

Minutes of the 5th EITI Board Meeting

5th EITI Board Meeting Madrid, 27 May 2008

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Casa de America, Madrid, Spain, 27 May 2008

Board Members

Chair

Dr Peter EIGEN

Implementing Countries

Prof Humphrey Assisi ASOBIE, Nigeria

Mr Madikaba CAMARA, Minister of Finance, Guinea

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

Mr Fidèle NTSISSI, Director of Cabinet, Gabon

Supporting Countries

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

Mr William KINGSMILL, DFID, United Kingdom

Mr Jean-Pierre VIDON, Ambassador, Fight Against Organised Crime, Ministry of Foreign Affairs, France

Civil Society Organisations

Mr Anton ARTEMYEV, Kazakhstan Revenue Watch

Mr Gavin HAYMAN, Global Witness

Mr Bennett FREEMAN, Oxfam America/Oxfam International

Dr Carlos MONGE, Grupo Propuesta Ciudadana - Peru

Mr Christian MOUNZEO, Coordinator PWYP Congo/Pres. Rencontre Pour la Paix les Droits de l'Homme – Congo

Industry

Mr Milas Evangelista DE SOUSA, Petrobras

Mr Olivier LOUBIÈRE, Corporate Business Ethics Advisor, AREVA

Dr John KELLY, Coordinator, Planning and Issues Upstream Public Affairs, Exxon Mobil

Ms Karina LITVACK, Head of Governance & Socially Responsible Investment, F&C Asset Management

Dr John GROOM, COO, International Council on Mining and Metals

Mr Mike WILKINSON, Vice President Sustainable Development, Shell

Alternates

Mr Pedro E. AGUIRRE, Coordinator, Pemex

Mr Alfred BAGUEKA ASSOBO, Head of EITI Technical Secretariat, Ministry of Economy and Finance, Cameroon

Mr Stuart BROOKS, Manager, International Relations, Chevron

Ms Erica FERGUSON, Anti-Corruption Group, AusAid

Ms Kamilla KOLSHUS, Ministry of Foreign Affairs, Norway

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

Mr Gilbert MAOUNONODJI, Coordinator, GRAMPTC

Ms Kalia MOLDOGAZIEVA, Director, Human Development Centre Tree of Life - Kyrgyz Republic

Mr Michel ROY, International Advocacy Director of Secours Catholique

Ms Radhika SARIN, Coordinator, Publish What You Pay

Mr Bernhard TRAUTNER, BMZ, Germany

Others

Observers

Mr Waziri ADIO, NEITI Nigeria

Ms Marianne BERGSTROM, World Bank

Mr Pierre COLMANT, Secours Catholique

Ms Cecilia CORTESE, Ministry of Foreign Affairs, France

Mr Belèn DIAZ, Associate Researcher, FRIDE

Mr Louis DICKS-MIREAUX, Policy Development and Review Dept., IMF

Mr Richard DION, Policy and External Relations Advisor, Shell

Ms Elisabetta FALCETTI, EBRD

Dr Shaukant HASSAN, CIDA, Canada

Ms Mora JOHNSON, Ministry of Foreign Affairs, Canada

Ms Marie-Ange KALENGE, Co-ordinator PWYP Africa

Mr David HENRY, State Department, US

Ms Delphine LIDA, Ministry of Foreign Affairs, France

Mr Adil MAMMADOV, State Oil Fund, Azerbaijan

Mr Eleodoro MAYORGA-ALBA, World Bank

Amb. Birgitta NYGREN, Ministry of Foreign Affairs, Sweden

Mr Diarmid O’SULLIVAN, Global Witness

Mr Anwar RAVAT, Program Manager, EITI Programme, World Bank

Mr Manuel de la ROCHA, Ministry of Cooperation, Spain

Mr Paulo De SA, Manager, Oil Gas & Mining Dept., Policy Operations Unit, World Bank

