

EITI NEWSLETTER

2009-02

EITI International Secretariat Oslo, 21 April 2009

Dear friends and partners of the EITI,

The first part of 2009 has been an eventful time for the EITI. The **4th EITI Global Conference** in Doha, Qatar in mid-February was a huge success, highlighting the EITI's growing support and profile on the international scene. This growing support was evidenced in late March when French President, Nicolas **Sarkozy**, expressed his strong support for the EITI during a State visit to Niger.

In recent months a host of new countries in Asia, Africa and Europe have declared their intention to become EITI implementing countries and begun their sign-up processes, including **Afghanistan, Albania, Burkina Faso, Indonesia, and Mozambique**.

As we move forward in 2009, EITI activities will be increasingly focussed on assisting implementing countries with meeting **Validation deadlines in 2010** in order to continue their membership. These next several months will be crucial to demonstrating that the EITI model is an effective and workable tool for countries to use in their efforts to improve governance standards and reduce corruption in their extractives sectors.

It is therefore heartening that **Azerbaijan** has now completed Validation, and become the first EITI Compliant Country. I would like to commend all stakeholders and partners that are working hard towards ensuring that more Candidate countries will complete Validation.

Best wishes,



Peter Eigen

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The EITI Newsletter

The EITI Newsletter is sent out bimonthly from the International Secretariat. To subscribe to this newsletter, visit our website. There you will also find French and Russian versions of the newsletter, as well as earlier editions. Comments and questions about it can be sent to Communications Manager Anders Tunold Kråkenes (akrakenes@eitransparency.org)

New countries joining the EITI

Albania

The Prime Minister of Albania has announced that Albania has decided to implement the EITI. This was declared in a letter to Peter Eigen, and reiterated at the Conference in Doha.



Indonesia

Indonesia the world's most populous extractives-rich state, and is both hydrocarbon and mineral-rich has announced its intention to work towards EITI compliance and to make an application to become an EITI candidate.



An official Note of Understanding between the Coordinating Minister for Economic Affairs, the Finance Minister and the Minister for Energy and Mineral Resources sets out an agreement to work together on the implementation of extractive industries revenue transparency, based on international best practices including the criteria and implementation indicators of the EITI. The initiative will be led by the Coordinating Minister for Economic Affairs.

Afghanistan

The Government of Afghanistan has decided to implement the EITI. The Minister of Finance of Afghanistan, Dr Omar Zakhilwal announced their decision in a letter sent to Dr Eigen. In the letter he writes: I am pleased to announce that the Cabinet has deliberated on and taken the decision for Afghanistan to join the EITI. We will take the necessary actions to begin its national implementation right away, working in collaboration with companies in the extractive industries sector as well as representatives of civil society in Afghanistan.



The EITI Secretariat now looks forward to receiving the formal application. It stands ready together with its partners, particularly the World Bank, to assist the preparations including drafting a work plan, outlining how the EITI process will be implemented. When the application has been sent, the EITI Board will consider whether Afghanistan has met the four Sign-up indicators.

For more information about EITI implementation in Afghanistan, Albania and Indonesia, contact Regional Director Sam Bartlett (sbartlett@eitransparency.org)

For information about EITI implementation in Burkina Faso, contact Tim Bittiger (tbittiger@eitransparency.org) and about EITI implementation in Mozambique, contact Eddie Rich (erich@eitransparency.org).

EITI week in Washington DC

In the week 11 - 15 May, several meetings in the EITI World will coincide in Washington DC, hosted by the World Bank.

- ◆ A second meeting of the EITI National Coordinators;
- ◆ EITI Board meeting
- ◆ Meeting of the Management Committee of the EITI MDTF
- ◆ A meeting about EITI reporting
- ◆ Roundtable on Sub national issues (see below)

Roundtable on Subnational issues

Stakeholders, experts and practitioners will be discussing EITI implementation at the subnational level (Regional, Municipal governments). Transparency in the flows and uses of resources from extractive industries accruing to sub-national governments is key to ensure mineral wealth translates to development and reduction of poverty. The EITI can be an effective tool in facing these challenges.

