

# EITI NEWSLETTER

Spring 2008

**EITI International Secretariat** Oslo, 23 May 2008

## EITI Builds Momentum

*By Peter Eigen, Chair of the EITI*

Dear partners and friends of the EITI,

Welcome to the spring edition of the quarterly EITI Newsletter. The EITI continues to build momentum. As oil, gas and other commodity prices maintain historically high levels, the EITI is attracting a growing coalition of supporting governments, companies, investors, civil society groups and international financial institutions that recognise the central role that the EITI can play in addressing what some have called the “resource curse” and in strengthening extractive industry governance.

The intensive outreach efforts of past few years have proven successful. There are now 23 “Candidate Countries” implementing the EITI, with several other countries working toward achieving Candidate status. Several articles in this edition focus on the achievements and challenges associated with EITI implementation at the country level. Some of the newly admitted Candidates are at an early stage of implementation, focussing on consolidating the consultative, multi-stakeholder process that is at the core of the EITI principles and methodology. Increasingly, new Candidate Countries are drawing on lessons learned in other implementing countries. The growing prevalence of such “peer learning” is perhaps one of the most exciting developments in the EITI community.

To date, 10 Candidate Countries have produced EITI reports, and several are preparing to undertake EITI Validation, the country-led process overseen by the EITI Board that establishes whether a country has become EITI Compliant. We are all acutely aware of the need to demonstrate the impact

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## The EITI Newsletter

The EITI Newsletter is sent out quarterly 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 Anders Tunold Kråkenes.

of EITI “on the ground”, and the EITI Validation process will play a key role in this regard.

In October 2007 the new EITI website was launched at [www.eitransparency.org](http://www.eitransparency.org). The objective of the website is to inform, explain, and to promote transparency and accountability in EITI operations. The website provides information on EITI governance and policy, details on country implementation, and regular postings on EITI announcements, publications and events. 3000 users have signed up to receive regular email updates – illustrating both the growing interest in EITI and the growing expectations!

We hope that this quarterly EITI newsletter will be a useful resource for readers that wish to follow recent developments in the EITI community. Our next issue will include additional updates from implementing countries, a feature article on EITI validation, and news on the biannual EITI conference, scheduled for early 2009. As always, we warmly welcome your comments, questions and suggestions for improving the newsletter, and for furthering the cause of resource revenue transparency globally.

Best wishes,



## Liberia EITI Surges Ahead

By T. Negbalee Warner, Head of LEITI Secretariat

Liberia has been one of the most cursed of all resource-rich countries. Despite an abundance of iron ore, diamonds, gold, timber and rubber, Liberia was for fourteen years ravaged by a horrific civil war that disintegrated the nation and brought it near the bottom of the UN's Human Development Index, thanks to corruption and mismanagement of the country's abundant resources which also fuelled the war. When the war ended and general elections were held in 2005, the new present Government led by President Ellen Johnson Sirleaf vowed to ensure national growth and development through better revenue management.

Liberia has made excellent progress since committing to the EITI, and subsequently becoming an EITI candidate country on September 27, 2007. Liberia is the first country to decide to include forestry within its EITI scope based on historical experiences of persistent misuse of the forest wealth of the country; until recently, forestry represented 57% of total exports, but 6% of tax revenue.

According to Liberia's adopted costed work plan and a subsequent MOU signed by the stakeholders, the first EITI report of Liberia is scheduled to be produced before the end of October 2008.

Liberia's progress to date includes the following:

### EITI by the numbers

- 23** EITI Candidate Countries (as of late May 2008).
- 15** EITI Candidate Countries (as of late May 2007).
- 10** Candidate Countries have issued EITI Reports.
- 1** Candidate has initiated the Validation process
- 14** trillion US Dollars of Funds under management by
- 70** EITI Supporting Investors Organisations.
- 38** of the largest companies in the extractive sector have committed to supporting the EITI.

### EITI Implementing Countries



### EITI Reporting

Azerbaijan, Gabon, Ghana, Kazakhstan and Mongolia have issued EITI Reports so far in 2008. Ten countries have now published EITI Reports. The reports are available on the countries' EITI websites.

