon, Practice Manager with the Energy and Extractives Global Practice, presented the report from the World Bank Group (WBG). He highlighted the World Bank's efforts in tackling the challenges around the COVID-19 pandemic which continues to pose great risk to resource rich countries. He reported on the EGPS [Rapid Response](#) facility, [gender conference](#), and latest "[State of the Artisanal and Small-Scale Mining Sector](#)" report.

Christopher stated that the earlier target of providing around half of EGPS funds toward EITI implementation support was met with four grants Mali, Ghana, Albania, and Chad in the amount of USD 2.2M being approved in this round:

- Mali (USD 350K): The grant will improve extractive revenue transparency and promote social accountability and direct gender-balanced citizen engagement.
- Ghana (USD 600K): The grant will support the expansion of EITI implementation in line with the 2019 EITI standard and inclusion of artisanal and small-scale mining sector in EITI reporting.
- Albania (USD 850K): The grant will assist Albania in implementing its EITI agenda with a focus on reporting and review/revision of regulation required to improve transparency, training and capacity building in the MSG and broader stakeholders.
- Chad (USD 400K): The grant will promote transparency in the extractive sector and awareness of its social externalities.

Oleksiy Orlovsky raised his concern around continuous requests for disclosing information about the financial support to CSO organisations not being addressed. He added that the table with detailed information continues to refer to countries only, without the indication of the government bodies the funds are being granted to. It was requested that countries supporting the EGPS Steering Committee discuss the possibility of granting resources to be distributed exclusively to NGO's. Christopher responded that the World Bank is at the final stages of launching a grant dedicated for CSO activities in hope of addressing this issue but noted there were challenges in granting resources to CSO organisations due to its nature of engagement with governments.

Christopher thanked the EITI Board and announced that he would be stepping down as the Practice Manager with the EGPS and moving on to a WB Country Manager role in Bosnia-Herzegovina. The Board thanked Christopher for his support to the EITI and wished him all the best in his next endeavour.

## 50-4 Report from the Governance and Oversight Committee

### Presentation: EITI Board Assessment Survey results 2020

Oleksiy Orlovsky presented the results of the EITI Board Assessment Survey results. The Board Assessment Survey results are positive, highlighting general satisfaction with the operation of the Board during 2020. Improvements were registered on most questions. The Governance and Oversight Committee (GOC) has reviewed the results and is not putting forward any recommendations for Board consideration at this time. The GOC 2021 work plan includes a number of relevant ongoing activities, including revising constituency guidelines and reviewing the Code of Conduct.

#### **Actions:**

- The summary of the Survey results will be circulated with the next Board Circular.

### Board paper 50-4: Assessment of adherence to the Expectations for EITI supporting companies: results and recommendations

The Chair introduced the paper, noting that the International Secretariat has conducted an assessment of expectations for EITI supporting companies and that the paper is presented for discussion. The Board would need to consider actions for the Secretariat and GOC to take following the meeting.

The Chair invited Oleksiy Orlovsky, Chair of the GOC, to introduce the paper. Oleksiy reminded the Board that it agreed at the previous Board meeting to an assessment to be conducted by the Secretariat (Board Paper 49-8-B: *Assessing adherence to the Expectations for EITI supporting companies*). That paper outlined five specific steps to assess the degree of correspondence of supporting companies to the Expectations which had been approved by the Board in June 2018.

Oleksiy noted the main task of the exercise consisted in developing a mechanism for assessing whether supporting companies are adhering to the Expectations, to present approaches companies take to meet the Expectations, to highlight good practices and maintain the EITI's credibility in admitting new supporting companies.

Oleksiy explained the paper was the result of implementation of the first four steps in the paper agreed by the Board. The process of preparing the paper was preceded by very intensive work by the Secretariat, focused on communication with EITI supporting companies, in particular, including a series of three well-attended and well-received preparatory webinars. Further work consisted of initial assessments of each supporting company's adherence to the Expectations based on publicly available sources. The results of the initial assessments were shared with each supporting company for comments and correction. The paper contained the aggregate results of the assessments and was presented for consideration by the GOC and companies' constituency.

Oleksiy thanked the International Secretariat for its painstaking work connected with preparation of the paper and the supporting companies which promoted and engaged in the assessment exercise. Oleksiy invited Andrew Irvine from the Secretariat to present the main findings of the assessment and the draft recommendations from the International Secretariat.

