

10<sup>TH</sup> EITI BOARD MEETING, BAKU, 14-15 OCTOBER 2009

# Minutes

**EITI International Secretariat** Oslo, October 2009

# MINUTES OF THE 10<sup>TH</sup> EITI BOARD MEETING

---

*Landmark Hotel, Baku, 14-15 October 2009*

## Board Members

### Chair

**Dr Peter EIGEN**

### Implementing Countries

**Mr Abdoul Aziz ASKIA**, Permanent Secretary, EITI Niger, Niger  
Alt: **Mr Sidi OULD ZEÏNE**, Chairman, EITI Mauritania, Mauritania

**Mr T. Negbalee WARNER**, National Coordinator, EITI Liberia, Liberia  
(Alternating for Mr Essimi MENYE)

**Prof Humphrey ASSISI ASOBIE**, Chairman, NEITI, Nigeria

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

### Supporting Countries

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

Alt: **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

**Dr Ulla MIKOTA**, Deputy Director General, Federal Ministry for Economic Cooperation and Development, Germany

Alt: **Ms Alice GUITTON**, Head of Democratic Governance Mission, Ministry of Foreign Affairs, France

### Civil Society Organisations

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

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

**Mr Alfred BROWNELL**, Green Advocates, Liberia

Alt: **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

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

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

Alt: **Mr Diarmid O'SULLIVAN**, Team leader, Oil Campaign, Global Witness

**Mr Anthony RICHTER**, Chairman of the Governing Board of Revenue Watch Institute, United States

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

### Companies including Investors

**Mr Stuart BROOKS**, Manager, International Relations, Chevron

Alt: **Mr Michael D. MAHER**, Public Affairs, ExxonMobil

**Mr Olivier LOUBIÈRE**, Corporate Business Ethics Advisor, AREVA  
(Alternating for Mr David BAKER)

**Mr Edward BICKHAM**, ICMM  
(Alternating for Dr R Anthony HODGE, President, ICMM)

**Mr Jean-François LASSALLE**, Vice President of E&P Public Affairs, Total  
Alt: **Mr Keith RUDDOCK**, General Counsel - Exploration and Production, Royal Dutch Shell

**Ms Julie McDOWELL**, Head of SRI, Standard Life Investments  
Alt: **Mr David DIAMOND**, Co-Head of SRI Development, Allianz Global Investors France

## Observers

**Dr Gad AKWENSIVIE**, GHEITI Multistakeholder Steering Committee, Ghana

**Ms Gro ANUNDSKAAS**, Assistant Director General, Ministry of Petroleum and Energy, Norway

**Mr Franklin ASHIADEY**, GHEITI Ghana

**Mr Anton Op de BEKE**, International Monetary Fund

**Ms Alison BERG**, World Bank

**Mr Wouter Biesterbos**, Ministry of Foreign Affairs, Netherlands

**Mr Peter BOOMS**, Belgian Embassy, Baku

**Ms Christina del CASTILLO**, USAID

**Ms Diana CORBIN**, World Bank

**Mr Manuel De LEMOS**, Timor-Leste

**Ms Page DYKSTRA**, Program Associate, Revenue Watch Institute

**Ms Katharina GUNSELMANN**, EITI Policy Advisor, German Technical Cooperation (GTZ), Public Finance, Administrative Reform & Decentralization

