

14TH EITI BOARD MEETING, BRUSSELS, 13-14 DECEMBER 2010

Minutes

EITI International Secretariat Oslo, 11 January 2011

MINUTES OF THE 14TH EITI BOARD MEETING

Hof Ter Musschen, Brussels, 13-14 December 2010

Chair

Dr Peter EIGEN, Chairman EITI

Implementing Countries

Mr Abdoul Aziz ASKIA, Permanent Secretary, EITI Niger, Niger

Mr T. Negbalee WARNER, National Coordinator, EITI Liberia, Liberia
(Alternating for Mr Essimi MENYE, Minister of Finance, Chairman EITI, Cameroon)

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

Alt: **Mr Stephen GALLOGLY**, Director for International Energy and Commodity Policy, US State Dep., USA

H.E. Birgitta NYGREN, Ambassador, Ministry for Foreign Affairs, Sweden

Mr Dominik ZILLER, Deputy Director General, BMZ

Alt: Mr Jelte van WIEREN, Head, Gender, Good Governance and Humanitarian Aid Department, the Netherlands

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**, 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: **Dr Gilbert MAOUNDONODJI**, Coordinator, Group de Recherches Alternatives et de Monitoring 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

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

Companies including Investors

Ms Baiba RUBESA, Manager of Corporate Social Responsibility, Statoil ASA, Norway

Mr Stuart BROOKS, Manager, International Relations, Chevron

Mr Olivier LOUBIÈRE, Corporate Business Ethics Advisor, AREVA

Alt: **Mr Jim MILLER**, Vice President, Environmental Affairs, Freeport-McMoRan, Copper & Gold Inc.

Mr Edward BICKHAM, Independent Consultant, International Council on Mining and Metals

(Alternating for **Dr R Anthony HODGE**, President, International Council on Mining and Metals)

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

Ms Julie McDOWELL, Head of SRI, Standard Life Investments
Alt: **Mr David DIAMOND**, Head of Sustainable & Responsible Investment, Allianz Global Investments Europe

Observers

Mr Javier AGUILAR, Deputy Program Manager, World Bank

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

Mr Michael BARRON, Policy & Corporate Affairs Manager, BG Group

Ms Diana CORBIN, Operations Officer, Donor Relations Extractive Industries Transparency Initiative (EITI), WB

Mr Hervé CRONEL, Special Counselor, Organisation Internationale de la Francophonie, France

Mr Wouter BIESTERBOS, Senior Policy Officer, Good Governance Division, the Netherlands

Ms Page DYKSTRA, Program Associate, Revenue Watch Institute

Mr Pierre EWENCZYK, Senior Economist, Offices in Europe, International Monetary Fund

Mr Farid FARZALIYEV, State Oil Fund, Azerbaijan

Ms Sophia HARDING, Programme Officer, Publish What You Pay (PYWP)

Mr Nicolas JANSSEN, Attaché, Service des intérêts économiques, Commerce extérieur et Coopération au Développement, Belgium

Mr Matti KIISSELI, Programme Assistant, Ministry of Foreign Affairs, Finland

Ms Magali KREITMANN, Financial Governance Unit, Ministry of Foreign Affairs, France

Mr Geir LØKKEN, Ministry of Foreign Affairs, Norway

Mr Ron LYEN, Director, International Affairs Division, Natural Resources, Canada

Mr Christian MAMBU MA BINKUBULA, National Coordinator, EITI Democratic Republic of Congo

Mr Carlo MERLA, Africa Coordinator, Publish What You Pay (PWYP)

Mr Mohammed MOTIWALA, Energy and Natural Resources Division, US State Department

Ms Marta Pedrajas HERRERO, Head of Economic Development Unit, Ministry of Foreign Affairs & Dev., Spain

Mr Erik Bering POULSEN, Senior Adviser, Department for global Cooperation & Economy, MFA Denmark

Mr Anwar RAVAT, Program Manager, EITI, Oil, Gas and Operations Unit, World Bank

Mr Paulo de SA, Manager, Oil, Gas and Mining Policy Division, World Bank

Ms Julie VALLAT, Legal Counsel, Compliance & Corporate Social Responsibility, TOTAL S.A., France

Mr Oliver WAGENER, EITI Policy Advisor, German Technical Cooperation (GTZ)

Mr Gotthard WALSER, Lead Mining Specialist (responsible for DRC) – World Bank

Mr Jelte van WIEREN, Head, Gender, Good Governance and Humanitarian Aid Department, The Netherlands

Mr Joseph WILLIAMS, Information and Advocacy Officer, Publish What You Pay (PWYP), UK

Mr Lodewijk Gualtherie van WEEZEL, Legal Counsel, Shell International BV

Mr Sayon Henry YAIDOO, Head of Secretariat, Liberia Extractive Industries Transparency Initiative (LEITI)

Ms Gabriele ZÖLLER, Federal Ministry for Economic Cooperation and Development, Germany

EITI International Secretariat

Mr Sam BARTLETT, Regional Director

Mr Tim BITTIGER, Regional Director

Ms Marie-Ange KALENGA, Regional Director

Mr Anders Tunold KRÅKENES, Communications Manager

Mr Jonas MOBERG, Head of Secretariat

Mr Francisco PARIS, Regional Director

Mr Eddie RICH, Deputy Head of Secretariat

Mr Jürgen REITMAIER, Special Advisor

1. Welcome and adoption of the agenda (Board Paper)

In introducing the agenda, the Chair noted that important decisions on the status of 8 countries were foreseen, noting that these countries had undertaken considerable efforts to achieve validation by the 9 September deadline. Discussions should also focus on the revision of the EITI Rules.

The draft agenda for the meeting was adopted, with brief updates about developments in Cote d'Ivoire and about the World Bank MDTF added to under any other business.

2. Report from Head of the Secretariat

Jonas Moberg gave a brief update on actions agreed in Dar es Salaam and implementation of the 2010 Work Plan. The Secretariat efforts had continued to focus on providing support to the 33 countries implementing the EITI. In November, the Secretariat, in collaboration with the European Commission and the World Bank, organised a well-attended National Coordinators Meeting in Brussels. In addition, preparations for the EITI conference were proceeding well.

In terms of outreach, the Chair visited South Africa in October. The visit had sparked an encouraging dialogue between key stakeholders including the Ministry of Finances, the Ministry of Mines and Parliamentarians.