Andrew first explained that Annex A to the paper provides the Secretariat's assessments of individual supporting companies. As it stands, the Annex is confidential and only available to Board members upon email request to the Secretariat. The Annex is not for wider distribution and Board members should take appropriate steps to avoid dissemination of the Annex and to ensure its confidentiality. Board members may email the Secretariat to request access. The Annex is password protected. The Secretariat will be tracking access to the Annex.

The Secretariat explained that the aggregate results of the Secretariat's assessment of company adherence to the Expectations for EITI supporting companies showed significant company progress in meeting the Expectations. While the overall results were positive, the Secretariat recommended improved progress on the Expectations 2, 4 and 6.

The Secretariat noted that Expectation 2 concerns companies' public disclosure of taxes and payments to non-EITI countries. Most companies were meeting Expectation 2 across their global operations. However, while most companies provide some form of public disclosure of taxes and payments at the group level, nearly 30% (18 of 62 companies) did not disclose taxes and payments to governments in non-EITI countries. These companies did not state why they were not providing these disclosures.

Considering the varied company progress in meeting this expectation, the Secretariat recommended that the Board clarify that to meet Expectation 2 in full companies are expected to disclose taxes and payments publicly to governments in all countries in which they operate and at a project-level in line with the recognized definition of a project provided at Requirement 4.7 of the EITI 2019 Standard, but that where they choose not to in non-EITI countries, they should state the reason why they are not making these disclosures.

On Expectation 4 on disclosure of beneficial owners, the Secretariat indicated that 87% of EITI supporting companies were publicly listed companies, which disclose beneficial ownership information according to stock exchange reporting requirements. However, while meeting the Expectation in this regard, few companies provided more public-facing disclosures on their corporate website or public statements of support for beneficial ownership transparency. Several companies, however, championed country's efforts on beneficial ownership reforms and these efforts were seen as best practices. For the first time, several companies were identified as leading disclosures on the beneficial ownership information for their joint ventures.

The Secretariat recommended that it consider and recommend to companies consistent, good practices on disclosure of beneficial owners, on identification of beneficial owners of joint ventures, and use of beneficial ownership information in due diligence on suppliers and contractors. The Secretariat also recommended that supporting companies publicly support countries' beneficial ownership reform efforts, to help governments move forward with those reforms.

On the assessment of Expectation 6 on company support for the operationalisation of countries'



decisions to disclose future licenses and contracts, the Secretariat examined whether companies had published statements of support or policies on disclosure of licenses and contracts. A limited number of companies (22 of 62) have published such statements. The majority did not do so.

Considering many companies did not appear to publicly support countries' decisions to disclose licenses and contracts, the Secretariat recommended that supporting companies publish statements of support to meet Expectation 6 and promote the requirement for contract disclosure in the EITI 2019 Standard. The Secretariat also recommended the company constituency consider a revision to this expectation to make it more understandable and to establish concrete, measurable objectives under the Expectation.

The Secretariat also recommended the Board consider the following general recommendations:

- Following the Board meeting, the Secretariat recommended that it communicate the scope and aggregate results of the assessment to highlight company progress and practices in meeting the Expectations, and to maintain and promote the credibility of the Expectations and the EITI.
- The Secretariat recommended the company constituency consider revisions to the Expectations to provide more clear and determinable objectives and outcomes for each Expectation, and to enhance their applicability to commodity traders. These revisions could be presented to and discussed by the GOC and recommended for Board decision in the October meeting.
- The Secretariat also recommended the Board consider how to address instances where EITI supporting companies are not meeting the Expectations.
- The Secretariat recommended the GOC evaluate the benefits and costs of the assessment, consider whether and when the process should be repeated, and provide a recommendation to the Board at the October meeting.

The Secretariat additionally recommended that special consideration be given to the timing and sequencing of the recommendations in this paper, in consultation with the company constituency, in order to maintain company support and optimize progress in meeting the Expectations.

