

# Draft agenda

**EITI International Secretariat**

Oslo, 9 February 2016

## Board Paper 33-1-A

**Thursday 25 February 2016**

- 16:00**            **33-1 Welcome by the Chair and adoption of the agenda**
- 16:10**            **33-2 Introduction**  
*Brief introduction to the Articles of Association, EITI Board Manual, Secretariat workplan 2016, the Implementation Progress Report and the Outreach Progress Reports.*  
  
*Board paper 33-2-A Implementing the 2016 EITI Standard, including funding*
- 16:40**            **33-3 Draft Board induction programme**  
*Introduction by EITI International Secretariat on EITI Board manual, followed by presentation on Board procedures by Legal Counsel Christian Fredrik Michelet.*  
  
*Board Paper 33-3-A Draft Board induction programme*
- 17:30**            **33-4 Board committees and future meetings**  
*Board Paper 33-4-A Board committees*  
*Board Paper 33-4-B EITI Board meetings – 2016/2017*
- 17:45**            **33-5 Reflections on the EITI Global Conference**
- 17:55**            **33-6 Any other business**
- 18:00**            **Meeting ends**

Board Paper 33-2-A

# Implementing the 2016 EITI Standard, including funding

## Overview of changes, transition procedures, and next steps

### Summary

In this paper the Secretariat has identified a number of issues related to the Standard, to EITI governance and funding that the Board ought to consider. It complements the EITI 2016 workplan. No decisions have to be taken in Lima at the Board's 33<sup>rd</sup> meeting based on this paper. Rather, it provides an overview completed by the Secretariat of the major changes to the EITI Requirements following the adoption of the 2016 EITI Standard. It highlights a number of recommended follow-up activities, including transition procedures, as well as outstanding issues that may require the EITI Board's attention in the coming months.

# IMPLEMENTATING THE 2016 EITI STANDARD

---

## Table of Contents

1	Recommendation .....	2
2	Background.....	3
3	Key changes and refinements .....	3
4	EITI in 3-5 years: Follow-up and outstanding issues .....	5
5.	EITI governance and funding. ....	8
	Annex A – Draft transitional arrangements 2016 EITI Standard.....	10

## 1 Recommendation

The Secretariat recommends that the EITI Board:

1. Adopts the transitional arrangements for the EITI Standard as set out in Annex A, and that the Chair writes to each implementing country advising them on the adoption of the 2016 EITI Standard and implications for countries' implementation timetables.
2. Undertakes a light revision of the existing guidance on EITI implementation, reflecting refinements to the EITI standard and incorporating emerging examples of good practice.
3. Issues immediate guidance to implementing countries on the development of national roadmaps for **beneficial ownership disclosure**, and ensures that there is in principle support from development partners to provide the necessary financial and technical assistance.
4. In accordance with the **Open Data Policy** adopted in Kiev, the Board establishes a working group that would develop more detailed open data standards for consideration by the Board.
5. Finalises the Validation procedures to support the revised Validation model, including the terms of reference for Validations and the guidelines for data gathering. The EITI Board will also need to ensure that there is adequate funding for the forthcoming Validations.
6. Consider developing a limited engagement policy for countries with small extractive sectors where there may be some benefits of being associated with the EITI but where the relevance of full implementation of the EITI Standard may not justify the costs, capacity and political sponsorship required.
7. Undertake a review of the **outreach strategy** and **sign-up procedures**.
8. Consider next steps for the mainstreaming pilot.

9. Considers the constituency arrangements.
10. Gives urgent attention to the already commenced funding review.

## 2 Background

At the 29<sup>th</sup> EITI Board meeting, the EITI Board held a strategy retreat to discuss where the EITI should be in the next 3-5 years. Although the adoption of the EITI Standard in May 2013 was a major step forward in terms of strengthening the EITI's relevance and potential to contribute to improved governance in the extractive industries, certain issues were inevitably left unaddressed or have emerged as countries have begun implementing the EITI Standard. It was concluded that with a few minor refinements, the EITI could do more to ensure that transparent extractives reporting is embedded in government and company reporting systems, and that implementation is less burdensome while at the same time ensuring that the EITI delivers relevant and useful information. It was recognised that in particular in times of lower commodity prices, the EITI must give high priority to ensuring that implementation is as cost effective as it possibly can be. The review of quality and timeliness of the first EITI Reports under the Standard also called for some refinements in the Standard and the assessment of implementation.