**Mr Bakhtiyar KARIMOV**, World Bank

**Mr Matsuzava KOTARO**, Embassy of Japan in Baku

**Ms Shelly HAN**, Commission on Security and Cooperation in Europe

**Mr David HENRY**, US State Department

**Mr Jon HOBBS**, Lead Policy Advisor, Department for International Development (DFID), UK

**Ms Elina LEVÄNIEMI**, Programme Officer, MFA Finland

**Mr Ron LYEN**, Natural Resources, Canada

**Mr Geir LØKKEN**, Assistant Director General, Ministry of Foreign Affairs Norway

**Mr Tom MAYNE**, Global Witness, UK

**Ms Solange ONDIGUI**, National Coordinator, Ministry of Finance, Cameroon

**Mr Adeoti OLASUNKANMI**, NEITI Secretariat, Nigeria

**Mr Dorian PANCHYSON**, Natural Resources, Canada

**Amb Jon RAMBERG**, Ambassador, Royal Norwegian Embassy, Baku

**Mr Anwar RAVAT**, World Bank

**Ms Baiba RUBESA**, Head of Government & Public Relations, Statoil Hydro Baku

**Mr Paolo De SA**, World Bank

**Mr Hartwig SCHAFER**, World Bank

**Ms Rebecca SMART**, CIDA, Canada

**Ms Rosemary STEVENSON**, Department for International Development (DFID), UK

**Ms Julie VALLAT**, Corporate Legal Counsel, Total

**Mr Oliver WAGENER**, EITI advisor to BMZ division 211, German Technical Cooperation (GTZ)

**Mr Joseph WILLIAMS**, Information and Advocacy Officer, PWYP

**Ms Gabriele ZÖLLER**, EITI desk officer, BMZ Division 211 - Governance, Democracy, Rule of Law

### **EITI International Secretariat**

**Dr Sam BARTLETT**, Regional Director

**Mr Tim BITTIGER**, Regional Director

**Ms Leah KROGSUND**, Executive Secretary

**Mr Jonas MOBERG**, Head of Secretariat

**Dr Francisco PARIS**, Regional Director

**Mr Eddie RICH**, Deputy Head of Secretariat

**Mr Mike WILKINSON**, Advisor

### **Welcome and Introductions**

The Chair opened the session by welcoming back Edward Bickham to the Board, this time on ICMM's behalf and as Tony Hodge's Alternate. He also welcomed the new Alternate from ExxonMobil, Michael Maher.

The Chair noted the progress towards Validation in many countries and praised the work of the Secretariat, the pro-bono advisers, and the Board Committees. He reminded everyone of their personal responsibilities as part of a working Board to achieve these ambitious Validation goals.

### **Implementation and Outreach Progress Report (Board Paper 10-2)**

Jonas Moberg briefly introduced this paper. He noted the challenge of interpreting EITI rules as we approach Validation. He reminded the Board of the significant logistical and political challenges faced by the Candidate countries as they approached Validation. He also highlighted the backward steps in Guinea. Almost all countries continued to underestimate the required time to undertake Validation.

In discussion, some Board members questioned if the existing 4 indicators for candidature were too crude or straightforward, though others noted that a low benchmark encouraged countries into the process. Shahmar Movsumov argued that 2 or 3 cycles of reports should be required before a country can undertake Validation. Jonas agreed that there were a lot of lessons being learned and that the Sourcebook would need an update to clarify some of the processes. He also reminded the Board that an evaluation of the EITI and its rules would be commissioned in time for the next Conference, and that the Validation or Governance Committees were likely to want to look at the issues in advance.

### **Azerbaijan Compliance (Board Paper 10-3-A)**

The Chair introduced this paper by noting that the deadline set by the Board for Azerbaijan to establish a multi-stakeholder group (MSG) and a workplan had expired on 15 August. However, since the Board papers had been prepared, there had been progress.

Shahmar Movsumov informed the Board that the process to agree the MSG and workplan had taken longer than expected, but that the MSG had been established last week with three participants and one alternative from each constituency: government, companies and civil society. He added that, previous to the establishment of the MSG, the meetings had been entirely open. The MSG was agreeing the new workplan for 2010. He noted that all other Validation recommendations were being implemented.

Ingilab Ahmadov confirmed that the delay in the process had been merely technical but that civil society still had

concerns about the EITI process in Azerbaijan.

Shahmar and Ingilab were then asked to recuse themselves from the Board discussion along with observers. The discussions *in camera* are not recorded here.

On the return to the full meeting, the Chair noted the trailblazing progress of Azerbaijan. He indicated that the Board remained concerned that the actions agreed in Doha had not been met. Noting that stakeholders had committed to agree a workplan by the end of the year, he requested that the Government advise the Board when the workplan had been fully agreed. The Board will revisit this issue at the next meeting.

### Action

Progress on Azerbaijan to be discussed at the next Board meeting.

## Liberia Validation (Board Paper 10-3-B)

Julie McDowell, Chair of the Validation Committee introduced this paper recommending that Liberia be classified as EITI compliant. Negbalee Warner noted the political commitment to the process, whilst Alfred Brownell applauded the progress but stated that civil society concerns remained and that there was need for continued momentum. Negbalee and Alfred were asked to recuse themselves from the discussion along with observers. The discussions *in camera* are not recorded here.

On return to the full meeting, the Chair declared that the Board had designated Liberia as EITI compliant. He warmly congratulated them on becoming the first African EITI compliant country. He noted the concerns about continuing discrepancies and sought a need for improved auditing standards. On a personal note, Peter added that he had rarely seen such an effective coalition effort as he had at Bong Mines in Liberia the previous week.

Negbalee assured the Board that Liberia would address the discrepancies in the first report through a separate independent reconciliation exercise and that they had a process for improved audit coverage. He added that in future they would seek to do a report of the difference between what had been paid and what should have been paid.