Jonas Moberg briefed the Board on his visit to Australia. The Australian government had signalled its intention to launch an EITI pilot implementation under the leadership of the Department of Resources, Energy and Tourism. Civil society organisations and trade unions had welcomed this move, noting that EITI implementation in Australia would help raise the bar in transparency and accountability both at the regional and domestic level.

A number of Board members encouraged the Secretariat to consider increased coordination in outreach efforts, possibly through an Outreach and Candidacy Committee.

Action

The Secretariat to share the draft Terms of Reference for the Outreach and Candidacy Committee.

3. Report from the National Coordinators Meeting (Board Paper 14-3)

Abdoul Aziz Askia reported on the Third National Meeting which was held 8-10 November in Brussels. The meeting offered a critical space for National Coordinators to share experiences and lessons learned on implementation. Key issues of concern were discussed including the need for capacity strengthening, increased ownership of the EITI process, improving EITI reporting and a better understanding of validation rules. The importance of National Coordinators' contributions to the EITI Rules revisions was also emphasised. The meeting identified ways to improve cooperation with technical and financial partners such as the World Bank, and to enhance peer learning between National Coordinators.

Michel Okoko, EITI Congo National Coordinator, and Christian Mambu, EITI DRC National Coordinator thanked Abdoul Aziz Askia for the report. They commented on the importance of strengthening the relationship between National Coordinators and the International Secretariat, including through more frequent country visits by Regional Coordinators.

Implementing country constituency processes were discussed. Askia explained that National Coordinators had agreed a process for nominating their representatives to the EITI Board in 2011-2013 which had been suggested by the Secretariat. Some members expressed concerns that the national coordinators were working more to the governments of their country than to the multi-stakeholder group. They called for this issue to be considered amongst the rule change discussions. The Chair suggested that the Working Group on Civil Society Participation takes note of this concern in its future discussions.

Olivier Loubière pointed out the lack of French language skills among validators. He encouraged the Secretariat to conduct language tests for validators who are being assigned to francophone countries. Jonas Moberg agreed that French language capacity was a key issue that had led the Secretariat to expand the list of accredited validators. He reaffirmed the Secretariat's commitment to provide adequate support to National Coordinators and reported that the Secretariat will fund four participants from each implementing country, three from the MSG and one to organise the stand at the national exhibition.

4. Validation

The Chair opened the session by thanking the Validation Committee, chaired by Julie McDowell, for the amount of work undertaken before the meeting in Brussels.

Julie McDowell gave a short summary of the work of the Validation Committee since the Board meeting in Dar es Salaam. She mentioned the very tight timeframe for reviewing validation reports and additional updates provided in the lead up to the meeting. Julie explained that Validation Committee recommendations were agreed based on an analysis of the validation reports, and supplementary information and analysis provided by the Secretariat. She remarked that the Validation Committee had relied on the Secretariat's assessment in recommending timelines for completing remedial actions.

Following a discussion on whether implementing countries should be allowed to make a statement before the Board takes a decision on their status, it was agreed that 3 minute statements should be allowed.

The Secretariat was also requested to suggest a procedure for handling future country requests.

The final decisions from the Board on countries' statuses are attached to these minutes. Key discussions and decisions are set out below.

Action

The Secretariat to suggest a policy on handling country requests to present statements before the Board.

4-A. Validation report: Niger (Board Paper 14-4-B)

The Chair invited Abdoul Aziz Askia to make a brief statement before he recused himself. Askia reminded the Board that implementing countries had undertaken significant efforts to achieve validation and should be encouraged to continue implementing the EITI through strong and positive signals.

Julie McDowell advised the Board that the Validation Committee recommended that Niger be designated as close to Compliant

Sam Bartlett highlighted two concerns: regular reporting and the credibility of government data submitted to the reconciler. In addition to the validation report, Niger's MSG had submitted additional information regarding Indicator 13. The MSG confirmed that government data for the first EITI report had been audited, but that audited data for the second report would not be possible since the institutions in charge of government audit had been suspended following the political transition. However, major reforms were underway to improve government auditing.

A debate on compliance with Indicator 13 followed, with Olivier Loubière arguing that the majority of countries in the world would not be able to comply with Indicator 13 and that the Board should adopt a more pragmatic and flexible approach. In the case of Niger, he suggested that smaller payments should not be considered material. A relevant international institution such as the IMF could work with Niger on defining an appropriate strategy for addressing the requirements of Indicator 13. Olivier Loubière also emphasized the need to strengthen the International Secretariat's capacity to analyse compliance with complex and technical indicators. Michel Roy suggested that Niger could be declared compliant after the publication of its second EITI Report and that a decision could be taken through Board Circular. He also proposed that country assessment grids are revised to

include a third column with the validator's comments.

Anwar Ravat informed the Board that there were relevant international standards for auditing government accounts, including the International Organisation of Supreme Audit Institutions (INTOSAI), in which most implementing countries are affiliated. Implementation of these standards is uneven. Pragmatism in applying the rules is thus desirable.

Sam Bartlett stated that compliance with Indicator 13 is possible in various ways. In Liberia for instance, the MSG acknowledged the fact that government auditing needed to be improved to meet the EITI requirements, and a strategy for ensuring that EITI reports are based on audited data was subsequently agreed.

Gilbert Maoundonodji drew the Board's attention on alternatives for interpreting Indicator 13. He mentioned the existence of budget assessment tools such as the Open Budget Initiative which provides critical information on the budget legal framework, public spending and oversight institutions.

The Board endorsed the recommendations from the Validation Committee and agreed to designate Niger as a Candidate country that is close to Compliant.

Action

The EITI Chair to write to the Government of Niger regarding the Board's decision and the remedial actions needed to achieve compliance.

4-B. Validation report: Kazakhstan (Board Paper 14-4-C)

Julie McDowell presented the Validation Committee's recommendation which was to designate Kazakhstan as Candidate country that is close to Compliant, noting several issues where the committee's views differ from the validator.

The issue of materiality generated questions and concerns. Sam Bartlett explained that the MSG had agreed an interim coverage target of 90% of material payments. However, two major players had failed to participate in the reporting process.

The Board discussed the need to clarify the concept of materiality and whether or not subnational payments should be included in EITI reports. The importance of ensuring a consistent and fair treatment of countries in assessing materiality was reaffirmed.

The Board endorsed the recommendations from the Validation Committee and agreed to designate Kazakhstan as a Candidate country that is close to Compliant.

