

**Minutes of the 1st EITI Board meeting
UN Global Compact, UNHQ, New York, US, 7 December 2006**

On Thursday 7 December 2006 the first meeting of the EITI Board took place at the UN Headquarters in New York, US.

Peter Eigen chaired the meeting (excused himself during Session 5). The following members of the Board participated:

- Humphrey Assisi Asobie, Transparency in Nigeria (excused himself during Session 3)
- Samir Awad, Petrobras
- Graham Baxter, BP
- Edward Bickham, Anglo American (attending by Video Conference for Session 1 & 2)
- Stuart Brooks, Chevron
- Oby Ezekwesili, Government of Nigeria
- Gavin Hayman, Global Witness
- William Kingsmill, Government of the U.K
- Adolf Kloke-Lesch, Government of Germany (recused himself during Session 2)
- Stephen Krasner, Government of the U.S.A
- Karin Lissakers, Revenue Watch Institute
- Karina Litvack, F&C Asset Management
- Gilbert Maounonodji, GRAMPTC of Chad
- Paul Mitchell, International Council on Mining and Metals
- Carlos Monge, Grupo Propuesta Ciudadana of Peru
- Shahmar Movsumov, Government of Azerbaijan
- Fidele Ntissi, Government of Gabon

The Secretariat to the Board was represented by:

- Ben Mellor, Head of the EITI Secretariat
- Dashanta Hewavitarne, Executive Secretary, EITI Secretariat

The following alternate members attended:

Pedro E Aguirre, Pemex
Anton Artemyev, Revenue Watch Kazakhstan
Alfred Bagueka Assobo, Government of Cameroon
Tormod Endresen, Government of Norway
Bennett Freeman, Oxfam America
John Kelly, Exxon Mobil

Kalia Moldogazieva, Human Development Centre Tree of Life – Kyrgyz Republic
Henry Parham, Publish What You Pay (he took the place of Humphrey Assisi Asobie during Session 3)
Natasha Smith, Government of Australia
Yannick Tagand, Government of France (he took the place of Adolf Kloke-Lesch during Session 2)
Mike Wilkinson, Shell

Observing the proceedings were the following participants:

Georg Kell, UN Global Compact
Jon Shields, IMF
Peter van der Veen, World Bank

Welcome and Introductions

George Kell opened the proceedings noting the strong links between the UN Global Compact and EITI.

The Chairman welcomed the Board to their first meeting and called upon members to make introductory remarks. Carlos Monge informed the board on recent positive progress on EITI implementation in Peru. Board members raised the following issues: the need to engage with countries that have declared to join EITI but fail to implement the requirements of the initiative; Engaging more support from stakeholders with an interest in extractive industries, such as Canada and the EU; and the need to engage with companies from China, Russia and other emerging markets on energy security policy and their overseas activities (particularly in Africa).

The Chairman reported on recent events in the Republic of Congo in which Board member Christian Mounzeo had been accused of legal irregularities and thus prevented from attending the Board meeting. The Board was informed about the letter the Chairman had written to President Denis Sassou Nguesso expressing his grave concerns and of ongoing efforts to ensure that Christian was not being harassed. The Board welcomed the efforts and noted that it was unacceptable that Christian Mounzeo had been prevented from attending the meeting. The Board discussed the role of the Chair in representing EITI in this way and agreed the need for appropriate consultation with board members where time allowed.

Session 1. Establishing the EITI Board

The Board began by discussing the draft terms of reference setting out the framework for operation of the Board. The Board considered the recommendations set out by the Secretariat in papers 1.1 and 1.2.

- The Board welcomed the draft terms of reference. The Board asked for revised terms of reference for discussion and agreement at the next Board meeting.
- Questions were raised over liability of Board members. The Secretariat informed the Board that liability issues could only be clarified once the

legal framework of the EITI had been established which was, in turn, driven by the choice of location. Work on establishing EITI as a legal entity would be initiated as soon as the location question was resolved. It was agreed to complete this discussion at the next Board meeting.

The Board considered its language needs and the cost and time implications translation will impose on the Secretariat.

- It was agreed that English will be the working language of the Board; that official papers should be translated into French and Russian; and that translators should be provided at Board meetings as needed for the Board members.
- These translation costs will be considered as part of the running costs of the Secretariat.
- It was also agreed that individual Board members will have the responsibility of communicating messages to their own stakeholders.
- Several Board members emphasised the need for a communications strategy for EITI. This was added to the work programme

The Board went on to discuss the methodology of voting to be used by the Board to reach decisions. In discussion the following points were raised:

- The Board considered different voting procedures it may use when taking decisions. Generally the Board would continue to aim for consensus. The issue of voting on essential decisions was discussed on the basis of the Secretariat draft paper; no decision was reached and the Secretariat and Chairman were asked to undertake further work before the next Board meeting.
- It was agreed that a sub-group would be formed to do further work on voting procedures. A member suggested that the sub-group should consult legal experts to help them reach a recommendation.
- The Board agreed that, unless otherwise decided, the Board's deliberations would be under the Chatham House rule of non attribution. The Board agreed one important amendment to this rule, which was that when a member recused him/her self from a decision due to a conflict of interest, this would be disclosed.