### Action

**Secretariat** to monitor progress on implementation of Validator's recommendations.

## Draft EITI Policy Note on International Accounting Standards (Board Paper 10-3-C)

Sam Bartlett introduced this paper on behalf of the Secretariat. He noted that the paper addressed issues of definition and guidance regarding the Validation indicators 12, 13, 14 and 15. The Validation Committee had examined these issues in detail, balancing the need for consistency, continuity and clarity. The Committee is close to agreeing a policy note on indicators 12 and 13 for consideration by the Board. It was noted that changing the Validation requirements at this stage may be disruptive given the imminent Validation deadlines in many Candidate countries. He noted that these issues had also been considered in the Validation Committee's deliberation regarding the Validation report from Liberia. The Chair also drew the Board's attention to the discussion of these issues in the *Policy Discussion Paper* (Board Circular #54), in particular with respect to coverage of all material payments in oil, gas and mining sectors in EITI reporting.

In discussion it was noted that several countries, eg. Guinea and the DRC, have entered into agreements whereby infrastructure provision is bartered for mineral rights. These arrangements appear to involve substantial transfer of value and may not be adequately captured by current EITI reporting templates. It was agreed that this warrants further investigation.

The Board endorsed the on-going work in the Validation Committee. The Board agreed that a working group would be established to consider whether clarification was needed regarding social payments and barter investments in EITI reporting.

### Action

A **working group** to be established to consider the issues of social and barter payments in EITI reporting. Revenue Watch Institute, the World Bank, Areva, ICMM and Liberia agreed to serve on this working group.

### Candidacy application submitted by Ethiopia (Board Paper 10-4)

Eddie Rich introduced this paper on behalf of the Secretariat. He explained that the application from Ethiopia had been, in many ways, textbook and that they have gone to considerable lengths to ensure full and open engagement with civil society. However, this was against a backdrop of a restrictive Proclamation on the regulation of NGOs in Ethiopia passed by Parliament in January. He explained the efforts of the Secretariat to seek assurances that, despite the law, civil society would be able to freely and actively participate in the EITI process. According to the sign-up criteria, the recommendation of the Secretariat was to accept this application.

Civil society and some government representatives on the Board considered this to be a “troubled” application. Some felt that if Ethiopia were accepted now, their case would immediately have to be considered by the Rapid Response Committee. Others noted that the EITI was a rules-based organisation and felt that the 4 sign-up indicators had been met. They felt that the rules only enabled the EITI Board to respond to the implementation of laws, rather than the laws themselves.

The Chair concluded that the Board was not ready to give Ethiopia candidate status. He would write to the Government welcoming the application, congratulating them on progress, and seeking further assurance from the Government on whether the law will impede the effective implementation of the EITI. The Board also requested more information on the views of Ethiopian civil society to the proposal. The Chair proposed a working group to collect more information and to undertake a Board mission to Ethiopia. He invited Alfred Brownell and Humphrey Asobie to be involved. Once furnished with fuller information, a further recommendation would be made by this group to the Board by circular.

### Action

The **Chairman** to write to the Government of Ethiopia requesting further assurance.

A **working group** of Alfred Brownell and Humphrey Asobie, supported by the Secretariat, to collect more information and make a further recommendation to the Board.

### Committee compositions (Board Paper 10-5-A)

Jonas Moberg introduced this paper on rules for who could serve on Board Committees. He noted that there had been some progress since the paper and presented a more detailed proposal. Taking note of the arguments presented in Board Paper 10-5 A and the revised proposal, the Board decided that:

- Board members and Alternates who are either serving or who have served during the course of the Board term, can be appointed to Committees;
- In exceptional circumstances, the Board may decide that other stakeholders can serve as Associate Board Members; and
- Other stakeholders can participate in Committee meetings on an ad hoc basis as decided by the Chair of the Committee.

### Temporary suspension (Board Paper 10-5-B)

Jonas Moberg introduced this paper by noting that Board had not in detail considered guidance on what happens when the rules of the EITI are not, or cannot be, followed. This was the background to the paper on proposed temporary suspension and temporary voluntary suspension.

The Board noted that Article 5(4) "A resolution by the EITI Board in accordance with Article 5(4) may be appealed by any Member to the Member's Meeting for final decision" should refer to paragraph 5 and not, as stated,

paragraph, ie. the Board's decisions about any Member's Membership can be appealed to the Members' Meeting for final decision.

The Board agreed in principle to the proposal but noted that some minor drafting revision were necessary. It was concluded that this mechanism should not be used lightly. There was recognition of the need for more clarity around whether suspension re-set the clock (with respect to the Validation deadline), the implications for MDTF support of suspension, and an acknowledgement that this did not resolve the more probable Validation scenario of countries overshooting the deadline.

The Chair encouraged Board members to provide drafting proposals to the Secretariat.

### Action

The **Secretariat** to make minor adjustments to the paper and submit for final agreement by Board Circular.