Action

The EITI Chair to write to the Government conveying the Board's decision and the remedial actions needed to achieve compliance.

4-C. Validation report: Peru (Board Paper 14-4-E)

Julie McDowell presented the Validation Committee's assessment for Peru. The recommendation was to designate Peru as Candidate country that is close to Compliant.

Francisco Paris indicated that a number of companies had refused to participate in the reporting process. The MSG had agreed coverage of 75% of payments. Major companies that had not participated in the EITI process had agreed to disclose figures for the upcoming report.

The Board endorsed the recommendations from the Validation Committee and agreed to designate Peru as a Candidate country that is close to Compliant.

Action

The EITI Chair to write to the Government conveying the Board's decision and the remedial actions needed to achieve compliance.

4-D. Validation report: Democratic Republic of the Congo (Board Paper 14-4-E)

The Chair invited Christian Mambu to present a brief statement on behalf of his government before he would recuse himself.

Christian Mambu reaffirmed DRC's commitment to implement the EITI and place it at the heart of governance reforms. He highlighted the significant progress made by his country since the publication of the first EITI report including ensuring increased coverage for the second and third reports.

The World Bank reported on the work of the Task Force on Small Scale Mining. Integrating artisanal mining which some 90% of the mining production in DRC, posed significant challenges. Efforts were underway to formalise the sector as part of the EITI process.

Julie McDowell presented the Validation Committee's assessment for DRC. The recommendation was to designate DRC as Candidate country that is close to Compliant.

The Board endorsed the recommendations from the Validation Committee and agreed to designate DRC as a Candidate country that is close to Compliant.

Action

The EITI Chair to write to the Government, conveying the Board's decision and the remedial actions needed to achieve compliance.

4-E. Validation report: Sierra Leone (Board Paper 14-4-A)

Julie McDowell stated that the Validation Committee had discussed the Secretariat's assessment concluding that Sierra Leone had made meaningful progress and should retain its status as a Candidate country. This was the Committee's first recommendation of "meaningful progress" and the Board needed to agree a procedure for renewing candidate status consistent with policy note #3.

Eddie Rich stressed that the suggested timeline for the implementation of corrective measures was realistic since most of the issues highlighted in the Validation Committee's assessment were interlinked. With a dedicated secretariat, which currently did not exist, Sierra Leone could quickly meet all of the problematic indicators.

A number of Board Members requested that the concept of meaningful progress is clarified. Countries that have invested significant time and resources in validation should not be required to start from scratch. The need to protect the credibility of the EITI by ensuring that countries are not granted endless extensions was also highlighted. A time-bound approach for helping countries that have made meaningful progress reach full compliance was hence desirable. Dominik Ziller noted that the early days of the EITI were about promoting candidacy status but that every effort should be made to help countries reach full compliance in the agreed timeframe. Negbalee Warner emphasised the importance of applying the rules while bearing in mind that delisting was not the most appropriate solution. Julie McDowell reminded the Board that previous extensions had been granted on the basis of exceptional and unforeseeable circumstances. She concluded that Policy Note 3 did not provide sufficient guidance and suggested that the Board defers its decision on a specific timeframe for Sierra Leone to achieve compliance until the MSG submits a new work plan. Anthony Richter requested that the decision on Sierra Leone should not open the door for creating a new category of EITI implementing countries.

The Board endorsed the recommendations from the Validation Committee and agreed to designate Sierra Leone as a Candidate country that had made meaningful progress.

Action

The EITI Chair to write the Government, conveying that the Board's decision and the remedial actions needed to achieve compliance.

4-F. Validation report: The Republic of Congo (Board Paper 14-4-F)

The Chair invited Michel Okoko to present a brief statement on behalf of his government before he would recuse himself. Michel Okoko stated that Congolese citizens were anxious to advance transparency in their country. The Republic of Congo had experienced difficulties in the dialogue with local stakeholders and had managed to gradually overcome these challenges. The government was building on lessons learned from validation to improve implementation and was thankful to the Validation Committee for their recommendations. A second EITI report had been published since validation, and budget support for the EITI had increased. Furthermore, fiscal reforms were being envisaged to promote further transparency in public revenues.

Julie McDowell informed the Board that the Validation Committee's recommendation was that Congo has made meaningful progress and therefore be invited to renew its candidate status. She noted that in assessing whether the Congo has made meaningful progress, the committee had noted the steps undertaken by Congo stakeholders to improve the quality of EITI reporting in the second EITI report.

Tim Bittiger indicated that the second report was a better quality than the first one despite a number of shortcomings, including significant discrepancies. The MSG had formed a subcommittee to analyse and resolve the discrepancies identified by the reconciler. An explanatory note had been prepared by the subcommittee to that effect and would be appended to the EITI report.

The Board endorsed the recommendations from the Validation Committee and agreed to designate Congo as a Candidate country that had made meaningful progress.

Action

The EITI Chair to the Government conveying the Board's decision and the remedial actions needed to achieve compliance.

4-G. Validation report: Mauritania (Board Paper 14-4-G)

Julie McDowell presented the Validation Committee's recommendation which was to designate Mauritania as Candidate country that is close to Compliant. She highlighted the divergences between the Committee's assessment and the validator's conclusions on several indicators.

The Board endorsed the recommendations from the Validation Committee and agreed to designate Mauritania as a Candidate country that is close to Compliant.

Action

The EITI Chair to write to the Prime Minister, informing him of the Board's decision and the remedial actions needed to achieve compliance.

4-F. Validation report: Mali (Board Paper 14-4-H)

Julie McDowell presented the Validation Committee's assessment for Mali. The recommendation was to designate Mali as Candidate country that is close to Compliant.

The Board endorsed the recommendations from the Validation Committee and agreed to designate Mali as a Candidate country that is close to Compliant.

Action

The EITI Chair to write to the Government of the eight countries, informing them of the Board's decision and the remedial actions needed to achieve compliance.

The Secretariat and rules working group (see below) to consider the issues auditing of government revenues and materiality in their consideration of the rules revision.

5. Implementation Report (Board Paper 14-5)

Jonas Moberg gave an update on progress on EITI implementation in the 33 implementing countries (28 Candidate countries and five Compliant countries), and recent EITI outreach activities. Continued progress had been made in the past months, with several countries publishing EITI reports, including Yemen. Implementation was slow or had been delayed in several countries, with countries with validation deadlines in early 2011 facing challenging timeframes. EITI outreach efforts had continued to focus on emerging economies and resource-rich countries, including South Africa. The government of Papua New Guinea was showing increased interest in joining the EITI, thanks to the efforts from a number of stakeholders.