The Chair invited Board discussion on the paper. Board members commended the Secretariat for its work on the assessment and raised the following points:

- Overall, the assessment process was positive and beneficial in promoting greater engagement from supporting companies in the EITI and understanding of the Expectations.
- The assessment showed significant company adherence to the Expectations, confirming the credibility of the Expectations and that of the EITI.
- As the language of the Expectations was difficult to agree when developed for Board approval in 2018, any revisions to the Expectations would likewise be difficult to agree. While the Secretariat could help address gaps in adherence with certain companies, there is no appetite among supporting companies to go through an extensive process of revising the Expectations. The Secretariat should consider the specific language of the Expectations and encourage adherence to that language, but not promote “best practices” that go beyond the Expectations as those practices are not required to meet the Expectations and may not be considered “best” by all companies.
- The failure of 30 per cent of supporting companies to meet Expectation 2 concerning

disclosure of taxes and payments in non-EITI countries could be seen as a serious credibility risk to the EITI and should be addressed as a priority by the Board and supporting companies, particularly those companies sitting on the EITI Board. Supporting companies meeting Expectation 2 should be concerned about their credibility, as their credibility is weakened by non-compliance in the group of companies. The EITI needs to consider how to address situations where supporting companies are not meeting the Expectations.

- Supporting companies should improve disclosure of beneficial owners of joint ventures, in line with the recommendations in the paper.
- Supporting companies should provide a public statement of support for contract transparency, in line with the recommendations in the paper.
- The paper underscores the difficulties implementing countries face in executing beneficial ownership reforms.
- While the assessment was useful in assessing “western” companies, it did not assess practices by “eastern” companies, particularly those with operations in many EITI implementing countries. These other companies also need to improve disclosure practices in line with EITI supporting companies.
- The assessment process was valuable and worthwhile to establish and maintain the credibility of the Expectations and the EITI. The process should be regularly repeated and evolve into a validation-like exercise for supporting companies.
- Annex A to the paper should be published. As a transparency organisation, the EITI should not keep the Annex confidential and there is no apparent reason for keeping it confidential. A motion was put to the Board to publish Annex A, removing the current confidential status of the Annex.
- An implementing country Board member noted that while the assessment was useful in considering group level disclosures by companies, it did not adequately consider disclosures and commitments of companies at the country or local level. The Secretariat and supporting companies need to ensure group level commitments are recognized and implemented at the country level.
- More information from companies concerning the elements of tax calculations was desired.
- The Expectation concerning contract transparency should apply equally to commodity traders and require disclosure of commodity contracts.
- The focus of supporting companies and of the Secretariat’s assessment should be on meeting the stated Expectations, not on expanding the Expectations.
- The Secretariat should address shortcomings in company progress in meeting the Expectations and work towards overall improvements.

The Chair indicated, from the discussion, the Secretariat’s assessment of companies’ adherence to the Expectations was well received by all constituencies, including by supporting companies. She highlighted that the companies’ constituency agreed a set of expectations that have global application and the constituency committed to these expectations, which include the statement under Expectation 2 that “as a guiding principle, supporting companies are expected to publicly disclose taxes and payments. Where companies choose not to, they should state why.”

The draft assessment demonstrated that some EITI supporting companies are frontrunners in disclosing taxes and other payments to governments. However, she stated that the non-compliance of 30% of EITI supporting companies in failing to adhere to the guiding principle on disclosing taxes in non-EITI jurisdictions weakens these efforts and potentially undermines the

credibility of the EITI.

The Chair stated that the remedy for that was obvious: the companies that are not meeting this expectation, especially the companies that are represented on the EITI Board, should address this concern as a high priority. The expectations are part of the company constituency guidelines, and so she called on the companies' constituency to address the matter as a high priority and provide an update on proposed actions at the October Board meeting.

In concluding the discussion on the paper, the Chair, without objection from Board members, summarised the next steps on the paper:

- The Secretariat to communicate company progress in meeting the Expectations following the Board meeting;
- The Secretariat to follow up with companies concerning results of assessment and dissemination of best practices;
- The company constituency should consider the assessment findings and make a recommendation to the GOC on how to improve progress in meeting the Expectations and on revisions to the Expectations;
- GOC paper provide recommendations in a revised paper for decision to the Board in October 2021 on a.) evaluation of the assessment process (costs/benefits/timeframe for future assessments), b.) how to address instances where supporting companies are not meeting the Expectations, c.) changes to the Expectations, and d.) additional Secretariat support to improve progress in meeting the Expectations.

The Chair recognized the motion for the Secretariat to publish Annex A of the paper. She recommended that the motion be addressed by the GOC, with a recommendation from the Committee presented to the October Board meeting.