The EITI training seminars

Training for government officials and other stakeholders about the EITI is essential for success of the initiative. In 2009, three training seminars have been scheduled for stakeholders in EITI implementing countries, including countries that have recently joined like Tanzania or are seeking to do so like Mozambique. These seminars will take place in Berlin, Germany (6-8 May); West Africa (3-5 June Douala, Cameroon); and East Africa (15-17 June Dar es Salaam). The seminars are closed events.

For further information please see the EITI website.



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Sarkozy: Transparency is All-important for Business

The President of France, Nicolas Sarkozy, reiterated the French support of the EITI during his visit to Niger on 27 March. At an EITI roundtable meeting, Niger and France confirmed their commitment to the EITI criteria for transparency as a guiding principle for their long term trade relations. At the roundtable EITI Chair Peter Eigen underlined how the meeting displayed the importance of the multi-stakeholder partnerships that make the EITI work, bringing together government, business and civil society.

President Sarkozy argued that following the EITI standard is good for business and also necessary to ensure the sustainability of trade relations. Recognising that France depend on Nigerien uranium as much as Niger did on French investments, he called for a strategic partnership based on mutual benefits and transparency, calling it "the only sustainable business practice in the 21st century". Stating that Nigeriens should have the right to know how much was paid for uranium and how revenues were utilized, Sarkozy hailed the EITI as the ideal mechanism to leverage a transparent Franco-Nigerian trade relationship. He stressed the importance of Niger undergoing EITI Validation and called compliance with the Initiative "a means to the broader end" of reducing poverty and ensuring growth.

In his opening speech, the Nigerien Prime Minister confirmed the importance of the EITI to ensure that revenues from the uranium trade will benefit the Nigerien population and lead to development in his country.

Also participating at the event was the Nigerien Minister of Mines, the French Minister of Finance, the French State Secretary for Human Rights, the President of Areva and representatives of the stakeholder groups in the Nigerien EITI national committee for consultation.

Kazakhstan launches second report

EITI in Kazakhstan has recently launched its second report, which is available at their website www.eiti.kz. Kazakhstan EITI is now moving towards initiating EITI Validation.

Liberia launches first EITI report

President Ellen Johnson-Sirleaf launched Liberia's first EITI Report covering the period 1 July 2007 - 30 June 2008 on 9 February. Liberia becomes the 11th EITI reporting country and the first to include forestry in their report. In her launch statement, the President referred to the efforts to pass a LEITI Act to oblige all relevant parties to comply with EITI reporting requirements.

New EITI supporter: ArcelorMittal

The steel company ArcelorMittal has become the 40th extractive company to become an International-level EITI Supporting Company. On 22 January 2009, ArcelorMittal confirmed its support of the Extractive Industries Transparency Initiative, after being an active participant of the EITI in Liberia since May 2007.

Panel on Oil transparency in Latin America

ARPEL, the Regional association of oil and natural gas companies in Latin America and the Caribbean is having its 2009 Conference on "Sustainable Development – The Role of the Oil and Gas Industry in Latin America and the Caribbean". The Conference will be held in Punta del Este, Uruguay. The EITI Secretariat will participate in the panel "Corporate Governance and Transparency" on the 23rd April.

Letter from the EITI Chairman after the Doha Conference

The 4th EITI Global Conference in Doha, Qatar, on 16-18th February marked an historic moment for the EITI, with over 500 participants from 80 countries, 70 speakers, and with countless meetings taking place on the sidelines. The Conference marked the EITI's transformation from a start-up initiative to a global transparency standard. Furthermore, Azerbaijan has become the first country to achieve Compliant status. The level of interest and participation in the EITI continues to expand with pledges from new companies and countries to support the initiative, testifying to the growing consensus that the EITI yields genuine benefits in terms of improved financial management, accountability and business climate. The EITI Progress Report for 2007-2009 was presented to the Conference outlining the developments of the initiative since the last Conference.