Session 2. Establishing the EITI Secretariat

Karina Litvack presented the report (Paper1.3) of the small working group that had reviewed the two offers for hosting the secretariat. She recalled the agreed criteria used when considering the offers and the weighting in terms of priority they placed on the individual criteria.

The Board agreed that both offers were of the highest quality. The following points were made in discussions:

- The Board felt that the G8 & EU presidency of Germany was a good opportunity for promoting EITI. However it was not clear that this should be a decisive factor in selecting the location.

- It was widely felt that the independence of the Secretariat from government influence was important and affected the credibility of the initiative.
- A member noted that as a non EU member, Norway might have greater political acceptability to some resource-rich developing governments.
- Members agreed that Germany has a long term history in promoting good governance and transparency.
- Members suggested that the fact that the German invitation was to Bonn rather than the capital, Berlin, was a distinct disadvantage.
- Members also noted Norway's long-standing expertise and commitment in relation to the sustainable management of natural resources.
- Some members believed that Norway could strengthen the initiative by becoming an implementing country. This would also help promote EITI in developing countries.

After some discussion it was agreed that the consensus of the Board was in favour of the Oslo bid to host the Secretariat. The Board thanked both governments and the work of the small group.

Session 3. EITI Board Work Plan

The Board discussed the workplan for 2007. Board members suggested a number of amendments. They agreed to prioritise before their next meeting:

- Approval of the budget for Secretariat, a sustainable financing plan and legal format for EITI.
- Agreement of a Memorandum of Understanding with Multi-Donor Trust Fund.
- Approval of the list of validators and validation plan.

The Secretariat was requested to prepare a revised work plan, covering both the Board and the Secretariat, by the next Board meeting.

It was agreed that the next Board meeting should be scheduled in early 2007. The Government of Germany offered to host this meeting in Berlin and to work with the Board and the Secretariat to agree a date.

The Board agreed to establish sub groups to progress the work of the EITI on:

- Voting – the voting model to be used by the Board in the rare event of a decision coming to a vote.
- Financing – budgeting and funding of the Board and Secretariat.
- Validation – oversee the selection of validators
- Audit – Audit function on Secretariat and Board activities
- Selection– Oversee selection of staff for International Secretariat.

Membership of each sub group is set out in Annex A.

Session 4 Update on Implementation:

The Board discussed the Secretariat proposal that countries that have not met all four criteria for “signing up” should be considered for removal from the EITI Website to protect the credibility of EITI.

The Board deferred detailed discussion to their next meeting. Board members asked the Secretariat to give further consideration to how the approach would work and in particular:

- The re-listing of countries that meet the sign up criteria after they have been de-listed.
- What will be done to address countries that have been de-listed but continue to promote themselves as an EITI country?

It was agreed that the Secretariat would work with the World Bank and the IMF to take forward this issue and report to the Board at the next Board meeting.

Session 5 Update on Validation:

The Secretariat briefly updated the Board on progress on Validation. Adverts would be appearing shortly in the Official Journal of the European Union (OJEU) and the Economist

Conclusions

The Head of the Secretariat (as acting Chairman) concluded the Board meeting, noting that the Secretariat would now establish the sub groups on voting procedures, finance, Staff Selection, validation and audit. The Secretariat would work closely with the Norwegian Government and Chairman to ensure that the relocation and transition of secretariat support to the Chairman takes place with minimal disruption and loss of momentum to the initiative.

The Board will meet again early in 2007

EITI BOARD PAPER: ESTABLISHMENT OF BOARD SUB-GROUPS

1. The 1st Meeting of the EITI Board established the following sub-groups to take forward the work of the EITI: Voting mechanism, Financing, Staff Selection, Audit and Validation.
2. The following is a short description of the remit, the proposed membership (including non-Board members), and a nominated member of the Secretariat to provide support. It will be for each sub-group to further refine their scope and report back on this to the full Board. The sub-groups should also select one of their members to Chair the sub-group.
3. The Board established sub-groups of differing durations – both task specific sub-groups and Standing Committees, which will form part of the formal architecture of the Board.

Board sub-groups:

Voting (task specific): *To take forward consideration of the decision making methodology of the Board.*

Membership: Steve Krasner, Gilbert Maounodji, Oby Ezekwili, Edward Bickham, Karina Litvack, Piers Harrison (Secretariat)

Financing (Standing): *To advise on the budget and funding of the Board and Secretariat.*

Membership: Peter Eigen, Mark Lowcock, Karin Lissakers, Tormod Endresen (Government of Norway), Shahmar Movsumov, John Strongman (World Bank), Jon Shields (IMF), Piers Harrison (Secretariat)

Validation (task specific *but Standing sub-group likely to be required*):

To oversee selection of validators (and subsequently to oversee validation process).

Membership: Karina Litvack, Fidele Ntissi, Gavin Hayman, Graham Baxter, Peter van der Veen (World Bank), Danny Graymore (Secretariat)

Audit (Standing): *To discharge audit function on Secretariat and Board financial management.*

Membership: Carlos Monge, Ingrid Gabriela Hoven, Oby Ezekwili, Paul Mitchell, Mary Hunt (Secretariat)

Selection (task specific): *To oversee selection of staff for International Secretariat.*

Membership: Stuart Brooks, Tormod Endresen, Peter Eigen, Gavin Hayman, Mary Hunt (Secretariat), John Strongman (World Bank)