Mr Haruna SA’EED, NEITI Nigeria

Ms Rachel TAYLOR, Information Officer, Publish What You Pay

Ms Helga TREICHEL, World Bank Nigeria

Ms Bente WEISSER, Ministry of Foreign Affairs, Norway

EITI Secretariat

Mr Sam BARTLETT, Regional Director

Mr Tim BITTIGER, Regional Director

Ms Leah KROGSUND, Executive Secretary

Mr Anders Tunold KRÅKENES, Communications Officer

Mr Jonas MOBERG, Head of Secretariat

Mr Francisco PARIS, Regional Director

Mr Eddie RICH, Regional Director

Mr Christian Fredrik MICHELET, Legal Counsel - Arntzen De Besche

Welcome and Introductions

The Chair opened the meeting by thanking the Spanish Government for their hospitality and their heightened engagement in EITI. He particularly thanked Manuel de la Rocha and his team in the Ministry of Cooperation for organising the meeting and for promoting awareness of the initiative in Spain. He welcomed new members of the Board:

- Anton Artemyev, Kazakhstan Revenue Watch, who replaced Humphrey Asobie, Transparency International Nigeria;
- Kamilla Kolshus, who replaced Tormod Endressen as the Government of Norway’s representative as alternate to the United Kingdom;
- Tony Hodge, who was soon to replace Paul Mitchell as President of the ICMM, but who was represented by John Groom, acting as proxy; and
- Humphrey Asobie, who had moved from representing Transparency International Nigeria to the Government of Nigeria on the Board, replacing Siyan Malomo.

EITI Implementation Progress Report (Board paper 5-2)

Jonas Moberg introduced the implementation progress paper by highlighting the regular contact the Secretariat had with candidate countries and the announcement of Iraq's commitment to implement. Sam Bartlett then talked the Board through the two main tables in the report on comparative progress and on an expected timetable for Validation. Anwar Ravat briefed the Board on the Multi-donor Trust Fund.

The Board welcomed the Report. It discussed what else would be required to improve the report such as a box of recommendations for action by Board members and more detail on progress against each country's workplan.

Norway was encouraged to commence implementation of the EITI, as it has been eight months since the announcement of the country's commitment to implement. The Secretariat was asked to continue its dialogue with the Kyrgyz Republic, to encourage the new government there to publicly reaffirm the country's commitment to the EITI.

In response to a UK suggestion the Secretariat will seek to have a paper on the potential impact of geopolitical trends that were presently occurring (including the commodity boom, the concentration of the mining industry, and the increasing emergence of middle income economies within the extractive sector), assessing the relevance, effectiveness and acceptability of the EITI. It was also suggested that the Secretariat might provide more information on the status of company implementation and support.

During the discussion, the Government of France pledged \$250,000 to support the International Management of the EITI.

Action

The **Secretariat** will reflect on the suggestions for improving the Implementation Progress Report and make a recommendation to the Board within a month.

The **Secretariat** will commission a paper on geopolitical contextualisation of the EITI, to be ready in time of the next Board meeting.

Board members were invited to make suggestions on how to improve reporting on the progress of company support.

Determining the Status of Implementing Countries following the two-year Validation Deadline (Board paper 5-3)

Diarmid O'Sullivan, Global Witness, presented the conclusions of the Validation Committee emphasising the fine balance between credibility and flexibility and between principles and rules, in the adoption of the 'two-year rule'. The Paper required Candidate Countries to complete the Validation process and be designated as Compliant within two years, with certain exceptions which are specified in detail in the Paper. The Board approved the Paper as its position on the subject, but asked the Secretariat to reword the language of the recommendation to make it easier to read.

The Board tasked the Secretariat with writing to all Candidate Countries to convey the new validation process.

Action

The **Secretariat** will produce a plain-language English version of the guidance on Validation and write to implementing countries with the new guidance.

UN General Assembly Resolution

Shahmar Movsumov updated the Board on progress in preparing the General Assembly Resolution on the EITI. He reported that the Resolution was at a crucial stage. Significant opposition has built up against the Resolution, especially amongst the G77. He cited two major opposition arguments:

- that the initiative was perceived to be biased since resource-rich developed countries were not implementing the EITI; and
- that the EITI was thought to be a watchdog to monitor developing countries' resources.