**Actions:**

- Secretariat publish news item on the assessment immediately following June Board meeting;
- Secretariat follow up with companies concerning results of assessment and sharing of best practices;
- Company constituency recommend to GOC on how to improve progress in meeting Expectations and on revisions to the Expectations, for the GOC to provide recommendations to the October Board meeting;
- GOC provide a paper providing recommendations to the October Board meeting on a.) evaluation of the assessment process (costs/benefits/timeframe for future assessments), b.) how to address instances where supporting companies are not meeting the Expectations, c.) changes to the Expectations, and d.) additional Secretariat support to improve progress in meeting the Expectations.
- GOC consider the motion to publish Annex A to the paper and provide its recommendation to the October Board meeting.

## 50-5 Report from the Implementation Committee

### Board Paper 50-5: Review of EITI reporting options

The Chair invited Ian Mwiinga to present the report from the Implementation Committee. Ian noted that since February the Committee had pursued monitoring of implementation at the country level through the IPR and discussed specific country cases. The Committee had processed requests from the Netherlands, the United Kingdom and Zambia to extend the start of their Validations and a request from Ukraine for adapted implementation. He noted that the Committee had provided input to draft guidance for implementing countries prepared by the International Secretariat, with soon to be published updated guidance notes on license awards, license registers, and transportation revenues, as well as a new guidance note on environmental monitoring. Ian introduced Board Paper 50-5.

The paper showed that the EITI reporting landscape was changing, with the majority of countries modifying their disclosure and reporting practices. Ian explained that the Committee had considered three options in the first iteration of the paper, including the option of replacing the flexible reporting option with a Board-endorsed alternative standardised procedure in accordance with Requirement 4.9. He explained that while the Committee had welcomed interest in developing alternative standardised approaches, it had noted that the review highlighted important challenges related to safeguarding data reliability. The Committee had agreed that more time was needed to draw lessons from ongoing efforts and had agreed recommendations to the Board to extend the flexible reporting measures and the pilot to the end of 2022.

Board members expressed appreciation for the experiences shared by implementing country representatives in the deep dive session organised on 9 June, and support for the three recommendations from the Committee. They raised the following points:

- Guaranteeing the quality and reliability of data is a central feature of the EITI, especially in countries where citizens have little trust in government disclosures. Alternative approaches to traditional EITI reporting should be based on a clear set of criteria and ensure that auditing mechanisms are done professionally and independently.
- Where some countries are encountering challenges in adopting the flexible approach, maintaining traditional EITI reporting should be an option. Reconciliation can be strengthened by supplementing reporting with other types of data.
- The flexible reporting approach has been valuable as a response to the Covid-19 pandemic. More time is needed to draw lessons from existing and upcoming country examples. Targeted support and guidance from the International Secretariat is key. In addition to reflexions around the reliability and comprehensiveness of information, more attention should be allocated to data analysis and use.
- The upcoming independent evaluation of the EITI could include considerations around the effectiveness of EITI reporting.

Sam Bartlett highlighted that quality EITI Reports brought together information required by the EITI Standard and the MSGs, provided an independent assessment of the comprehensiveness and reliability of disclosures, and included recommendations to improve government systems. While acknowledging that data reliability remains a central feature of the EITI, he noted that it was promising to see many countries adopting diverse approaches to reporting and alternative ways to strengthen data quality in the longer term. He noted that the Secretariat did not see a

trade-off between timely and useful reporting on the one hand, and accurate reporting on the other. He added that there could be useful lessons from some of the risk-based approaches undertaken by some MSGs to ensure that reporting would be effective and impactful.

The Board agreed the recommendations from the Implementation Committee.

**Actions:**

- The Secretariat to update and refine guidance materials for implementing countries on flexible reporting and alternative approaches to reporting via the Implementation Committee.
- The Secretariat to share lessons learned with the Board on the flexible reporting approach and the pilot in early 2022.

## 50-6 Report from the Validation Committee

### Board Paper 50-6: Report from the Validation Committee

The Board Chair invited Stephen Douglas to present the Validation Committee's report to the Board.

Stephen Douglas introduced the report, noting that a first section presented the Validation Committee's recommendations for decision on four countries' Validations of the initial criteria of Requirement 2.5 on beneficial ownership, while a second section presented updates for information on ongoing Validations and the roll-out of the new Validation model. The Validation Committee's recommendation was that Armenia and Germany had made "satisfactory progress" in addressing the initial criteria for implementing Requirement 2.5 on beneficial ownership, while Nigeria had made "meaningful progress" and Norway had made "inadequate progress". Due to the transition to the new Validation model, the Committee proposed that the Board agree assessments on Requirement 2.5 only and not an overall assessment of progress in implementing the EITI Standard.