The minutes from the 29<sup>th</sup> EITI Board meeting noted that “the Board cautioned against making changes to the Standard but encouraged clarifying the provisions where needed”. It was agreed to consider: (i) Revisions to the EITI Standard that would further enable implementing countries to refer directly to existing public information about the extractive sector where this is available, comprehensive, reliable and consistent with the requirements of the EITI Standard; (ii) Revisions to the EITI Standard regarding timeliness of non-revenue information as well as follow up on recommendations resulting from EITI Reports, including ensuring that recommendations are to a larger extent directed at improving sector management; and (iii) Refinements to the EITI Standard seeking to address ambiguities or inconsistencies detected in the first two years of implementing the Standard.

Following discussions within the Implementation Committee, a set of proposed refinements were first presented to the EITI Board at its meeting in Berne and subsequently agreed by the Board in Kiev. Section 3 below outlines the most significant changes to the EITI Standard. Section 4 set out a number of suggested follow-up activities and outstanding issues that may require follow-up in the coming months.

## 3 Key changes and refinements

The most significant changes to the revised EITI Standard are as follows:

- 1. Inclusion of provisions to enable mainstreamed transparency.** In the long term, extractive industry transparency should not be confined to the EITI, but become an integral part of how governments manage their sector. Rather than simply relying on the EITI reporting mechanism to bring about transparency, governments implementing the EITI could to a greater extent make the information required by the EITI Standard available through government and corporate reporting systems such as databases, websites, annual reports, portals etc. In some cases, there might already be reporting mechanisms in place that the EITI can build on. In other cases such

systems may not exist and need to be built, or are incomplete and require improvement. To this end, the EITI Standard has been refined to outline two possibilities for EITI disclosures: (i) “conventional EITI reporting” with data collection and reconciliation by an Independent Administrator; and (ii) “mainstreamed EITI reporting” where public disclosures of the information required by the EITI Standard is made through existing government systems. The EITI Board has developed an agreed upon procedure for mainstreamed disclosures, which outlines the steps that countries need to follow if they wish to move away from conventional EITI reporting. Such deviations would require prior Board approval.

- 2. New provisions on beneficial ownership.** In 2013, the EITI Board agreed that the EITI will in the future require disclosure of beneficial ownership and that subject to successful piloting. The 2016 EITI Standard contains new provisions on beneficial ownership (provision 2.5). By 1 January 2017, all countries will need to agree a roadmap for complying with the requirement on beneficial ownership. By 1 January 2020, all countries have to ensure that privately held companies disclose their beneficial owners as part of their EITI reports. This information must include the identity of the beneficial owner, the level of ownership and details about how control and ownership is exerted. It is also recommended that this information be maintained in a public beneficial ownership register.
- 3. Improved Validation procedures.** While the Validation system has served the EITI relatively well in the past, there were concerns that the process was no longer fit for purpose as the EITI continues to expand both in membership and in scope. In response to an extensive consultation with implementing countries as well as the five pilot Validations undertaken in Ghana, Mongolia, Sao Tome & Principe, Solomon Islands and Timor-Lese, the EITI Board has elaborated new Validation procedures. The new procedures include changes to how the requirements are assessed, introducing more disaggregated assessments. The consequences of non-compliance and on timeframes for achieving compliance have also been modified, seeking to introduce a system that to a greater extent encourages and rewards continuous improvement. Finally, the EITI Board has decided that in the future, the International Secretariat will carry out the data gathering for Validations. A validator will quality assure the findings and submit a Validation report to the EITI Board.
- 4. Recommendations from EITI reports.** The nature of the recommendations in EITI Reports and the extent to which the recommendations are followed up by the MSG and the government significantly affect the impact of EITI implementation. However, experience with implementation to date shows that relatively few recommendations from EITI reporting have been implemented. The lack of implementation of recommendations has contributed to lost opportunities. To increase the focus on follow-up of the recommendations from EITI Reports, the 2016 EITI Standard includes provisions requiring MSGs to document the level of progress in addressing recommendations and the rationale for disregarding any recommendations from EITI reports. Plans for implementing recommendations should also be outlined in the MSG’s workplan.
- 5. Open data policy.** The promotion of open data presents opportunities to substantially increase the efficiency and effectiveness of EITI implementation. The challenge is that a considerable degree of flexibility is needed to ensure that implementing countries can develop solutions that suit their circumstances. The 2013 EITI Standard included several provisions that addressed data

accessibility. In order to promote open data, these requirements have been strengthened to require the MSG to agree a clear policy on the access, release and re-use of EITI data and encourage implementing countries to publish EITI data under an open license, and to make users aware that information can be reused without prior consent. This puts the issue of open data on the MSG agenda, without requiring a specific approach. The Board has also agreed an open data policy, and to establish a working group to develop more detailed open data standards for consideration by the Board.

