Dear Members of the Board,

1  **Updated draft minutes from our 18th meeting**

Please find attached the updated draft minutes from the Board’s 18th meeting, which reflect the comments, in track changes, that you have made.

Several of you requested to make clear that the Bangka discussions reflected individual views. This is of course right and the minutes now make this clear.

The suggestion was made that the planned data compendium in Cameroon should not be considered when deciding on the country’s status, to avoid the impression that an implementing country can deliver low-quality data and others will rectify this. I understood the Board’s decision to be that the compendium is taken into account when finalising the review, otherwise the exercise would be futile.

I have taken note of Jean-Claude’s request to write a letter to the government of the Central African Republic to raise concerns about the September arrests of civil society representatives. In Jakarta, I proposed to “consider it carefully”, but not to decide on a letter now. This follows the Secretariat’s explanation that no stakeholder had raised a linkage and that the CSO representatives were released in September. The Secretariat proposes that no letter be sent at this time.

We were reminded that a letter to the government of Kazakhstan needs to be written and I confirm that this will be done.

Should we not receive any further comments through Tim Bittiger (tbittiger@eiti.org) at the Secretariat by close 30 November we shall consider the draft minutes final and make them public on the website.

2  **Location of our meeting in February**

The Secretariat follows travel advice issued by a number of countries and agencies and concludes that there is currently strong advice against travel to Abuja. The Secretariat and I therefore suggest that we seek to hold a meeting later next year in Abuja and that we meet in London on 14-15 February instead. It is with regret I make this recommendation. I will however continue to give high priority to our meeting in implementing countries.
Unless Jonas hears from you by 3 December, I conclude that we have agreed that the meeting will be held in London.

3 Ethiopia

As you can see from the attached, Jonas and I have received invitations from the Ethiopian multi-stakeholder group to attend one of their meetings. This led me to request the attached update from the International Secretariat about the EITI’s engagement with Ethiopia.

The invitation coincides with the EITI, and several of our key stakeholders, being invited to Addis Ababa for the Africa Union Conference of Mining Ministers and a meeting hosted by the AU and EU on Mining Taxation.

I suggest the following:

• The Secretariat meets with the Ethiopian MSG in conjunction with the other meetings in December and reports its findings to the Board.

• Civil society and preferably other sector Board members accompany the Secretariat on such a visit.

• A report from the Secretariat, and ideally the Board representatives from this mission, is submitted to the Outreach and Candidature Committee and the Governance Committee, so that these committees can make recommendations to the Board, ahead of our meeting scheduled for February. Such recommendations should seek to establish whether civil society representatives in Ethiopia are as able to engage in the process as freely as they are in implementing countries.

Given that Ethiopia has already applied once, I find it reasonable that the Ethiopian multi-stakeholder group and government should be able to have an advance indication from the EITI whether the current practices and laws make it worthwhile for the government to submit another application. I hope that after our deliberations in February, we will be in a position to provide such an indication. This provides us with an opportunity to try to ensure that the EITI Rules are applied equitably to candidate and implementing countries.

4 Access to the internal area of the EITI website

Board papers, validation reports, implementation and outreach updates are all available on the password protected section of the EITI website. Please follow the below link and enter the username and password.

http://eiti.org/internal

Username: Board
Password: 2013

Best wishes,

Clare Short
EITI Chair
1 Summary
The Ethiopian government, company and civil society representatives were disappointed in 2009 that the EITI Board failed to grant Ethiopia candidate status. The multi-stakeholder group has proceeded with its own EITI-like process and has invited us to visit them.

2 Ethiopia – EITI involvement and the Board’s deferral of the candidacy application

2.1 From the Minutes of the 11th EITI Board meeting, February 2010

“At the Board’s request at the Baku meeting in October 2009, Humphrey Asobie and Alfred Brownell, supported by Eddie Rich, had undertaken a mission to Ethiopia to assess this country’s candidate application. Humphrey Asobie introduced a paper that was circulated at the meeting outlining the situation regarding the Proclamation on Charities and Society, which many Board members were concerned would restrict the activities of NGOs engaged in the EITI process (attached). The paper noted that although the Proclamation was indeed restrictive, stakeholders in Ethiopia, including civil society, were strongly supportive of the application proceeding. The paper recommended that a decision be delayed pending a reassurance from the government that NGO activities around the EITI be exempted from the law, whilst the International Secretariat and others continue to engage constructively and supportively.