Stephen Douglas introduced the updates from the Validation Committee for information, noting the adjustment in the Validation schedule in light of the Board's approval of extension requests from the Netherlands, the United Kingdom and Zambia. With one ongoing Validation under the new model, nine Validations scheduled to commence in July 2021 and seven in October 2021, the Validation Committee proposed the postponement of the evaluation of early experiences in implementing the new Validation model to the fourth quarter of 2021. The Board was alerted to the Committee's heavy Validation schedule in the second half of 2021, with lead reviewers identified for each case.

Board members raised the following points:

- A statement was read on behalf of Norway's Ministry of Petroleum, noting that a law requiring a public beneficial ownership register had been enacted covering companies in all economic sectors, with implementing regulations expected to be finalised shortly. The Government of Norway had indicated to all companies that beneficial ownership

information would shortly be requested. The statement called for recognition of Norway's progress in implementing beneficial ownership disclosures, when such regulatory reforms took time.

- Implementing countries acknowledged Nigeria's progress in establishing an interim register and its intention to mainstream beneficial ownership disclosures.
- Implementing countries welcomed the planned capacity building related to beneficial ownership as part of the EITI's Opening Extractives programme, noting many countries' views that this requirement was particularly challenging to address and reiterating the importance of peer learning and sharing of good practices.
- It was noted that the next Validations of Nigeria and Norway were scheduled to commence in October 2022, which would be an opportunity to assess progress on beneficial ownership disclosures. The assessments under the initial criteria of Requirement 2.5 established a baseline for future assessments.
- The four countries were commended for the progress achieved to date, with recognition for Armenia's ambition in setting a low threshold for beneficial ownership disclosure.
- It was noted that civil society in Guyana had expressed concerns about delays in the Government of Guyana's preparations for Validation, scheduled to commence in July 2021. It was noted that the International Secretariat's country team was in regular contact with stakeholders in Guyana and that two consultants were currently supporting the MSG's preparations. All MSGs are entitled to request an extension to Validation in exceptional circumstances.

The Board approved the recommendations from the Validation Committee.

**Actions:**

- The Chair to write to the Governments of Armenia, Germany, Nigeria and Norway announcing the Board's decision.
- The Secretariat to publish the results of the Validation of Requirement 2.5 in Armenia, Germany, Nigeria and Norway, including the supporting documentation.

## 50-7 Report from the Finance Committee

### Board Paper 50-7: 2021 Q1 Accounts and Q2 2021 Forecast

Dominic Emery presented the EITI's Q1 2021 Accounts and Q2 Forecast noting that overall, the Secretariat finances remain strong. The Secretariat has implemented several recommendations by the Auditors following the audit carried out in January 2021. One of the recommendations was that the Secretariat consider periodising its revenues. In this paper, the Secretariat has periodised its revenue received and therefore booked only USD 1.7m for the Q1 period. The Secretariat continues to implement the Auditor's recommendations and is currently implementing a project dimension in its accounting system (Tripletex) for better tracking of staff time across multiple projects, as well as including due dates to invoices.

Board members raised the following points:

- There are inconsistencies with implementing country contributions to the EITI budget.

Dominic agreed that there are complications around collecting the implementing country fees and noted that the Secretariat continues to actively engage with implementing countries, where possible, on these matters. He added that given the strong stance of the Secretariat's finances and funding challenges in some implementing countries, there is currently no need to aggressively seek funding from this source. The Secretariat would, once the situation comes back to normal, continue its efforts in collecting resources from implementing countries in accordance with Board guidance.

- The Secretariat had a surplus in 2020 due to costs that did not materialise due to the pandemic. Does the Secretariat expect a similar situation in 2021? Dominic responded that it is unlikely for the Secretariat to resume its full activities this year, including overseas travel, and that any unspent funds would go into the reserve with an aim to contributing to the costs around the Global Conference and the Independent evaluation.

## 50-8 EITI Global Conference

### Board Paper 50-8: EITI Global Conference and Members' Meeting

Mark Robinson introduced the recommendation of the Conference Working Group to the Board and noted that the Working Group was unanimous in its recommendation to the Board that the next Global Conference be held as an inclusive in-person event in 2023, to celebrate 20 years of the EITI. The Working Group also recommends that the Members' Meeting is held virtually in June 2022. EITI is a non-profit association under Norwegian law and its Articles of Association statutes (Article 7(3)) requires EITI to have a Members' meeting at least every three years to elect the Board Chair and members. It further recommends that the term of the current Board Chair and members is extended by one year to June 2023 which would require approval at the June 2022 Members' Meeting.