6. **Less ambiguities.** A number of smaller refinements have been made to the following requirements: license allocations, license registers, state-participation, production and export data, data timeliness, data quality, in-kind payments and quasi-fiscal expenditures. These revisions were made to address inconsistencies in the 2013 EITI Standard and do not constitute any new requirements.
7. **MSG governance.** The 2013 EITI Standard contained a general provision on internal governance rules and procedures for MSGs. However, there was no specific provisions on per diems. The EITI Code of Conduct, applying to all EITI Office Holders addresses the issue of per diems explicitly: "Specifically, EITI Office Holders shall follow these guidelines: ...Any per diems set, paid or obtained should be based on reasonable actual costs and good international practice." The EITI has identified some challenges related to high per diem practices in MSGs. While the 2016 EITI Standard does not stipulate any policy on per diems, a new requirement was introduced that makes it mandatory for MSGs to publish their per diem policy.
8. **The requirements have been restructured in accordance with the extractive industry value chain.** In the 2013 EITI Standard, the seven EITI Requirements follow the structure of the EITI process, which is not necessarily intuitive to stakeholders working in the extractive sector. Mapping the EITI disclosure requirements across the extractive industry value chain is considered a more logical way of illustrating how the EITI is relevant to the various issues in the extractive sector. It also ensures consistency with the framework for assessing the requirements during Validation, and increases opportunities for strengthen linkages with other initiatives and reform processes.

#### 4 EITI in 3-5 years: Follow-up and outstanding issues

The Secretariat has identified a number of issues related to the adoption of the 2016 EITI Standard and the *EITI in 3-5 years* discussion that are likely to require follow-up in the coming months:

1. **Transitional arrangements.** Having approved the 2016 EITI Standard, the EITI Board needs to agree a procedure for how the revisions will come into force. Given that most of the changes described in section 3 above are of a clarifying nature, addressing weaknesses and ambiguities in the EITI Rules, the Secretariat's view is that there is no need for complex transitional arrangements. The refinements to the EITI Standard do not have major implications for EITI Reporting, apart from the provisions on beneficial ownership that are subject to a dedicated timeframe for implementation. If anything, the burden of reporting requirements should have been slightly reduced. Some of the revisions (#1.5.c.iv and #7.4.a.iii) will require modification to MSG workplans and annual progress reports, but such revisions should not necessitate long

transitional periods. The Validation Committee has considered a draft revised Validation timetable, taking into account the new Validation procedures. Taking into account these factors, the Secretariat has developed a proposal (see Annex A) for transitioning to the 2016 EITI Standard setting out Validation deadlines and refinements that may have implications for countries' implementation timetables and deadlines.

- 2. Guidance and capacity building.** As outlined in the 2016 workplan and associated training plan, the Secretariat will continue to provide guidance and training on the implementation of the EITI standard, in particular supporting pre-validation workshops and self-assessments. In addition, the Secretariat proposes that the EITI Board overhauls the current guidance notes, which were developed in 2013/2014, adjusting these to lessons learnt from the first three years of implementing the Standard and documenting emerging good practice.
- 3. Beneficial ownership.** The EITI Board has agreed that implementing countries should agree and publish roadmaps for their beneficial ownership disclosures by 1 January 2017 and that beneficial ownership disclosure will be a requirement from 1 January 2020. Developing robust and viable roadmaps that have broad support appears critical for successful implementation of this requirement, and is likely to require significant consultation with government agencies, companies, civil society and others<sup>1</sup>. Drawing on existing experience, the Secretariat suggests that the EITI Board develops immediate guidance to countries on factors and issues that countries may wish to consider in undertaking these consultations and developing their roadmaps. A review of all the roadmaps will then be undertaken in Q1 2017.

Implementation of the new provisions on beneficial ownership are also likely to require significant technical and financial assistance. Close coordination with development partners will be necessary to ensure that there is adequate funding and support both to developing the roadmaps and to their implementation. This may include activities such as legal reviews and amendments; capacity building in particular for corporate regulators and other relevant government agencies, but also for companies and civil society; any additional financial support to data collection; and assistance with building and maintaining public registers where relevant.

As beneficial ownership data starts to become available there will be a need for further capacity building on understanding, analysing, using and displaying beneficial ownership information. More transparency in beneficial ownership may for example contribute to identify extractive projects with a troubled history, increase public calls for addressing the legacy of such projects and interest in developing preventive tools. Given that disclosure of beneficial ownership across the world is still very limited, the EITI is likely to become an important forum for governments and other stakeholders to share experiences and good practices on these issues.