Reflecting a widespread conclusion at the Conference, the President of Liberia, Ellen Johnson-Sirleaf, highlighted in her opening statement that without strong political will in implementing countries, no EITI programme can be expected to succeed.

There was a general consensus at the conference among stakeholders that the current global economic downturn makes the EITI more important than ever. The steep reduction in international prices for oil, gas, metals and minerals translates into a sharp decline in government revenues in commodity dependent economies. The fundamental changes taking place in the international investment climate reinforce the need for transparency, as companies and investors have become increasingly risk-averse. As George Soros asserted, countries implementing the EITI have a competitive advantage over those outside the initiative in attracting greater investment in the current global climate. The high standards of accounting and reporting inherent in the EITI help to ensure greater openness and a more level playing field in the business environment. Royal Dutch Shell CEO, Jeroen van der Veer, also reminded us why the EITI is in the interests of businesses who want to behave transparently and honestly.

Norway's recent EITI candidacy as the first OECD country to implement the EITI is, together with last year's UN General Assembly resolution backing the EITI, an important step in widening the implementation of the EITI. There is hope that other developed and emerging economies will follow Norway's example in helping to boost the profile and legitimacy of the initiative.

I conclude with a broader reflection on the EITI. The current financial and economic crisis is ultimately one of governance, or lack thereof. At times, smarter regulations and improved government oversight is clearly required. This is not, however, the only way to improve governance. I believe that all of the statements at our Global Conference and in the Progress Report 2007-2009 confirm that a multi-stakeholder coalition like ours can strengthen the governance fabric. Let us therefore make sure that we continue to ensure that natural resource extraction really does lead to benefits for the citizens to whom the resources after all belong. Let us also make sure that we learn from the impact of the EITI when seeking to address the broader challenges of good governance.

Yours sincerely,



Dr Peter Eigen
Chairman



Highlights from the Conference

- ◆ **Azerbaijan** was admitted as *EITI Compliant* – the first country to have passed an *EITI Validation*, the EITI quality assurance mechanism to assess whether the country has met the requirements in the EITI standard;
- ◆ **Tanzania** became the 26th *EITI Candidate* country (with Norway, as the first OECD country to implement the EITI, having gained Candidate status just before the Conference);
- ◆ Ministers from the governments of **Mozambique, Ethiopia** and **Albania** all officially declared their commitment to become EITI implementing countries and outlined the steps they are undertaking to achieve EITI Candidate Country status;
- ◆ **Japan** announced that it will become an EITI Supporting Country. Japan will seek to "assist in expanding the initiative's presence in the Asia-Pacific region". All members of the G7 group of industrialised countries now support the EITI;
- ◆ **Qatar's** Minister of State for Energy and Industry Affairs, H.E. Dr Mohammed Saleh Al-Sada, reiterated Qatar's strong support for the EITI and announced that Qatar Petroleum will become an EITI supporting company;
- ◆ **The Arab League** also welcomed the initiative and expressed its support for the principles of the EITI;
- ◆ During her opening statement, President Ellen Johnson-Sirleaf, of **Liberia**, stated that the EITI has helped to move Liberia away from the corruption and misallocation of natural resources that helped to fuel decades of civil war in her country;
- ◆ EITI Chairman, Peter Eigen, emphasised the importance of protecting and respecting civil society in its efforts to combat corruption and hold governments and companies to account;
- ◆ **Liberia** was presented with an award for the rapid progress the country has made towards implementation of the EITI. **Azerbaijan** received an award for having come further than any other country and becoming the first EITI Compliant country. **Kazakhstan** received a special prize for its efforts to raise awareness of the EITI across their huge country.
- ◆ **George Soros** made clear his belief that the countries implementing the EITI would have a competitive advantage in attracting greater investment in a global economy that has become highly risk-averse. The high standards of accounting and reporting inherent in the EITI are attractive to investors seeking to minimise risk by ensuring greater openness and a more level playing field in the business environment;
- ◆ **The EITI Members' Association** was established under Norwegian law, thereby incorporating the whole EITI global structure, including the Board and International Secretariat. Under the new Articles of Association, a new Board was elected.