In discussion, some Board members stated that they could not foresee an assurance that could adequately confirm, in a binding form, that civil society organisations (inside and outside the Ethiopian EITI multi-stakeholder group) would be able to make an effective contribution to the EITI process. No final decision on Ethiopia’s Candidate application was taken, and the decision was deferred, in effect, until the Proclamation on Charities and Society is no longer in place.”

The Proclamation is still in place in Ethiopia. It has been considered by the International Centre for non-profit law one “… of the most controversial NGO laws in the world. The Proclamation, among other things, restricts NGOs that receive more than 10% of their financing from foreign sources from engaging in essentially all human rights and advocacy activities”. In the same report, the ICNL also concludes that the “extent to which the CSP will affect civil society in Ethiopia has yet to be seen.”
Despite the deferral by the EITI Board, the commitment of the Government as well as the other stakeholders on this matter remains consistently strong. The Government of Ethiopia has recruited an independent reconciler and is on track to produce an EITI-like report by the end of the year.

3 The Ethiopia Revenue Transparency Initiative (ERTI)

Despite the deferral, the Government appears to have continued its commitment towards more transparency for the mining sector. The ERTI was established soon after Ethiopia’s EITI candidate application was deferred. The main goal of implementing this multi-stakeholder revenue transparency exercise was, in the absence of the EITI international process, to provide Ethiopia with a vehicle for improving its mineral sector governance through strengthened transparency. Therefore, the ERTI kept in place the institutional set up which was originally implemented for EITI, i.e. a secretariat, a national coordinator, and the multi-stakeholder National Steering Committee (NSC), which is headed by the Minister of Mines.

The World Bank has coordinated the implementation of the initiative in close collaboration with the Ethiopian authorities, but also with donors and civil society.

In addition, the Africa Development Bank has provided financial assistance, including for regional EITI experience exchange.

The following main activities are being undertaken in the domestic revenue transparency process:

- Periodic workshops to create awareness and build capacity civil society in understanding the sector and in handling and disseminating payment and revenue data
- Appointment of a credible and independent administrator to conduct reconciliation and/audit of payments and revenue disclosed by companies and government
- Dissemination of the reconciled information in an easy to understand reporting format to the public and international community taking into account the degree of access of the public to different media.

Progress to date by the ERTI:

- A two day seminar, organized by the World Bank and supported through the attendance of Revenue Watch was delivered in early summer to bring to the NSC’s attention key sector and governance issues, as well as the diverse experience of EITI implementing countries in the region.
- The NSC agreed on the TORs for the reconciler, the scope of the report and the types of payments to be included in the report, and supports the procurement process.
- The hiring process for the reconciler.
- Outreach to the private sector, beyond those which are represented at the NSC.
- The NSC is discussing a training plan.
- Regular NSC meetings take place.
- CSO representation in the NSC is strong: all three stakeholders are represented by five attendees, many of which embody umbrella organizations: Ethiopian Youth Federation, Transparency Ethiopia, Christian Relief and Development Organization, National Association of People with Disabilities and the Ethiopian National Journalists Union.
- A meeting between key bilateral donors and the NSC has taken place, with clear donor support for the ERTI.
- The Government is supporting the process both through the institutional set-up as described above, and through financial support. The Minister of Mines is heading the NSC sessions, and the Ministry is providing the venues.
4 Further analysis

Further analysis is required to determine whether the government is ensuring that civil society is freely, fully and actively engaged in the process. In addition to the significance of the existence of the NGO Proclamation and other laws, it would appear necessary to ascertain how the laws are being implemented. This is a difficult area, as any self-restraint or censorship due to harassment, by definition, is unlikely to be captured. Such analysis would include reviewing several international indices and documents, like the Mo Ibrahim index on political participation (http://www.moibrahimfoundation.org/en/section/the-ibrahim-index/methodology/index-indicators?id=2), Freedom House Political Rights and Civil Liberty ratings (http://www.freedomhouse.org/template.cfm?page=351&ana_page=379&year=2011), US State Department’s reports on human rights (http://www.state.gov/g/drl/rls/hrrpt).