- 4. Open data.** As noted above, the Board has agreed an open data policy and to establish a working group to develop more detailed open data standards for consideration by the Board. The International Secretariat has been collaborating with the IMF on classifying government

---

<sup>1</sup> For example, in the UK, the consultation period leading to the development of a strategy for beneficial ownership disclosure was undertaken from July 2013-April 2014.

revenue data based on the Government Finance Statistics Manual 2014 (GFSM 2014)<sup>2</sup>. The Secretariat has also supported a [Scoping Study for EITI Data Reporting and Access Standards](#) undertaken by the World Bank. The project aimed to “facilitate improved standardization, classification and accessibility of EITI data”, and to make “recommendations to facilitate EITI stakeholders in reporting data (qualitative and quantitative) in a standardized format to allow for improved understanding, analysis and accountability of the extractive sector”. It is suggested that the Working Group begin by considering this study, and making a recommendation to the Board on further developing open data standards.

- 5. Validation.** With the agreement of the new Validation procedures and the revised schedule for validations (annex A), the next step is for the Validation Committee and countries with upcoming validation deadlines to finalise the procedures for Validation, including the Terms of Reference for the validations and data gathering, and to ensure that validations are completed in accordance with the agreed timetables. It is anticipated that the first batch of Validations will be concluded by mid-2016. The EITI Board will also need to ensure that the funding gap for carrying out the forthcoming validations is closed.
- 6. Limited engagement policy.** At the Implementation Committee meeting in Abuja in June 2015, the Committee discussed developing a draft policy on how support to implementing countries may be prioritised by the EITI and its supporters. This followed a discussion of the Committee of that small countries with relatively insignificant sectors such for example the Central African Republic, Honduras, the Solomon Islands and Tajikistan were often struggling with implementation, and understandably with political commitment to EITI as the sectors were not regarded to be of priority. This had several challenges for the EITI both in terms of costs to support implementation in these countries, and demands of the EITI that these countries were not able to meet due to limited capacity and political sponsorship. In light of the current funding constraint and economic outlook of the sector, the EITI Board might wish to return to this conversation and consider whether a “limited engagement” policy might be desirable and relevant for countries where there could be some benefits of being associated with the EITI but that might not have capacity or relevance enough to fully implement the EITI Standard. Such a limited engagement policy could for example include provisions that would require targeted funding for such countries, resulting in that EITI core funding would not be needed to the current extent.
- 7. Outreach Strategy & Sign-up.** Following the review of the engagement policy, it is suggested that the Outreach and Candidature Committee reviews the 2015 Outreach Strategy and develops a 2016-2018 Outreach Strategy, including the criteria for prioritising outreach activities.

In 2014, the Implementation Committee undertook a review of how the EITI’s sign-up requirements are assessed and the common factors causing delays in the sign-up phase. The Committee concluded that there was no need to recommend to change the EITI Standard, but suggested that guidelines for preparing for candidature and for assessing application should be revised and developed. The EITI Board might wish to revisit this issue in 2016 so that potential barriers to successful implementation are given appropriate attention during sign-up, including

---

<sup>2</sup> <http://www.imf.org/external/np/sec/pr/2014/pr14473.htm>



the issue of securing funds as part of preparing for candidature.

8. **Mainstreaming pilot.** In 2015, the EITI Board decided to establish a mainstreaming pilot. The purpose of the pilot was to assess the feasibility of disclosing EITI data through existing government reporting mechanisms. Although intended to inform the revisions to the 2016 EITI Standard, no country signed up to the pilot in time for the work to reform the revisions. Now that the 2016 Standard enables mainstreamed disclosures, the EITI Board might wish to consider next steps for the mainstreaming pilot.
9. **Recommendations from EITI Reports.** The 2016 EITI Standard introduces new requirements related to follow-up on recommendations from EITI Reports that has consequences for the content of MSG workplans and annual activity reports. In rolling out these requirements, the International Secretariat suggests to work with multi-stakeholder groups on ensuring that the workplans outline plans to implement recommendations from EITI Reports and that the annual activity reports due on 1 July 2016 document the rationale for why the multi-stakeholder group has decided to implement or disregard the recommendations.

#### 10. EITI governance and funding:

- **Engagement of implementing countries.** Ensuring improved participation by implementing countries at the international level was extensively considered by the Board in 2015, for example in the Governance Review. The implementing country sub-consistency is currently elaborating guidelines for improved coordination across implementing countries. The International Secretariat will continue to provide direct support to the implementing country constituency, including through regular National Coordinators circulars, stronger emphasis on regional networks and mentoring between implementing countries. How to secure funding for implementing country coordination and participation will be an important issue.
- **Constituency organisation.** The EITI governance model leaves it to a large extent up to the constituencies themselves to organise their activities and representation. Constituency guidelines have existed with varying degree of detail. The Governance Committee has reviewed the existing guidelines and noted that the incoming Board may wish to do so again, with a view to ensure that they are well structured and sufficiently representative.
- **Accountability and oversight.** The Governance Committee has considered the possibility of strengthening the oversight role of the Board through the creation of a new Oversight and Management Committee or extending the role of the Governance Committee and has submitted a recommendation to the incoming Board (see Board paper 33-4). The incoming Board may wish to consider the implications of both approaches, as well as the broader committee structure and any committee terms of reference that may need updating.
- **Improving Board participation.** The 2015 Governance Review stressed the importance of improving participation in Board and committee meetings. The Governance Committee and the Board have implemented a number of measures to ensure this, including improving the Board induction process, proposing changes to the Articles of Association to hold Board members accountable, and engaging implementing countries in a more meaningful manner. These and other measures the incoming Board may wish to consider will require follow-up and may have funding implications.
- **Funding.** The Board has concluded that the current funding model is no longer sustainable. A