Quotes from the Doha Conference

I believe that in this difficult financial climate, resource rich countries that implement EITI will have a competitive edge. EITI not only makes vital information public and verifiable. It also promotes a level of trust among the country's stakeholders that encourages investment.

George Soros, Chairman, Open Society Institute

All of us who support this initiative can be justifiably proud of how it has harnessed together governments, civil society and the private sector to work constructively. Multistakeholder initiatives don't always work. To be a success, they must be truly 'multi' in their stakeholder workings.

Jeroen van der Veer Chief Executive, Royal Dutch Shell plc

As the EITI matures and expands, the transparency it promotes will help create in countries rich in natural resources a climate that is favorable to investment in exploration and exploitation.

The simplicity of the EITI's objective—publication of extractive industry payments and revenues—is the reason for its popular appeal. However, pursuing it properly requires great cooperation from the extractive companies, and it is demanding on the candidate countries, particularly on the capacity of their revenue administrations.

Takatoshi Kato, Deputy Managing Director, IMF

The global financial crisis makes it even more important to achieve greater transparency – not only in extractive industries but across the economic spectrum. We should firmly resist those who suggest the opposite, who say that somehow current conditions justify a delay in fully implementing EITI.

Peter J. Robertson, Vice Chairman of the Board of Directors, Chevron Corporation

Liberia's first EITI report provides, for the first time in the history of our country, an open and transparent reconciliation of the records of Government and the concerned industries as to payments made by the industries and that which was received and recorded in Government accounts.

H.E. Ellen Johnson Sirleaf, President of Liberia

Transcripts of many of the speeches at Doha are available at www.eitransparency.org/DohaConference



Film about the EITI

The short film *Making Resources Work for People* that premiered at the Conference can now be viewed at the EITI website. The film can be viewed on the EITI website.

The EITI Countries

Azerbaijan
Côte d'Ivoire
Cameroon
Central African Republic
Democratic Republic of Congo
Equatorial Guinea
Gabon
Ghana
Guinea
Kazakhstan
Kyrgyz Republic
Liberia
Madagascar
Mali
Mauritania
Mongolia
Niger
Nigeria
Norway
Peru
Republic of the Congo
São Tomé e Príncipe
Sierra Leone
Tanzania
Timor-Leste
Yemen

Governments of other countries have also announced that they intend to implement the EITI. These countries will be considered for EITI Candidate status when they have sent a Candidature Application to the EITI.

The EITI Board 2009-2011

During the EITI Global Conference in Doha, the EITI Members' Meeting appointed the EITI Board 2009-2011. This board will serve until the next EITI Conference.

Chair

Dr Peter EIGEN

Countries

Mr Abdoul Aziz ASKIA, Permanent Secretary, EITI Niger, Niger

Alternate: **Mr Sidi OULD ZÉÏNE**, Chairman, EITI Mauritania, Mauritania

Mr Essimi MENYE, Minister of Finance, Chairman EITI Cameroon, Cameroon

Alternate: **Mr T. Negbalee WARNER**, National Coordinator, EITI Liberia, Liberia

Prof Humphrey ASSISI ASOBIE, Chairman, NEITI, Nigeria

Alternate: **Mr Nana Juaben-Boaten SIRIBOE**, Chairman GEITI, Ghana

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

Alternate: **Mr Dashdorj ZORIGT**, Minister for Mineral Resources and Energy, Mongolia

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

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

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

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

Mr Jostein LEIRO, Deputy Direct General, UN Department, Ministry of Foreign Affairs, Norway

Alternate: **Mr Henk MAHIEU**, General Counsellor, Dept. of Economic Issues, Ministry of Foreign Affairs, Belgium

Ms Ingrid-Gabriela HOVEN, Director General, Federal Ministry for Economic Co-operation and Development, Germany