1. The full and consistent engagement of all stakeholders; Members of the Stakeholders Steering Group have average consistent attendance and participation rate of 90%;
2. The establishment and staffing of a capable three-person professional secretariat;
3. The approval of a costed work plan along with the mobilization of about 80% of the funding resources required for a two-year fiscal period ending June 2009;
4. Completion of the legal review to determine possible legal impediments to the implementation of the LEITI;
5. The execution of a Memorandum of Understanding (MOU) by stakeholders, formally committing themselves to the full implementation of the LEITI;
6. Undertaking of a forestry scoping study to investigate and advise on the relative ease or difficulty that could attend the application of EITI principles to the forestry sector. The preliminary report of the Study was presented at a meeting of the Group on May 1, 2008, and a final report is due before the end of May 2008;
7. Completion of reporting templates for the government and the private sector; and
8. Finalization of the TOR for an independent LEITI administrator/auditor, along with authorization for the commencement of the recruitment process.

In addition, a comprehensive LEITI public outreach and general communications strategy is being developed to be completed and presented to the LEITI in May 2008.

With all the above activity, Liberia is well on the way to becoming a leader amongst EITI implementing countries despite being a late entrant. We believe that this will make a significant contribution to lifting Liberia out of its poverty-ridden past.

*For more information about EITI in Liberia, including an invitation to bid to be the Liberia EITI administrator, visit [www.eitiliberia.org](http://www.eitiliberia.org).*

## Further Steps of Progress for the EITI in Gabon

*By Fidèle Ntsissi, President of the EITI's multi-stakeholder group in Gabon*

Gabon was one of the first countries to commit to the Extractive Industries Transparency Initiative. The President of Gabon committed the government to adopt and implement the principles back in May 2004, only two years after the initiative was launched.

Gabon began the process of implementation by putting in place a tripartite multi-stakeholder group consisting of representatives from Government,

### 1<sup>st</sup> EITI training seminar in Berlin, 9-13 June

The EITI Secretariat is organising a series of three five-day seminars on 'Implementing the EITI - Best Practice and Tools' together with Berlin-based InWEnt on behalf of the GTZ and the MDTF. The seminars will bring together representatives of government, business and civil society from the 23 implementing countries to share experiences and to learn from leading experts and practitioners. Target participants include members from the national EITI committees, and institutions involved in the EITI. The first seminar will take place 9 - 13 June 2008 in Berlin, Germany, and will be conducted in English. Two more seminars will follow in the autumn, one in French and one in English.

### UN resolution on the EITI

The Government of Azerbaijan is together with Azerbaijan, Belgium, Bolivia, Congo, France, Georgia, Germany, Italy, Kazakhstan, Kyrgyzstan, Liberia, Moldova, Nigeria, Norway, Sierra Leone, United Kingdom and Yemen sponsoring a United Nations General Assembly Resolution, expressing support of the EITI. The draft is available on the EITI website.

Consultations are ongoing, and the passage of the resolution is yet to be fully secured. We ask all friends of the EITI to urge their governments to support this UN resolution. Please contact Jonas Moberg for information about this.

extractive companies and civil society. The number of representatives from civil society was increased as the EITI grew and now includes representatives from the Gabonese clergy and the local coalition of Publish What You Pay.

Since 2005 Gabon has annually published an EITI report displaying revenues received from companies within extractive industries including both oil and mining. The last report was published on 20 April 2008 and concerned revenues received in 2006. The most recent report represents a further step of progress for the EITI in Gabon in two ways. Firstly, almost all the extractive companies operating in Gabon are included. This illustrates the awareness-raising that has taken place nationally by the government and particularly by civil society.

Furthermore the revenue statements of three major companies, two within the oil sector (Shell and Total) and one in mining (Comilog), have been fully audited. This will strengthen transparency and the practice will progressively be extended to involve other companies.

The gap between the amounts declared by companies and those declared by the state is smaller than in previous reports. This is due to improved methods of accounting and scrutiny by the administrator.

Finally, Gabon has recently enjoyed the participation of institutions such as the World Bank, who organized two important seminars about the EITI and about oil contracts in Libreville.

*For more information about the EITI in Gabon, visit [www.eitigabon.org](http://www.eitigabon.org).*

## Iraq to Implement the EITI

The Government of Iraq has formally committed to implement the EITI making it the single largest country in terms of proven oil reserves (11% of world's resources) to do so. It is beginning the process to identify the stakeholders, appointing a suitable senior official to lead the implementation, and drafting a workplan for the full implementation. The oil industry is at a critical stage in Iraq with the drafting of oil legislation for the regulation of foreign investment which will be followed by a series of contract awards. It is intended that the EITI will sit within this regulatory framework.