In Berlin, the Board had required Madagascar to produce a reconciliation report by the end of the year. Eddie Rich informed members that Madagascar had not appointed a national coordinator since the last one left in July and that MSG meetings were irregular. The prospects for the publication of a report were negligible. The Secretariat would put forward specific recommendations for the Board's consideration in the New Year.

Anwar Ravat reported on efforts by the Nigerian government to meet their compliance requirements, noting that progress was on-track but remained challenging.

6. Guinea – proposal to lift suspension (Board Paper 14-6)

Tim Bittiger reported that on 11 November 2010, the transition Prime Minister Jean-Marie Doré wrote to the EITI Chair to request, on behalf of the multi-stakeholder group, that the Board lifts the suspension. The Secretariat's proposal was that the Board accepts to lift the suspension as of 14 December 2010 and that Guinea is given until 13 December 2011 to complete validation. The request included information on the agreed action plan to resume the EITI Validation process and achieve compliance over a period of ten months.

The Secretariat was of the view that the reason for maintaining the suspension had been removed. Following the recent presidential elections, significant efforts had been undertaken to restore political stability. A more favourable climate to pursue EITI implementation and validation now existed. Guinean stakeholders had shown continued commitment to the EITI through continued implementation even during suspension and without funding.

The Board commended Guinean stakeholders for their efforts in pursuing implementation during difficult times. However, the request to lift the suspension needed to be more thoroughly documented and the MSG's work plan was not comprehensive enough.

The Board agreed to defer its decision to approve Guinea's request until it submits a more complete work plan.

Action

The Chair to write to Guinea's Prime Minister, informing him of the Board's decision to approve the request, pending submission of a detailed work plan.

7. EITI Evaluation (Board Paper 14-7)

A representative from Scanteam briefed the Board on progress with the ongoing impact evaluation. The team had had initial discussions with the Working Group on Outcome Indicators and the Secretariat on the methodology and criteria for selecting the country case studies. The team had also met with the National Coordinators on the sidelines of their meeting in Brussels to seek their views on the impact of the EITI. Visits to the selected case study countries - Mongolia, Gabon and Nigeria - would be organised in January and February 2011. Individual interviews with Board members and other stakeholders were envisaged in January. The work therefore remained on track to present the initial findings of the evaluation at the Global Conference in Paris.

8. EITI Rules revision (Board Papers 14-8- A & 14-8-B)

Jonas Moberg introduced the paper prepared by the Secretariat. It had been agreed that the Board would present a revised edition of EITI Rules to the Global Conference, to provide clearer guidance to implementing countries on the requirements for EITI implementation. The paper included details on key proposed amendments for discussion by the Board and a draft of the new edition of EITI Rules. Additional proposals had been submitted, including recommendations from the civil society constituency, but were yet to be integrating into the paper. The Secretariat's proposed roadmap for finalising the rules revision was also presented to the Board.

In reviewing the proposed changes, it was suggested that the Board use a traffic light approach. Amendments would be considered green if the Board could in principle agree to them; amber if the Board wished to consider them further; and red if the Board rejected them.

The presentation generated a debate on the challenging timeframe for revising the rules ahead of the Global Conference. Many members expressed concern that the process did not allow sufficient time to produce a high quality product that would adequately address current issues. Others noted that Working Groups had put considerable efforts in developing policy recommendations and suggested agreeing a clear procedure so as to ensure that all contributions would feed into the revised rules.

The Chair stated that the roadmap, albeit ambitious, could be attained and that all recommendations would be considered. He noted the consensus on the proposed structural changes and the proposed traffic light approach.

8.1 Presentation of civil society paper

Anthony Richter was invited to present the paper from the civil society constituency. The paper was designed to consolidate civil society views and proposals on the rules. Key proposals included requiring the establishment of a multi-stakeholder group (MSG) in the sign-up phase and before the agreement on the Country Work Plan (Requirement 5); sustained commitment from the government to the EITI throughout the implementation process (Requirement 1) and; MSG involvement in the development and agreement of the Work Plan (Requirement 4).

In the discussion that followed, Board members stressed the need for countries to spend more time on the sign up phase. Adequate preparations would facilitate smoother and faster implementation. Mark Pearson introduced a paper prepared by Canada that highlighted "benchmarks for success" for countries implementing the EITI. The paper put a particular emphasis on preparations prior to sign-up, including resource mobilisation.

The proposed changes to the sign up requirements to include indicator 5 before indicator 4, and both to be sign-up requirements, were accepted by the Board.

Decision

Green.

8.2 EITI Requirement 2: The government is required to commit to work with civil society and companies on the implementation of the EITI.

The Chair explained that the Working Group on Civil Society Participation had developed specific recommendations and was close to reaching a consensus on the final recommendation.

Several Board members requested further clarifications on the meaning “enabling framework” and “resource governance”. Julie McDowell was concerned that some of the requirements were too vague and did not suggest specific evidence that the validator would need to find. Therefore, the requirements needed to be mindful of the needs of the validator.

It was agreed that the Working Group on Civil Society Participation would work with the Validation Committee to develop specific guidelines for the validator.

Decision

Amber.

8.3 EITI Requirement 3: The government is required to appoint a senior individual to lead on the implementation of the EITI.

Michel Roy and Christian Mounzeo proposed to review the appointment process for the National Coordinator to ensure greater accountability towards the MSG. Ingilab Ahmadov highlighted the importance of ensuring that the National Coordinator is independent. Given the lack of consensus and clarity on the way forward, it was agreed to defer the decision.

Decision

Deferred.

8.4 EITI Requirement: The government is required to establish a multi-stakeholder group to oversee the implementation of the EITI.

The Chair stated that the Working Group on Civil Society Participation had recommended clarifying language related to aspects of civil society representation on the MSG. Recent and minor amendments to the text by the Working Group were not reflected yet in the text.

Although all agreed that capacity building was critical and was needed to be established in the work plan, the discussion concerned whether the wording “the government **must** take steps to address capacity constraints...” was too prescriptive and difficult to verify. More work was required on clearer language.

Decision

Amber.

Noting the suggestion from several Board members, the Chair proposed to restructure the discussion to focus on key issues of concern, including the two-year deadline for completing validation.