Alternate: **HE Michel DOUCIN**, Ambassador, Corporate Social Responsibility and Bioethics, Ministry of Foreign and European Affairs, France

Civil Society Organisations

Mr Ingilab AHMADOV, Director of the Public Finance Monitoring Centre - Baku, Azerbaijan

Alternate: **Mr Dorjdari NAMKHAJANTSAN**, Open Society Forum, Mongolia

Mr Alfred BROWNELL, Green Advocates, Liberia
Alternate: **Mr Eduardo BOHORQUEZ**, Transparencia Mexicana/Transparency International, Mexico

Mr Christian MOUNZEO, Coordinator PWYP Congo/ President Rencontre Pour la Paix et les Droits de l'Homme, Republic of the Congo

Alternate: **Mr Gilbert MAOUNDONODJI**, Coordinator, Groupe de Recherches Alternatives et de Monitoring du Projet Pétrole Tchad-Cameroun, Chad

Mr Bennett FREEMAN, Oxfam America/Oxfam International

Alternate: **Mr Michel ROY**, International Advocacy Director, Secours Catholique, France

Mr Anthony RICHTER, Revenue Watch Institute, United States

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

Companies including Investors

Mr Mariano RUÍZ FUNES, Consultant Coordinator, General Directorate, PEMEX

Alternate: **Mr Reidar GJÆRUM**, Senior Vice President, Corporate Communication, StatoilHydro

Mr Stuart BROOKS, Manager, International Relations, Chevron

Alternate: **Dr John KELLY**, Coordinator, Planning and Issues Upstream Public Affairs, ExxonMobil

Mr David BAKER, Vice President for Government and Environmental Affairs, Newmont

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

Dr R. Anthony HODGE, President, International Council on Mining and Metals

Mr Jean-François LASSALLE, Vice President of E&P Public Affairs, Total

Alternate: **Mr Keith RUDDOCK**, General Counsel - Exploration and Production, Royal Dutch Shell

Ms Julie McDOWELL, Head of SRI, Standard Life Investments

Alternate: **Mr David DIAMOND**, Co-Head of SRI Development, Allianz Global Investors France

EITI Publications launched in Doha

At the Conference in Doha, a number of publications was launched:

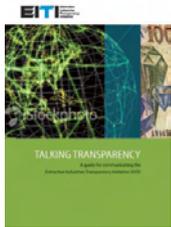
EITI Progress Report 2007-2009

This report highlights achievements and key developments in the EITI over the last two years. It has been created by the EITI Secretariat with contributions from EITI stakeholders. It is now available in English and French at

www.eitransparency.org/document/progressreport.



Communications Guide



This guide for communicating the EITI is a practical tool for how implementers of the EITI can set up an effective communications programme. It shares best practices from the EITI countries. It is now available in English and French at

www.eitransparency.org/document/communicationsguide.

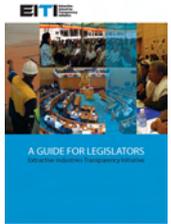
Advancing the EITI in the Mining Sector

The publication includes contributions from industry, civil society and practitioners. Ten case studies also illustrate many of the most salient issues in implementing the EITI in the mining sector. It is now available at

www.eitransparency.org/document/mining.



A Guide for Legislators



This guide explains how parliamentarians can play a role in the implementation of the EITI and in achieving resource revenue transparency. It has been produced by NDI in collaboration with the EITI Secretariat and the Revenue Watch Institute. It is now available in Arabic, English, French, and Russian at

www.eitransparency.org/document/mpguide.

EITI Rules, including the Validation Guide

This publication brings together the EITI's requirements for implementing the EITI. It includes the EITI Principles, Criteria, the EITI Validation Guide and Policy Notes issued by the EITI Secretariat, conveying decisions taken by the EITI Board. It does not change earlier agreed policies. It is available in English, French (shortly), Russian (shortly) and Spanish at

www.eitransparency.org/document/rules.



For further information about EITI's publications, contact Communications Manager Anders Kråkenes (akrakenes@eitransparency.org).

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