The Deputy Prime Minister and Chairman of the Supreme Economic Council of Iraq, Dr Barham A Salih said:

*'Iraq is in the midst of a historic campaign of revival and reconstruction after decades of tyranny, mismanagement and war. The vast oil wealth that the country was blessed with is a key asset as it embarks on this journey. In order for the people of Iraq to enjoy the full benefit of this wealth rather than it becoming a curse as happened so many times in the past, oil and gas need to be managed in an efficient and responsible way.'*

The EITI Chairman, Peter Eigen, said:

*'We welcome Iraq into the EITI family. We believe that the EITI will be an*

## China-EITI Workplan

Building on the EITI's and the Secretariat's engagement with Chinese authorities, a workplan has been agreed to further engaging Chinese authorities and companies about their involvement in extractive industries abroad.

For more information, contact Francisco Paris at the EITI Secretariat.

## Professor Collier about the EITI

*'Any international standards for resource extraction must be voluntary. Fortunately, in this area voluntary standards have a good record. The Extractive Industries Transparency Initiative, launched in 2002 as a standard for revenue reporting, has a wide take-up. Standards provide rallying points for reformers and a benchmark for performance and promote competition between governments'*

Oxford Professor Paul Collier and Michael Spence in an op-ed piece in Financial Times on 10 April.

## EITI Endorsements

In 2008 the Asian Development Bank and the European Investment Bank have endorsed the EITI, joining a growing list of international organisations that support to the EITI. The Secretariat has developed a document containing many of these endorsements. It can be downloaded from the EITI website.

important tool in driving the recovery of the nation and ensuring that its abundant oil and gas wealth can be managed for the benefit of its citizens and sustained peace.'

Recognising the EITI's multi-stakeholder approach, the Minister of Oil, Hussein Al-Shehristani, added 'Part of [EITI's] outcomes would be cooperation and coordination with states and organisations and international oil companies together with the exchange of experience ... in addition to promoting trust in the foreign investment for the petroleum projects in Iraq ... It is also an effective step towards eradicating corruption, both administrative and financial.'

**Jonas Moberg will address the Iraq International Compact meeting in Stockholm at the end of this month and meet with Dr Barham A Salih to discuss next steps.**

*Further questions about Iraq and the EITI can be directed to Regional Director Eddie Rich at the EITI International Secretariat.*

## Welcome to Côte D'Ivoire

7 May 2008 the EITI Board welcomed Côte d'Ivoire as an EITI Candidate Country and is now among the 23 countries in Africa, Asia, Middle East and Latin America that are underway in implementing the standard for transparency in the extractive industries. It now has two years to become compliant with the EITI Criteria and undergo validation.

Côte d'Ivoire has established a multi-stakeholder group which brings together government, the industry and civil society to discuss and promote transparency of revenues from the country's petroleum, gas and mining sectors. The group has jointly elaborated a workplan with steps to implement the EITI over the coming years.

An information campaign has been launched to inform the public about the EITI, including a television programme which explains the initiative and its aim to increase transparency in the sale of Côte d'Ivoire's resources.

*For further information, contact Regional Director Tim Bittiger at the EITI International Secretariat.*

## The EITI Business Guide Launched

In May the EITI launched a new guide for how companies can play an integral role in helping create transparency in the extractive sector. Together with Rich Kruger, President of ExxonMobil Production Company, Peter Eigen launched the new "EITI Business Guide" in Houston, Texas. The guide outlines how business – and especially how in-country business managers – can improve revenue transparency and implementation of the EITI.

Peter Eigen said:

'We all recognise that, if not managed well, the revenues from oil, gas and minerals can have a negative economic and social impact for a country. I am encouraged by the growing number of companies that want to address this

## President Yar'Adua of Nigeria about the NEITI

*'We signed on to the Extractive Industries Transparency Initiative (EITI) four years ago with a view to boosting our fight against corruption in all its ramifications. I am glad to state that NEITI has recorded major achievements in its four years of operations. Among other accomplishments, it commissioned and popularized the first comprehensive audit of the petroleum sector for the period 1999 to 2004; it conducted studies that swelled government's coffers by over \$1 billion; and it catapulted our country into a leading position among countries implementing the EITI.'*

President Umaru Musa Yar'Adua of Nigeria  
Abuja, 29 January 2008

## EITI Communications Guide

Effective communications is crucial for successful implementation of the EITI. The EITI is now in the early process of developing an "EITI Communications Guide", to be used by national EITI secretariats, but also other EITI stakeholders who are involved with communicating the EITI to the broader audience. It will outline examples and share lessons from the field on how the EITI process and the EITI Reports are effectively communicated.