funding review is under way. There is an urgent need for the EITI Board to complete the review and ensure that there is a functioning funding model. Funding of implementation channelled through in particular the World Bank is also of growing concern. The EGPS has not been fully funded, resulting in that implementing countries cannot expect external funding with the same certainty as before. This should also be considered as part of the funding review.

Pending the results of the Funding Review, the EITI Finance Committee has recommended that the approved 2016 budget to be cut with 5%. This would require that the Board revisit the 2016 workplan and agree which activities would be cut or reduced. It may be necessary for the Board to also consider further cost cutting measures.

In a scenario where there is a significant shortfall of core revenues in 2016 (as seen in 2015), the effects on the activities of the Secretariat will be dramatic. With staff costs currently representing 57% of expenditure, a significantly reduced budget would require a reduction in staff of approximately 30%-40% (12-14 staff compared to 20 staff today). This would require a complete restructuring of the Secretariat, a substantial reduction in the support offered to implementing countries and reduced support to the Board. The mandate, workplan and activities of the Secretariat would need to be completely reconsidered.

## Annex A – Draft transitional arrangements 2016 EITI Standard

Having approved the 2016 EITI Standard, the EITI Board needs to agree a procedure for how the revisions will come into force. Given that most of the changes described in section 3 above are of a clarifying nature, addressing weaknesses and ambiguities in the EITI Rules, the Secretariat's view is that there is no need for complex transitional arrangements. The refinements to the EITI Standard do not have major implications for EITI Reporting, apart from the provisions on beneficial ownership that are subject to a dedicated timeframe for implementation. If anything, the burden of reporting requirements should have been slightly reduced. Some of the revisions (#1.5.c.iv and #7.4.a.iii) will require modification to MSG workplans and annual progress reports, but such revisions should not necessitate long transitional periods. The validation committee has already considered a draft revised validation timetable, taking into account the new validation procedures.

Taking into account these factors, the Secretariat recommends that the Board agrees that:

1. The 2016 EITI Standard comes into force effective 23 February 2016, replacing the 2013 edition of the EITI Standard.
2. Countries admitted as Candidates from 23 February 2016 onwards will be required to implement the EITI in accordance with the 2016 EITI Standard.
3. Implementing countries will transition to the EITI Standard as soon as possible, including by addressing the refinements as follows:
  - a) Updating their EITI workplans to address the new requirement to outline plans to follow up on recommendations from EITI Reports (requirement 1.5.c.iv). Given that MSGs may need some time to discuss and agree viable plans for implementing recommendations, it is proposed that countries with validation deadlines in 2016 are not assessed against this new provision in their first validation under the EITI Standard. Rather, the International Secretariat would provide an update to the EITI Board in Q1 2017 on whether this action has been completed by the MSG. All countries with validation deadlines in 2017 onwards would be assessed against this requirement in their first validation under the EITI Standard.
  - b) Publishing annual progress reports that address the new requirement to document actions taken to address recommendations from EITI Reports, including the rationale for implementing or disregarding recommendations (requirement 7.4.a.iii). The deadline for 2015 progress reports is 1 July 2015. Given that some countries have already published their 2015 progress reports, it is suggested that this provision is applicable to progress reports covering calendar year 2016 onwards.
  - c) Publishing per diem policies in accordance with requirement (1.4.b.vi). Given that this requirement can easily be satisfied by adding a line to the country's national EITI website, or in MSG meeting minutes, the Secretariat suggests that there be no transition period for this requirement. Rather the Secretariat proposes to notify all implementing countries of this change and ask that it is implemented immediately.
  - d) Agree a policy on the access, release and re-use of EITI data and ensure that EITI reports are available in open data formats in accordance with provision (7.1.b-c). Given that MSGs may

need some time to agree such a policy and meet the open data format requirements for new EITI Reports, , it is proposed that countries with validation deadlines in 2016 are not assessed against this new provision in their first validation under the EITI Standard. Rather, the International Secretariat would provide an update to the EITI Board in Q1 2017 on whether this action has been completed by the MSG. All countries with validation deadlines in 2017 onwards would be assessed against this requirement in their first validation under the EITI Standard.