### Report on progress on EITI Chair Recruitment (Board Paper 10-6)

Stuart Brooks introduced the report on Chair Recruitment by noting the overall principle of upholding the dignity of the present and future Chair whilst needing to start the process now. He presented the proposed timetable which, to ensure a seamless transition, envisages a selection in the second half of next year, with the final appointment endorsed by the Global Conference in 2011. The role profile highlighted the need for diversity and to cast the net wide. He recognised the need to add to the Role Profile a measure of success for the Chair – i.e., to maximise the number of compliant countries and keep them compliant. He acknowledged the need to look at alternative processes if this system did not produce a satisfactory candidate in the envisaged timescale.

In discussion the following points were made:

- highlighting the requirement that there be no significant conflict of interest e.g., financial.
- highlighting the need for more languages than English.
- questioning the restriction that the Chair be expected do the job pro-bono thus helping to cast the net as widely as possible.
- questioning that prior familiarity with EITI should be one of the key selection criteria.

Stuart Brooks concluded by noting that the criteria checklist in the role profile was an ideal only.

### Action

The **Nominations Committee** to make minor adjustments to the role profile related to measure of success, and more flexibility on pro-bono.

The **Nominations Committee** to invite Board members to nominate candidates in the next Board Circular.

### Secretariat Expenditure Review (Board Paper 10-7)

Julie McDowell introduced this paper by noting that the financial review was not an audit. It looked at three main issues in the Secretariat's finances:

- could they see how the money was spent? On this issue there had not been enough available information, and the review suggested a revised set of budget codes.
- were the financial procedures sound? On this, nothing had arisen to concern the Committee.
- was there an appropriate use of funding? On this, the Committee did not feel that they had sufficient tools to assess value for money, but did feel that the Secretariat provided a high level of service.

On behalf of the Secretariat, Jonas Moberg commented that it had been a useful and timely exercise, and that there had been an extensive process underlying this paper. He drew the Board's attention to the detailed background paper put together by the Secretariat, particularly noting the efforts to answer the value for money

issue.

The Chair added that the scope of the Secretariat was expanding and the budget was stretched. He was personally very grateful to the work of the Secretariat.

In discussion there was an agreement on the need for a consensus on outcomes for the Secretariat both to inform public expectations and also to evaluate performance.

### Action

The **Secretariat** to revise their budget codes in line with the recommendations of the paper.

The **Board** to establish a working group on expected outcomes (already a recommendation from the draft 2010 workplan – Paper 10-8A).

## Secretariat Workplan 2010 (Board Paper 10-8-A)

Jonas Moberg introduced this paper by noting that the 2010 workplan had the same broad priorities as those of 2008 and 2009: strengthening of EITI implementation; development of policy and guidance; and targeted outreach. He noted that there was a huge demand for EITI to go beyond its present mandate, so there was a major challenge in making people understand that the focus on a narrow mandate had helped set off a process for a wider debate in all implementing countries. He alerted the Board to the recommendation in the workplan for a slight increase in resources to handle the growing number of countries, the intensity of Validation, and the development of appropriate rules, guidance and advocacy materials.

The Board discussed the limited progress on the indicator on global oil and gas coverage, the discussion on the appropriate level of candidature requirements, the lack of detailed actions on sub-national revenue flows, and the need to look at potential funding from foundations. There was also a discussion on how to improve Board understanding of the work of the World Bank-administered Multi-donor Trust Fund, the World Bank's Governance in the Extractive Sector initiative, and the Resource Charter. The Board then approved the workplan subject to minor inclusions on the issue of improved guidance coverage of sub-national revenue flows.

### Action

The **Secretariat** to add a section on actions to improve EITI coverage/understanding of sub-national flows.

The **Secretariat** to look into the issue of funding from foundations.

## Any other business

Jonas Moberg invited the Board to propose that Peter and one more Board Member have independent signature rights for the EITI. He suggested Jostein Leiro since he was based in Oslo. This suggestion was approved.

The date of the next meeting was confirmed as 9-10 February in Oslo. The following meeting was confirmed as 15-16 April (venue to be confirmed).

Mark Pearson alerted the Board that the Canada's national website on the EITI was now live: [www.eiti.nrcan.gc.ca](http://www.eiti.nrcan.gc.ca) (in English) or [www.itie.nrcan.gc.ca](http://www.itie.nrcan.gc.ca) (in French).

The Chair introduced Mr. Kotaro Matsuzawa from the Embassy of Japan in Azerbaijan, and welcomed the proposal by the Government of Japan to host an EITI workshop in Tokyo in late January 2010.

The Chair concluded the meeting by sincerely thanking on behalf of the whole Board, the Government of Azerbaijan for hosting the event.

EITI Secretariat

November 2009