The Government of Azerbaijan planned to brief the G77 on the initiative, but needed more help from candidate and supporting countries.

The Board noted that the Resolution had run into considerable difficulties, but hoped that the necessary support could be gathered. Civil society board members committed to using their contacts to rally support for the Resolution. Much was also expected of Norway to demonstrate that developed countries were implementing too. Nigeria and Ghana were asked to do more to persuade their African peers to support the Resolution. Specific targeted efforts were to be made on countries that appeared to be leading opposition to the initiative where appropriate.

Action

Azerbaijan and the **Secretariat** will coordinate and intensify dialogue on supporting the UN Resolution on the EITI, and bring in others as necessary. Nigeria committed to rallying support amongst African implementing countries.

The **Secretariat** will brief the Board through circulars regularly as the discussions evolve.

World Bank's proposal for a holistic approach to transparency in the extractive industries (Board paper 5-4)

Paulo de Sa briefed the Board on the World Bank President's response to managing extractive resources through a focus on the whole governance chain, formerly known as 'EITI++'. Although Board members broadly supported the need to foster transparency across the whole value chain of the natural resource industries, the Board agreed on the need to protect the focus and brand of the EITI. It welcomed the promise of a change of name of the World Bank initiative from 'EITI++'. It also recognised the need for a different set of stakeholders at each point of the value chain, though the EITI multi-stakeholder platform was already leading to many 'plusses' in different implementing countries.

The Board agreed the following statement:

'We welcome the World Bank's holistic approach to the natural resource value chain. The World Bank has the appropriate technical resources to facilitate this process. The Board is willing to contribute towards the development of this initiative and will follow its evolution with interest.'

Action

The **Chair** will write a letter to the World Bank outlining the Board statement about the holistic approach to transparency in the extractive industries.

The **Secretariat** will publish the statement agreed by the Board on its website.

Date and venue of next meeting

The Board accepted the Chair and Secretariat's proposal of holding this event 29-30 October 2008 in Athens, to immediately precede the International Anti-Corruption Conference. At the event, the Board will discuss the Secretariat's workplan for 2009.

Action

The Secretariat will prepare the next Board meeting to dovetail with the International Anti-Corruption Conference.

Governance and legal entity (Board paper 5-5)

Christian Fredrik Michelet introduced the paper by explaining that the proposal was still for an Association registered under Norwegian law. He noted three major developments in this proposal, from the last paper presented to the Board:

- EITI members would be represented as individuals not as states or organisations;
- Members would be appointed by 3 constituencies: countries, companies and civil society. The Secretariat would be expected to issue guidelines to constituencies based on present practice.
- The highest governance entity would be the members' meeting, not the Conference. The reason for this was to ensure a balance between constituencies; to be a more manageable forum (around 60); and to conform to the good governance principle for an association of having an oversight body for the executive.

Jonas Moberg added that the proposal was inspired by the Global Fund but had also considered many other models, including the concept of a Foundation. He noted that the presented papers needed some work to remove inconsistencies and glitches.

In the following discussion, various Board members expressed some reservations about the proposed entity, but there was wide agreement on the need to move forward swiftly and have a new model in place for the Conference. The Governance Committee was urged to consider other models including the World Water Council. Some Board members noted that they could not be represented on the Board as individuals. A Board member noted that the Board had previously approved a Governance Committee recommendation that Board members serve as representatives of their entities.

It was agreed to expand the Governance Committee to ensure wider consultation, participation and consensus, in order to reach a firm proposal to the Board by 1 August 2008. The Committee now comprises: Peter Eigen, Humphrey Asobie, Edward Bickham, Marie-Claire Cordinier-Segger, Bennett Freeman, Stephen Gallogly, Gilbert Maoundonodji, with Stuart Brooks observing the proceedings of the Committee and Jonas Moberg acting as the Secretary of the Committee.