- e) Publish beneficial ownership roadmaps by 1 January 2017 in accordance with provision 2.5.b.ii.
- f) Ensure that the reporting on license allocations is extended to all licenses issued or transferred in the financial year covered by the EITI report in accordance with requirement 2.2.a. Given that this requirement can only be addressed in the country's next reporting cycle, it is proposed that countries with validation deadlines in 2016 are not assessed against this new provision in their first validation under the EITI Standard. Rather, the International Secretariat would provide an update to the EITI Board in Q1 2017 on whether this action has been completed by the MSG. All countries with validation deadlines in 2017 onwards would be assessed against this requirement in their first validation under the EITI Standard.

4. It is proposed that the Board agrees the following Validation schedule. The Validations that are currently delayed (the first 11 listed below) would commence on 1 April 2016. The Validation deadlines for the other countries are unchanged.

Country	Validation to Commence
Solomon Islands	1-Apr-16
Ghana	1-Apr-16
Mongolia	1-Apr-16
Sao Tome & Principe	1-Apr-16
Timor Leste	1-Apr-16
Kyrgyzstan	1-Apr-16
Liberia	1-Apr-16
Niger	1-Apr-16
Nigeria	1-Apr-16
Norway	1-Apr-16
Tajikistan	1-Apr-16
Mali	1-Apr-16
Mauritania	1-Apr-16
Peru	1-Apr-16
Azerbaijan	15-Apr-16
Honduras	1-Jul-16
Iraq	1-Jul-16
Mozambique	1-Jul-16
Philippines	1-Jul-16
Tanzania	1-Jul-16
Zambia	1-Jul-16

Country	Validation to Commence
Myanmar	2-Jan-17
Seychelles	2-Feb-17
Ethiopia	19-Mar-17
Guatemala	19-Mar-17
PNG	19-Mar-17
USA	19-Mar-17
Colombia	15-Apr-17
UK.	15-Apr-17
Sierra Leone	26-Apr-17
DR Congo	2-Jul-17
Guinea	2-Jul-17
Chad	15-Oct-17
Indonesia	15-Oct-17
T&T	1-Jan-18
Malawi	22-Apr-18
CAR	TBC*
Yemen	TBC*

Albania	1-Oct-16
Burkina Faso	1-Oct-16
Congo	1-Oct-16
Cote d'Ivoire	1-Oct-16
Togo	1-Oct-16
Afghanistan	15-Oct-16
Cameroon	17-Oct-16
Kazakhstan	17-Oct-16
Senegal	17-Oct-16
Ukraine	17-Oct-16
Madagascar	5-Dec-16

Board paper 33-3-A

# Draft Board induction programme

*For approval*

**Summary:**

The outgoing Governance Committee suggests that the incoming Board considers adopting the below Board induction programme to begin at the Lima Board meeting.

# Draft Board induction programme

---

This paper sets out the proposed programme for the induction of the new Board. It follows proposal 3.1 of the EITI Governance Review of 2015 recommending the establishment of a Board member induction programme.

The proposed programme contains four main elements:

1. An improved Board manual.
2. An introduction to Board governance by the EITI Legal Counsel Christian Fredrik Michelet at the Lima Board meeting.  
The Articles of Association forms part of the set of key documents circulated to all incoming Board members.
3. An introduction to the work of the EITI International Secretariat through day-long visits to the Secretariat offices in Oslo and meetings with their key partners in the city. This is proposed to take place alongside at least one Board meeting each year in Oslo.
4. An introduction into the work the issues facing EITI implementing countries. It is proposed that at least one Board a year take place in an EITI implementing country. Where possible this will involve a field trip to see extractive operations; meetings with key stakeholders including the multi-stakeholder group and senior government officials; and a review of the country's EITI report.

For Board members that come on board during the course of the Board term, special efforts will be undertaken by the Secretariat to brief the individual on the Board manual and procedures, and to meet with the International Secretariat.

Elements 1 and 2 of the programme will take place at the Lima Board meeting. Element 3 – to hold the Board meeting in Oslo with time to visit the International Secretariat offices - is proposed to take place at the next meeting of the Board in May or June 2016.

Element 4 is proposed for the following Board in October in an implementing country with an associated field visit.

It is proposed that this programme is agreed by the Board for meeting planning for 2016 and 2017.

Board paper 33-4-A

# Board committees

*For information*

**Summary:**

It is proposed that the Board in Lima briefly discusses the below terms of reference of the committees established by the 2013-2016 Board. Following the Board meeting, it is further proposed that Board members inform the Secretariat whether they approve the terms of reference in their current form for the new Board and what committees they wish to serve on.