Board members expressed their support to the recommendation and agreed with postponing the Global Conference to 2023.

#### **Actions:**

- The next EITI Global Conference is held as an inclusive in-person event in 2023.
- The Members' Meeting is held virtually in June 2022.
- The term of the current Board Chair and members is extended by one year to June 2023 for approval at the Members' Meeting.

**The meeting ended and the Board adjourned for a closed session.**

## Annex A – Board country decisions<sup>1</sup>

### Board decision on Armenia:

*Armenia has made “satisfactory progress” in implementing the initial criteria for Requirement 2.5 on beneficial ownership of the EITI Standard. The Board commends the government, mining companies and civil society for working together to establish an appropriate legal framework and reporting practices for beneficial ownership disclosures. A public online register is under development and is expected to further improve the accessibility and usability of beneficial ownership information. In the second phase of implementing Requirement 2.5, Armenia should ensure that all companies holding or applying for a mining license disclose their beneficial owners. Information on the legal owners of all extractive companies should be comprehensively disclosed. Progress will be assessed in Armenia’s next Validation, commencing on 1 July 2023. In accordance with the EITI Standard, Armenia’s MSG may request an extension of this timeframe or request that Validation commences earlier than scheduled.*

### Board decision on Germany:

*Germany has made “satisfactory progress” in implementing the initial criteria for Requirement 2.5 on beneficial ownership of the EITI Standard. The Board commends the government, extractive companies and civil society for working together to establish an appropriate legal framework and reporting practices for beneficial ownership disclosures. A public online register has been established, with further improvements in the reliability and accessibility of beneficial ownership data expected in future. In the second phase of implementing Requirement 2.5, Germany should ensure that all companies holding or applying for a mining license disclose their beneficial owners. Information on the legal owners of all company form should be comprehensively disclosed. Progress will be assessed in Germany’s next Validation, commencing on 1 April 2023. In accordance with the EITI Standard, Germany’s MSG may request an extension of this timeframe or request that Validation commences earlier than scheduled.*

### Board decision on Norway:

*Norway has made “inadequate progress” in implementing the initial criteria for Requirement 2.5 on beneficial ownership of the EITI Standard. The Board commends the government for establishing an appropriate legal framework for beneficial ownership disclosures, even if reporting practices have yet to be implemented. While no beneficial ownership information has been requested from corporate entities that apply for or hold participating interests in oil, gas and mining exploration or production licenses to date, the government plans to establish a public online register covering all companies in*

---

<sup>1</sup> All Board decisions are published in public EITI Board register [here](#) in English and French.



Norway in 2021. In the second phase of implementing Requirement 2.5, Norway should ensure that all companies holding or applying for an extractive license disclose their beneficial owners. Information on the legal owners of all extractive companies should be comprehensively disclosed. Progress will be assessed in Norway's next Validation, commencing on 1 October 2022. In accordance with the EITI Standard, Norway's government, in consultation with stakeholders, may request an extension of this timeframe or request that Validation commences earlier than scheduled.

#### Board decision on Nigeria:

Nigeria has made “meaningful progress” in implementing the initial criteria for Requirement 2.5 on beneficial ownership of the EITI Standard. The Board commends the government, extractive companies and civil society for working together to establish an appropriate legal framework and reporting practices for beneficial ownership disclosures. An interim public online register has been established by NEITI, pending a permanent register by the Corporate Affairs Commission, and beneficial ownership data has been requested from all companies holding extractive licenses, although not yet of companies applying for licenses. Although beneficial ownership disclosures to date have included legal entities rather than natural persons and the MSG has not yet published an assessment of the comprehensiveness and reliability of disclosures to date, the NEITI secretariat has undertaken stakeholder consultations as a basis for providing comments on the Validation assessment of beneficial ownership disclosures. In the second phase of implementing Requirement 2.5, Nigeria should ensure that all companies holding or applying for an extractive license disclose their beneficial owners. Information on the legal owners of all company form should be comprehensively disclosed. Progress will be assessed in Nigeria's next Validation, commencing on 1 October 2022. In accordance with the EITI Standard, Nigeria's MSG may request an extension of this timeframe or request that Validation commences earlier than scheduled.