Please contact Anders Kråkenes if you have any comments or suggestions about this or other publications.

challenge. Increasingly companies see the importance of supporting increased transparency and better governance, and are improving their policies and systems through initiatives like the EITI. This guide will help them do just that.

ExxonMobil has been involved in EITI since the beginning. Their Chairman and CEO, Rex W Tillerson, co-authored the Foreword to the Business Guide with me. Along with 37 other major international oil, gas and mining companies, they are actively participating in the EITI process - through their country operations in implementing countries, through international-level commitments, and through industry associations. I hope that this guide will help create a step-change improvement in business transparency, helping to bring better management of natural resource resources for the 3½ billion people of the world who live in resource-rich countries.'

*The EITI Business Guide can be downloaded from the EITI website:  
[www.eitransparency.org/document/businessguide](http://www.eitransparency.org/document/businessguide).*

## Guide on Country Implementation

The World Bank recently launched a publication documenting lessons learned in EITI implementing countries. The book will help those new to the initiative navigate their way through the various steps in implementing an EITI program and will be of interest to readers working in the areas of resource revenue transparency. The publication also includes a CD-ROM of sample documents for reference purposes.

The World Bank originated and compiled this publication with the inputs of the World Bank team as well as EITI practitioners in a number of countries through its role as the administrator of the EITI Multi-Donor Trust Fund.

*For more information, visit <http://go.worldbank.org/NQH23ITFP0>*

## "Drilling Down", Guide for Civil Society

In early 2007, RWI began working with industry expert David Goldwyn to create an extractive industries accounting and audit guide for civil society, entitled "Drilling Down," to be published in early 2008. The guide presents an overview of critical industry and financial concepts and issues, such as the different types of contracts used in the extractive sector, the types of government accounts and accounting systems, and the structure and flow of funds to and from government, all presented for a non-expert civil society audience.

The guide walks readers through the basic stages of the EITI process, and explains how to interpret, understand, and communicate about the results of the audit and then move beyond basic EITI implementation to more advanced forms of extractive revenue audit, disclosure and revenue and expenditure tracking. The guide will be accompanied by a training manual for activists. It will be available for free in print and online, and will be initially translated into Arabic, French, Portuguese, Russian, Spanish and Bahasa Indonesia.

## Events ahead

- PWYP Talking Transparency, 25 May
- EITI Roundtable, 26 May
- EITI Board Meeting, 27 May
- MDTF meeting, 28 May
- EITI implementation training at AfDB, 2 - 3 June
- Implementing the EITI - Best Practices and Tools, 9 – 13 June
- BP Statistical Review of World Energy 2008, 11 June
- Ugandan Seminar on Managing Oil Revenue in Uganda, 8-9 July
- PWYP African Regional Strategy Meeting, 7-10 September
- PWYP Global Capacity Building Program, 8-16 September
- EITI West-Africa Conference, 11-12 September
- PWYP Media Seminar (tentative date), 25 September
- EITI Board Meeting, Late October/Early November
- EITI Conference, Early 2009

More information about these events can be found on the EITI website.

## The EITI Board Meets in Madrid

The EITI Board is meeting in Madrid on 27 May. The Board will discuss the progress of the EITI implementing countries, including inputs from the World Bank on the activities of the Multi-Donor Trust Fund which they administer. Other agenda items include progress on EITI's legal entity; a discussion on how to assess progress in implementing countries following Validation; preparations for the EITI biennial Conference; and agreeing an EITI position on how to build wider than the EITI core – what the World Bank has called the 'EITI++'.

In addition to the Board meeting itself, there will be a number of other important meetings:

- The Spanish Government is hosting an outreach seminar to disseminate and to inform the Spanish public, media and civil society about the EITI.
- A second EITI Roundtable meeting of supporting Governments, development agencies and NGOs will continue to ensure better coordination of activities that support in-country implementation and revenue transparency.
- The Spanish Government and EITI are hosting an evening reception for Board members and key Spanish stakeholders. At this reception there will be a 'triple launch' of the three EITI implementation guides mentioned above.
- There will be a meeting of the Management Committee of the World Bank administered Multi-Donor Trust Fund. The supporting countries of the EITI will also meet before the Board meeting to discuss common positions on Board agenda items and funding issues.

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