8.5 The “two-year” rule

The Chair asked whether the Board should maintain the existing policy on the two-year deadline for validation with the changes adopted in Dar es Salaam (i.e. a candidate country has a two-year deadline to submit its final validation report to the Board).

Shahmar Movsumov mentioned that experience had shown that the current deadline was too tight. In two years, countries had just enough time to produce one report. He suggested that countries should be given a three years to produce two reports and one additional year to complete validation. This would ensure regular reporting. Many members supported the proposal, noting that the overall quality of the process and the MSG consensus would be strengthened. As a result, requirements for deadline extension could be more stringent.

Some members warned that longer deadlines would not necessarily equate to improved implementation.

Anthony Richter suggested maintaining the existing two-year rule, with more flexible extensions. Countries would still be required to produce a report and complete validation within two years and would be given no more than a year to reach compliance. He cautioned against allowing countries to remain candidates for long periods.

The Chair noted that a consensus could not be reached on the two-year policy. He suggested that a Rules Revision Working Group work with the Secretariat to further refine the specific proposals set out in the Board Paper, as well as other changes including the two-year rule. Edward Bickham, Alfred Brownell, Magali Kreitmann, Olivier Loubière, Shahmar Movsumov, Michel Roy, and Radhika Sarin volunteered to join the Working Group.

9. Constituency processes update (Board Paper 14-10)

Jonas Moberg informed the Board that the guidelines for constituency processes that had been established in preparation for the EITI Global Conference in Doha, had been further revised following the Board discussion in Dar es Salaam. The Secretariat had contacted all of the constituencies, inviting them to draw on the principles agreed in Dar es Salaam and make nominations to the Members Meeting scheduled for Paris.

The Chair noted that the current membership of the EITI Association was imbalanced and that more representatives from civil society should be encouraged to join. Jonas Moberg referred to the information on registering new members and length of membership provided on the EITI.

10. Governance update (Board Paper 14-11)

Jonas Moberg reported that the Governance review was under way and that the Committee would develop specific recommendations based on the findings of the review.

11. Conference update

Eddie Rich provided an update on progress in preparations for the EITI Global Conference. High level participation to the conference was confirmed, including several Heads of State from implementing governments. The conference would focus on the impact of the EITI and stories from the ground, through speakers' reflections and innovative features, including an EITI National Exhibition; a short video showing how EITI has a positive impact in implementing countries; the EITI Progress Report 2009-2011, to which representatives of all implementing countries had contributed; and a theatre group that had been helping disseminate key EITI messages to the citizens in one of the countries implementing the EITI. The Conference would also provide outreach opportunities to target a range of stakeholders and the media. In terms of funding, the European Union, and Chevron had confirmed financial support. The Chair added that the government of Denmark had indicated its willingness to provide a financial contribution.

Eddie explained that the parallel executive sessions and Stakeholders Forum would provide numerous speaking slots.

12. Progress Report (Board Paper 14-12)

Jonas Moberg briefed the Board on progress in producing the 2009-2011 EITI Progress Report. The Secretariat had

invited some individual board members to submit written contributions. As in the 2007-2009 Progress Report to the Doha Conference, the report would include forewords from the EITI Board, from the EITI Chair and from the Head of the Secretariat. The draft message from the EITI Board was included in the Board Paper for comments and approval would be sought through circular. A visual profile for the report had been created and was available upon request. The following suggestions were made following the presentations:

- Board members should have an opportunity to comment on the table of contents and see the draft report before it is published.
- A section on governance, standing committees and working groups and information on their mandate should be included.

Action

The Secretariat to share the draft report when available with Board members.

13. EITI and other sectors

Edward Bickham asked whether the Board could consider extending the coverage of EITI to other sectors. As a first step, the Board could reach out to relevant stakeholders from these sectors to learn from them, including inviting them to attend the Global Conference in Paris. He suggested that the Secretariat draft a paper on EITI and other sectors for the new Board.

Jelte van Wieren agreed that the Board could initiate a reflection on other sectors. However, there was a need to avoid duplication with existing frameworks.

The Chair noted that the EITI model was increasingly used by other sectors, such as the construction industry. Extending EITI to other sectors represented some risks, including watering down the specificity of the label and overextending the multi-stakeholder groups.

Some members noted that clear boundaries were needed to ensure that the EITI's thin resources were not diverted. They argued that the Board should stay focused on the EITI and refrain from developing a specific policy on the inclusion of other sectors.

Whilst there was no strong appetite to extend the EITI, it was agreed that EITI innovations, such as extension to forestry, should be encouraged. Jonas Moberg reminded the Board that the EITI always encouraged country innovations that went beyond the "minimum" EITI standards.

Action

The Secretariat to invite stakeholders from other sectors to the EITI Global Conference in Paris.

14. Other Business

14.1 Côte d'Ivoire

Tim Bittiger gave a brief update on the growing tensions in Côte d'Ivoire. Two presidents were sworn in following the disputed presidential elections in November, leading to a political stalemate. The Secretariat had received alarming reports on the security of EITI stakeholders and the difficulties for the MSG to meet and work. Nevertheless, the MSG had expressed its intention to pursue implementation, including completing validation.

The Rapid Response Committee had recently discussed developments in Côte d'Ivoire and mandated the Secretariat to stay in contact with all stakeholders and to monitor the situation closely.

14. 2. Support from the Dutch Government

Jelte van Wieren announced that the Dutch Government had agreed to provide 3-year funding for the Secretariat.

The Chair thanked the Dutch government for their generous support.

14. 3. Update on the Multi-Donor Trust Fund

Diana Corbin briefed the Board about progress under the EITI Multi-Donor Trust Fund. The MDTF continued to provide financial assistance to countries implementing the EITI, working closely with the International EITI Secretariat, donors and civil society organisations. The MDTF had received 40 million USD dollars in financial contributions and had provided grants to 29 countries. In addition, MDTF grants were about to be awarded to Indonesia and Togo, the latest countries to join the EITI. The MDTF was increasingly focussing on countries in Latin America. Assistance was provided to Guatemala, Trinidad and Tobago and Guyana to join the EITI. The MDTF recently renewed its contract with the Revenue Watch Institute to provide direct support to civil society organisations in six pilot countries, including Afghanistan, Burkina Faso, Mongolia, Mozambique, Peru and Yemen.

Anwar Ravat stated that the World Bank was conscious of the expectations of implementing countries with regards to timely disbursement of MDTF grants.