Action

The expanded Governance Committee will consider other models and guidelines for a legal entity from Board members' states and organisations. They will then consult Board members and other relevant stakeholders on a proposed model and iron out any inconsistencies. They will seek to present a proposal for an EITI legal entity to the Board by 1 August 2008.

EITI Conference 2008 (Board paper 5-6)

Jonas Moberg thanked the Board for the agreement to delay the Conference until February or March 2009 to allow time to find the best venue. Jonas recommended that the Board narrow the options to:

- Indonesia;
- Mexico; and
- Qatar

Of these Qatar was the only one to have offered to host where, he added, there appeared to be a strong commitment to transparency but that they had not undertaken a detailed study of EITI. To this list, Azerbaijan officially offered Baku as a host city.

Karina Litvack outlined the deliberations of the Nominations Committee on the process for determining the succession of the Board (including the Chair) at the end of this term (i.e. at the time of the Conference). The Committee proposed that the nomination of the Chair be a positive choice by the present Board, following a consultative process led by the Nominations Committee, and that a process be established for nominating other Board members. This would involve one-to-one interviews with all Board members with common questions, focused on expectations in the Chair and the Board for the next term. The Committee's findings and recommendations would then be presented to the full Board -- without the Chair present when deliberating on the recommendation to make to the Conference on renewing the current Chair or nominating a new one. Recommendations to bring in other Board members would also be presented to the Board so that its different constituent elements (Implementing and Supporting Governments, Companies, and Civil Society) could undertake their own succession processes in advance of the Conference. This process was endorsed by the Chair.

Action

The **Secretariat** will make a full proposal to the Board on Conference timing, venue and governance by 1 August 2008.

The **Nominations Committee** will undertake a consultative exercise with all Board members about Board succession and present recommendations on succession to the next Board.

Home country support for the EITI

Bennett Freeman presented the progress of the US Extractive Industries Disclosure Bill to the Board. The Bill proposed that all extractive companies listed on the US Securities and Exchange Commission report their payments on a country-by-country basis. He emphasised that this did not just cover US companies but all listed companies and thus set an international standard for disclosure for stock exchanges which was consistent with the recommendations of the Transparency International Promoting Revenue Transparency report. Significant effort was going on to attract bipartisan support for the Bill.

It was stated that the industry unanimously opposed this legislation and expressed concern that it added fuel to the argument that it is a northern initiative. They believed that Governments would take steps to avoid being affected by this legislation thus threatening the business of many EITI companies and undermining their transparency efforts. Civil society members of the Board, on the other hand, regarded the Bill as reinforcing the EITI rather than undermining it.

Summary of Action Points

The **Secretariat** will reflect on the suggestions for improving the Implementation Progress Report and make a recommendation to the Board within a month.

The **Secretariat** will commission a paper on geopolitical contextualisation of the EITI, to be ready in time of the next Board meeting.

Board members were invited to make suggestions on how to improve reporting on the progress of company support.

The **Secretariat** will produce a plain-language English version of the guidance on Validation and write to implementing countries with the new guidance.

Azerbaijan and the **Secretariat** will coordinate and intensify dialogue on supporting the UN Resolution on the EITI, and bring in others as necessary. Nigeria committed to rallying support amongst African implementing countries.

The **Secretariat** will brief the Board through circulars regularly as the discussions evolve.

The **Chair** will write a letter to the World Bank outlining the Board statement about the holistic approach to transparency in the extractive industries.

The **Secretariat** will publish the statement agreed by the Board on its website.

The **Secretariat** will prepare the next Board meeting to dovetail with the International Anti-Corruption Conference.

The expanded **Governance Committee** will consider other models and guidelines for a legal entity from Board members' states and organisations. They will then consult Board members and other relevant stakeholders on a proposed model and iron out any inconsistencies. They will seek to present a proposal for an EITI legal entity to the Board by 1 August 2008.

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EITI Secretariat
21 July 2008