# Board committees

---

## Contents

1	Introduction.....	2
2	Functioning of Board committees .....	2
3	Committee terms of reference.....	3
3.1	Management and Oversight Committee (MOC) .....	3
4	Existing committee terms of reference.....	4

## 1 Introduction

According to Article 14 of the EITI Articles of Association, “*The EITI Board may create committees to further specific issues. Any such committee should include two or more Board Members or their Alternates, and its composition should, as far as is reasonable, reflect the multi-stakeholder nature of the EITI Association*”. It is thus the Board’s prerogative to establish the committees of its choosing.

This paper presents the terms of reference (TOR) of the committees established by the 2013-2016 Board. It is suggested that Board members discuss the terms of reference and inform Pablo Valverde ([pvalverde@eiti.org](mailto:pvalverde@eiti.org)) at the Secretariat by 15 March 2016 whether they wish to approve these TORs in their current form or suggest any amendments, including whether they wish to add a Management and Oversight Committee (see 3.1 below). It is also suggested that Board members inform the Secretariat which committees they wish to serve in.

## 2 Functioning of Board committees

Board committees are meant to facilitate the working of the EITI Board. This is mainly done by making recommendations to the Board. Board Committees do not take decisions on behalf of the EITI Board. Instead, committees advise the Board on specific issues, such as EITI implementation, Validation, policy and management. Committees hold telephone conferences and get together in person around Board meetings. Some committees, such as the Implementation and Validation committees have also met in person outside Board meetings.

Most committees meet regularly; others less frequently, for example when the EITI’s accounts are audited or when the Chair is to be nominated.

The Board decided at its 18<sup>th</sup> meeting in Jakarta in 2011 that non-members may observe and actively contribute to committees on a permanent basis, provided that an observer is accepted by all members of the concerned committee and that the committee finds the numbers of observers reasonable. When a committee makes recommendations to the Board, it may decide to only take into account the views of full members of the committee. In 2014 it was reaffirmed that Board members and their alternates are welcome to observe the deliberations of committees they are not members of, provided that the numbers do not become impractical to manage.

The Governance Review that was carried out in 2015 noted that some committees require a higher workload than others. Not least the Implementation and Validation Committees have at times been demanding. The review also noted the importance of adequate and assiduous participation in committee discussions. It is important when selecting which committees Board members wish to sit in that proper consideration be given to the workload and the importance of holding quorate committee meetings.

The Board decided at its 18<sup>th</sup> meeting in Jakarta that that each constituency should have at least one member present in order for a committee to be considered quorate, with at least one member from implementing countries. Committees in which implementing country issues are less pertinent, for example the Finance and Audit Committees, are exempt from this last requirement.

It is worth noting that in addition to establishing committees, the Board may establish working groups that are not subsets of the Board, where stakeholders are invited to contribute in the same way as Board members. This might be more appropriate for addressing issues of a technical nature, requiring particular expertise, or to more generally discuss issues related to the EITI, often before concrete proposals are put to the Board.

### **3 Committee terms of reference**

The Board has had the following committees:

- Audit Committee
- Finance Committee
- Governance Committee
- Implementation Committee
- Nominations Committee
- Outreach and Candidature Committee
- Rapid Response Committee
- Validation Committee

The current terms of reference for these committees are listed below. Board members can decide to add or remove committees as needed, and committees usually are reestablished after the election of a new Board. The Board may decide to keep the existing terms of reference or review them if any gaps or overlaps are identified.

#### **3.1 Management and Oversight Committee (MOC)**

At its meeting in Kiev in December 2015, the Board tasked the Governance Committee with considering terms of reference for a new Oversight and Management Committee to advise the Board on strategic issues relating to the management and oversight of the EITI Board and international Secretariat. At its meeting of 14 January 2016, the Governance Committee agreed to recommend to the outgoing Board that it recommend to the incoming Board:

- a) Either the establishment of an Oversight and Management Committee, or
- b) That the scope of the Governance Committee be expanded to include an oversight role. The Governance Committee would thus become the Governance and Oversight Committee.

In the event that the incoming Board wishes to establish a stand-alone Management and Oversight Committee, the Governance Committee suggested that it be composed of the chairs of the other

Committees (or the constituency points of contact if this does not sufficiently reflect the multi-stakeholder nature of the EITI). The committee could build on the following terms of reference:

*“The Management and Oversight Committee shall advise the EITI Board on strategic issues relating to the management and oversight of the EITI Board and International Secretariat. This includes proposing the agenda for Board meetings and assisting the Board’s oversight of the work of the International Secretariat. The committee will also support the Board when it conducts surveys and appraisals.”*

## 4 Existing committee terms of reference

### Audit committee

*The Audit Committee’s mandate was agreed by the Board in March 2010 through Board circular 67 and slightly modified by the 2013-2016 EITI Board through Board paper 24-5:*

The Audit Committee is required to discharge the audit function of the international management of the EITI as directed in Article 19(2) of the EITI Articles of Association. The Committee reviews the audited accounts with the EITI’s auditor, and presents the audited accounts to the Board.