ANNEX: SUMMARY OF BOARD DECISIONS ON VALIDATION – BRUSSELS, 13-14 DECEMBER 2010

Board decision on Niger

The Board designates Niger as Candidate Country as of 13 December 2010.

Based on a thorough assessment of the specific circumstances, Niger is considered to be 'close to compliant'. The Board congratulates the government, companies and civil society organisations in Niger for the progress made in implementing the EITI. The Board also wishes to congratulate the validator and all involved in the validation on an impressive report. The validation report provides a comprehensive review of EITI implementation in Niger, and provides a sufficient basis for assessing Niger's compliance with the validation indicators.

In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation of "close to compliant" applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve Compliance within a very short time.

The validator has found that Niger has met all of but one of the validation indicators (Indicator 13). While noting the efforts of the government and the Comité National de Concertation (CNC) to ensure that government reports are based on audited accounts to international standards, the Board agreed that further work was needed to ensure compliance with Indicator 13. Implementation of the EITI must be consistent with the EITI Criteria, which require regular reporting. Niger's first EITI report was published in 2009 covering financial data from 2006. Accordingly, the Board agreed the following remedial actions are necessary for achieving compliance:

1. Publication of the EITI reports covering 2006-2009
2. The Comité National de Concertation should agree a more detailed and time-bound strategy for ensuring that government reports are based on audited accounts to international standards

When Niger's Comité National de Concertation has completed these remedial actions, the EITI International Secretariat will reassess Niger's Compliance.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that the outstanding requirements have been met, the country will be designated as EITI Compliant. In the interim, Niger will retain its Candidate status. The Board retains the right to require a new Validation if the remedial steps are not completed within six months (i.e., by 12 June 2011). The Board does not foresee granting any extensions beyond this deadline to complete remedial actions.

The Board calls on the government and the Comité National de Concertation to ensure that all the validator's recommendations are implemented in full, and tasks the EITI International Secretariat to provide regular progress reports to the EITI Board.

Board decision on Kazakhstan

The Board designates Kazakhstan as Candidate country as of 13 December.

Based on a thorough assessment of the specific circumstances, Kazakhstan is considered to be 'close to compliant'.

The Board congratulates the government, companies and civil society organisations in Kazakhstan for the progress made in implementing the EITI and for completing validation.

In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation of "close to

compliant” applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve Compliance within a very short time.

The validator found that Indicator #4 is not met, and concluded that a positive judgment on indicators 13 and 16 were subject to provisos and corrective actions. The Board agreed that the validation report does not provide sufficient information for the Board to assess compliance with all of the validation indicators. A number of issues require further information and clarification. The Board agreed that a detailed analysis of the forthcoming 2009 EITI Report is required in order to clarify the outstanding issues. Specifically, indicators 9, 11, 12, 13, 14, 15 should be reassessed. The following issues must be addressed in order to achieve Compliance:

1. The National Stakeholder Council should agree a clearer definition of materiality, and demonstrate that “all material oil, gas and mining payments to government” and “all material revenues received by governments from oil, gas and mining companies” have been covered in the 2009 report. In agreeing a definition of materiality, the National Stakeholder Council is encouraged to consider a specific figure that defines a material payment.
2. The National Stakeholder Council should also clarify its agreed approach for coverage of dividend payments and payments to local and regional authorities for the 2009 and subsequent reports.
3. Increasing company participation through targeted outreach to the largest oil, gas and mining companies that are not yet participating in the process. An entity should be exempted from reporting only if it can show with a high degree of certainty that the amounts it reports would in any event be immaterial. The National Stakeholder Council may wish to consider requesting that the government unilaterally discloses the combined benefit stream from such small operators.
4. As per the Indicator Assessment Tool for Indicators 12 and 13, the National Stakeholder Council should agree a more detailed and time-bound strategy for ensuring that company and government reports are based on audited accounts to international standards;

When the National Stakeholder Council has completed these remedial actions the EITI International Secretariat will review Kazakhstan’s compliance. The Secretariat will consult widely with stakeholders during the review. The National Stakeholder Council should be given an opportunity to comment on the Secretariat’s findings. The Secretariat’s review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board’s decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that remaining requirements have been met, the country will be designated as EITI Compliant. In the interim, Kazakhstan will retain its Candidate status. The Board retains the right to require a new Validation if the remedial steps are not completed within six months (i.e. 12 June 2011). The Board does not foresee granting any extensions beyond this deadline to complete remedial actions.

Board decision on Peru

The Board designates Peru as Candidate country as of 13 December.

Based on a thorough assessment of the specific circumstances, Peru is considered to be ‘close to compliant’. The Board congratulates the government, companies and civil society organisations in Peru for the progress made in implementing the EITI and for completing validation.

In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation of “close to compliant” applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve Compliance within a very short time.

The validator found that all indicators are met. The Board found that the approach adopted in Peru for the first EITI report does not sufficiently comply with the requirement to cover all companies and all material payments and revenues. The following issues must be addressed in order to achieve Compliance:

1. The Comisión Nacional should agree a clearer definition of materiality, and demonstrate that “all material oil, gas and mining payments to government” and “all material revenues received by governments from oil, gas and mining companies” are covered in the 2008 report. In agreeing a definition of materiality, the Comisión Nacional is encouraged to consider a specific figure that defines a material payment.
2. The Comisión Nacional should also clarify its agreed approach for coverage regional and/or municipal taxes, social security contributions and the Voluntary Contribution for the 2008 and subsequent reports;
3. Increasing company participation through targeted outreach to the largest oil, gas and mining companies that are not yet participating in the process. An entity should be exempted from reporting only if it can show with a high degree of certainty that the amounts it reports would in any event be immaterial. The Comisión Nacional may wish to consider requesting that the government unilaterally discloses the combined benefit stream from such small operators.

When the Comisión Nacional has completed these remedial actions, the EITI International Secretariat will reassess Peru’s compliance with indicators 9, 11, 14 and 15. The Secretariat will consult widely with stakeholders during the review. The Comisión Nacional should be given an opportunity to comment on the Secretariat’s findings. The Secretariat’s review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board’s decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that the outstanding requirements have been met, the country will be designated as EITI Compliant. In the interim, Peru will retain its Candidate status. The Board retains the right to require a new Validation if the remedial steps and Secretariat review are not completed within six months (i.e. 12 June 2011). The Board does not foresee granting any extensions beyond this deadline to complete remedial actions.

Board decision on the Democratic Republic of Congo

The Board designates the Democratic Republic of Congo as Candidate country as of 13 December.

Based on a thorough assessment of the specific circumstances, the Democratic Republic of Congo is considered to be ‘close to compliant’. The Board congratulates the government, companies and civil society organisations in the Democratic Republic of Congo for the progress made in implementing the EITI and for completing validation.

In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. As set out in EITI Policy Note #3, the designation of “close to compliant” applies in cases where the EITI Board considers that a candidate country has not only made meaningful process, but can reasonably be expected to achieve Compliance within a very short time.

The validator found that all indicators are met. The Board found that the approach adopted in the Democratic Republic of Congo for the first EITI report does not sufficiently comply with the requirement to cover all companies and all material payments and revenues. The following issues must be addressed in order to achieve Compliance:

1. Publication and dissemination of the EITI report covering 2008-2009. These reports should extend the scope of the EITI reporting, including: (1) engaging other companies that make material payments to the state, and (2) agreeing an approach for engaging entities making material payments to the State in the artisanal mining sector;
2. In accordance with the agreed scope, the government should ensure that all companies report (Indicator 11);
3. The Interest Group should provide a more detailed analysis of whether all companies making material payments and all government entities in receipt of material revenues are fully participating in the 2008-2009 reporting process (Indicator 14 and 15).

When the EITI Executive Committee has completed these remedial actions, the EITI International Secretariat will reassess the Democratic Republic of Congo’s compliance with indicators 11, 14 and 15. The Secretariat will consult

widely with stakeholders during the review. The EITI Executive Committee should be given an opportunity to comment on the Secretariat's findings. The Secretariat's review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board's decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that remaining requirements have been met, the country will be designated as EITI Compliant. In the interim, the Democratic Republic of Congo will retain its Candidate status. The Board retains the right to require a new Validation if the remedial steps are not completed within six months (i.e. 12 June 2011). The Board does not foresee granting any extensions beyond this deadline to complete remedial actions.

Board decision on Mauritania

The Board designates Mauritania as Candidate Country as of 13 December 2010.

Based on a thorough assessment of the specific circumstances, Mauritania is considered to be 'close to compliant'. The Board congratulates the government, companies and civil society organisations in Mauritania for the progress made in implementing the EITI. The Board also wishes to congratulate the validator and all involved in the validation on an impressive report. The validation report provides a comprehensive review of EITI implementation in Mauritania, and provides a sufficient basis for establishing Mauritania's compliance with the validation indicators.

The validator concludes that Mauritania has met all of the validation indicators. The Board welcomes progress in Mauritania but is not satisfied that the validation report conclusively demonstrates that indicators 11, 13, 14 and 15 have been met. Furthermore, implementation of the EITI must be consistent with the EITI Criteria, which require regular reporting. Mauritania's first EITI report was published in 2007 covering financial data from 2005 and 2006. Accordingly, the Board agreed the following remedial action is necessary for achieving Compliance:

1. Publication of the EITI reports covering 2007-2008;
2. The National EITI Committee sends a letter to the Board outlining an agreed timeline for ensuring timely and regular reporting, including a schedule for the publication of the 2009 report.
3. The National EITI Committee should: (a) agree a clear definition of "material payments and revenues", (b) take steps to ensure that all entities that make or receive material payments are included in the reporting process. It is recommended that the National EITI Committee agrees a specific threshold that defines a material payment, so that it is clear which companies and government entities are required to participate in the reporting process.
4. The government and National EITI Committee should take steps to ensure that government disclosures to the reconciler are based on audited accounts to international standards in accordance with the requirements as specified in Validation IAT 13.

Following notification by Mauritania's National EITI Committee to the EITI International Secretariat that these remedial actions have been completed the EITI International Secretariat will reassess Mauritania's compliance. The Secretariat review will reassess the "unmet" indicators 11, 13, 14 and 15. The Secretariat will consult widely with stakeholders during the review. The National EITI Committee should be given an opportunity to comment on the Secretariat's findings. The Secretariat's review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board's decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that the remaining requirements have been met, the country will be designated as EITI Compliant. In the interim, Mauritania will retain its Candidate status. The Board retains the right to require a new Validation if the remedial steps are not completed within six months (i.e., by 12 June 2011). The Board does not foresee granting any extensions beyond this deadline to complete remedial actions.

The Board calls on the government and the National EITI Committee to ensure that the validator's recommendations are implemented in full, and tasks the EITI International Secretariat to provide regular progress reports to the EITI Board.

Board decision on Mali

The Board designates Mali as Candidate Country as of 13 December 2010.

Based on a thorough assessment of the specific circumstances, Mali is considered to be 'close to compliant'. The Board congratulates the government, companies and civil society organisations in Mali for the progress made in implementing the EITI. The Board also wishes to congratulate the validator and all involved in the validation on an impressive report. The validation report provides a comprehensive review of EITI implementation in Mali, and provides a sufficient basis for establishing Mali's compliance with the validation indicators.

The validator found that Mali did not meet Indicators 7, 9, 12 and 13. The Board concurs with the validator's conclusion regarding the need for further work to ensure that government disclosures to the reconciler are based on audited accounts to international standards (Indicator 13). However, the Board is satisfied that indicator 7, 9 and 12 have been met.

Implementation of the EITI must be consistent with the EITI Criteria, which require regular reporting. Mali's first EITI report was published in 2009 covering financial data from 2006.

The Board agreed the following remedial action is necessary for achieving compliance:

1. Publication of the EITI reports covering 2007-2008;
2. The government and Comité de Pilotage should take steps to ensure that government disclosures to the reconciler are based on audited accounts to international standards in accordance with the requirements as specified in Validation IAT 13.

When Mali's Comité de Pilotage has completed these remedial actions, the EITI International Secretariat will reassess Mali's Compliance. The Secretariat will consult widely with stakeholders during the review. The Comité de Pilotage should be given an opportunity to comment on the Secretariat's findings. The Secretariat's review will be a public document - supplementing the Validation Report - thereby ensuring that the basis for the Board's decision regarding compliance is clear to all stakeholders.

The Secretariat should submit its report to the Board via the Validation Committee. If the Board is satisfied that the remaining requirements have been met, the country will be designated as EITI Compliant. In the interim, Mali will retain its Candidate status. The Board retains the right to require a new Validation if the remedial steps are not completed within six months (i.e., by 12 June 2011). The Board does not foresee granting any extensions beyond this deadline to complete remedial actions.

The Board calls on the government and the Comité de Pilotage to ensure that all the validator's recommendations are implemented in full, and tasks the EITI International Secretariat to provide regular progress reports to the EITI Board.

Board decision on Sierra Leone

The Board concludes that Sierra Leone has made meaningful progress in implementing the EITI. The Board agreed that Sierra Leone would retain its status as a Candidate country, subject to a clearly defined and agreed work plan for achieving Compliant status, including a schedule for its next Validation.

The Board congratulates the government, companies and civil society organisations in Sierra Leone for the progress made in implementing the EITI. It especially notes the production of the first SLEITI Report in March 2010, and the subsequent publication of an accessible summary report. The Board also wishes to congratulate the validator and all stakeholders involved in the validation process on a clear and comprehensive report.

The validator found that Sierra Leone has not met a number of the validation indicators. The validator has also expressed concerns regarding the lack of political commitment to the process, the lack of a dedicated secretariat to carry out the day-to-day implementation, and the lack of a clear legal framework.

In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. The Board reviewed the validator's report in detail. On several issues, the Board shares the validator's concerns. However, the Board also disagreed with some of the validator's assessments. The Board agreed that indicators 4, 5, 9, 11, 12, 13, 14, 15 and 18 are unmet, and agreed the following corrective actions needed in order for Sierra Leone to achieve compliance:

1. The MSG should agree a comprehensive (time-bound and costed) work plan covering the publication and dissemination of the second EITI report, and steps toward regular EITI reporting thereafter. The work plan should draw on the recommendations from the validator, and from the first reconciliation report. It should address also all the corrective actions highlighted below.
2. The MSG should develop clear Terms of Reference for the MSG in order to secure better governance and oversight of the SLEITI process.
3. The MSG should: (a) agree a clear definition of "material payments and revenues", (b) incorporate this definition into the reporting templates, and (c) take steps to ensure that all entities that make or receive material payments are included in the reporting process. This should specifically address the question of the participation of small companies. It should also address any material payments to local government authorities. The Government should also take steps to ensure that local government authorities that receive material payments participate in the reporting process.
4. As per the Indicator Assessment Tool for Indicators 12 and 13, the government and MSG should take steps to ensure that disclosures to the reconciler are based on audited accounts to international standards and agree a strategy for addressing these issues in accordance with the requirements as specified in Validation IATs 12 & 13.
5. The MSG should take steps to ensure adequate dissemination of the second EITI Report.

In addition, the Board strongly recommended the recruitment of a full-time dedicated secretariat to carry out the day-to-day implementation of the SLEITI.

EITI Policy Note 3 states that an EITI Candidate Country that has completed Validation within two years, and has made meaningful progress in EITI Implementation without achieving Compliant status, may apply to have its Candidate status renewed, subject to a clearly defined and agreed work plan for achieving Compliant status, including a schedule for its next Validation.

The Board invites the Government to submit an application to renew its Candidate status by the submission of a work plan within 3 months (i.e. by 12 March 2011). The work plan should include a clearly defined and agreed schedule for achieving Compliant status, including a schedule for a new validation (see point 1, above). The Board will assess the workplan, and subject to its approval, will set a new validation deadline.

The Board agreed that Sierra Leone will retain candidate status until the work plan is processed. The Board retains the right to de-list Sierra Leone if the work plan is not received or if it is inadequate.

Board decision on Congo

The Board concludes that Congo has made meaningful progress in implementing the EITI. The Board agreed that Congo would retain its status as a Candidate country, subject to a clearly defined and agreed work plan for achieving Compliant status, including a schedule for its next Validation.

The Board congratulates the government, companies and civil society organisations in Congo for the progress made in implementing the EITI. The Board also wishes to congratulate the validator and all stakeholders involved in the validation process on a clear and comprehensive report.

The validator found that Congo has not met indicators 10, 14, 15, 16, 17 and 18. He found that “the national initiative has undeniably made progress. However, some major improvements are still needed to achieve Compliance”. In all decisions on Validation the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. The Board reviewed the validator’s report in detail. On most issues, the Board shares the validator’s concerns. The Board concludes that indicators 9 to 18 are not met.

The Board agreed the following corrective actions that are needed in order for Congo to achieve compliance:

1. The Executive Committee should agree a clearly defined and agreed work plan for achieving Compliant status, including a schedule for a new validation. The work plan should draw on the recommendations from the validator. It should address also all the corrective actions highlighted below. It should also set out a schedule for the publication and dissemination of EITI reports on a regular basis.
2. The Executive Committee should: (a) agree a clear definition of “material payments and revenues”, (b) incorporate this definition into the reporting templates, and (c) take steps to ensure that all entities that make or receive material payments are included in the reporting process. This should specifically address the question of the participation of SNCP.
3. As per the Indicator Assessment Tool for Indicators 12 and 13, the government and Executive Committee should take steps to ensure that disclosures to the reconciler are based on audited accounts to international standards and agree a strategy for addressing these issues in accordance with the requirements as specified in Validation IATs 12 and 13.
4. The members of the Executive Committee should demonstrate that they were content with the organisation appointed to reconcile figures for the second report, and that it did so satisfactorily.
5. The Executive Committee should ensure that EITI reports clearly identify any discrepancies and make recommendations for actions to be taken to address these discrepancies.
6. The Executive Committee should take steps to ensure adequate dissemination of the EITI Reports, ensuring that they are publicly accessible, comprehensive and comprehensible.

EITI Policy Note 3 states that an EITI Candidate Country that has completed Validation within two years, and has made meaningful progress in EITI Implementation without achieving Compliant status, may apply to have its Candidate status renewed, subject to a clearly defined and agreed work plan for achieving Compliant status, including a schedule for its next validation.

In assessing whether the Congo has made meaningful progress, the Board noted the steps undertaken by Congo stakeholders to improve the quality of EITI reporting in the second EITI report covering data from 2007-2009. The Board invites the Government to submit an application to renew its Candidate status by the submission of a work plan within three months (i.e. by 12 March 2011). The work plan should include a clearly defined schedule for achieving Compliant status, including a schedule for a new validation (see point 1, above). The Board will assess the workplan and, and subject to its approval, will set a new validation deadline.

The Board agreed that Congo will retain candidate status until the workplan is approved. The Board retains the right to de-list Congo if the work plan is not received or if it is inadequate.