The same Board member should not serve on both the Audit and Finance Committees.

### Finance Committee

*The Finance Committee’s mandate was agreed by the Board in March 2010 through Board circular 67 and slightly modified by the 2013-2016 EITI Board through Board paper 24-5:*

The Finance Committee shall advise the EITI Board on strategic issues relating to the financing of the EITI International Management (Board and Secretariat). This includes advising on the securing of funding to the levels agreed by the EITI Board when approving EITI Secretariat work plans and budgets, financial reporting, investment of liquidity and accepting of financial operations. It should from time to time review the funding principles adopted by the Board.

The Committee is also tasked with reviewing the EITI's expenditure, including ensuring that it understands what the Secretariat uses its funds for, whether the Secretariat has appropriate decision-making processes for taking decisions with financial implications and whether it considers that the Secretariat makes effective and appropriate use of its funding.

The role of the Committee should be distinguished from that of the Audit Committee, whose role is to undertake the formal role of control and oversight for the audited EITI accounts. The role of the Finance Committee, on the other hand, is predominantly policy focused.

### Governance Committee

*The Governance Committee’s mandate was agreed at the Board meeting in Abidjan in October 2013:*

On behalf of the EITI Board, and in accordance with the EITI Rules, the Governance Committee shall consider and seek to develop recommendations relating to the governance of the EITI, including:

- Voting procedures, for Board decision-making, for Chair election and for constituency elections
- Policy issues affecting the EITI Association
- Proposed amendments of the Articles of Association

- Rules and Procedures on management and operations of the EITI Association
- Board member status, vacancies and liability
- Governance issues concerning Members meetings
- Governance issues concerning Board Committees
- Board meeting governance (procedures, observers)
- Deal with cases where a country may change status because it is suspended or delisted, or because it has a government whose recognition is disputed.

### Implementation Committee

*The EITI Board agreed to establish an Implementation Committee at the 24th Board meeting in Sydney. Its Terms of Reference were agreed through Board Circular 158:*

The Implementation Committee shall:

- 1) Monitor progress with EITI implementation by reviewing the Implementation progress reports (IPRs) prepared by the International Secretariat as well as annual EITI Progress reports.
- 2) Review the impact of the EITI, identify and promote good practice to implementing countries to achieve compliance and strengthen EITI implementation. This includes considering the findings of annual activity reports, EITI Reports and Validation reports.
- 3) Monitor the quality of EITI reporting, including through annual reviews of EITI Reports. Monitor deadlines for annual activity reports and EITI Reports and make recommendations on suspension where countries have not met the deadlines set out in Requirements 1.6(a) and 1.6(c).
- 4) Review requests for lifting suspensions and make recommendations to the EITI Board in accordance with Requirement 1.7.
- 5) Review extension requests by implementing countries and make recommendations to the EITI Board in accordance with Requirement 1.6(d).
- 6) Review requests for adapted implementation and make recommendations to the EITI Board in accordance with Requirement 1.5.
- 7) Consider any further refinements to the EITI Standard related to implementation, including but not limited to outstanding issues from the Strategy Review such as (i) the pilot project on beneficial ownership; (ii) the effectiveness of civil society participation; (iii) the engagement of implementing countries in the governance of EITI; and (iv) EITI reporting procedures.

### Nominations Committee

The Nominations Committee is tasked with overseeing the development of a proposal to the Board for an EITI Chair nomination ahead of the EITI Members' Meeting.

### Outreach and Candidature Committee

*The Board decided at its meeting in Dar es Salam on 19-20 October to establish the Outreach and Candidature Committee. The terms of reference were approved by the Board in May 2012:*

On behalf of the EITI Board, the Outreach and Candidature Committee (the "Committee") shall:

#### **EITI Candidature:**

- a) Assess whether countries seeking to apply for EITI Candidature are adequately prepared for successful

and timely implementation of the EITI in line with the EITI Principles and Criteria.

- b) Review and appraise applications for EITI Candidate status to ensure that the eligibility requirements set out in the EITI Rules are fulfilled. In particular, the Committee will assess whether a country has fully met the five sign-up requirements.
- c) Make recommendations to the Board on applications for EITI Candidate status. In cases where the Committee considers that a country is not yet ready for candidature, it may recommend steps that can be taken by the country so that the conditions for successful implementation of the EITI are put in place.

#### **Outreach:**

- a) Guide and monitor the implementation of the Secretariat's work plan priorities and strategies for outreach, including efforts to attract new Candidate countries and forge relations with supporting governments, international agencies, companies, investors and civil society organisations.
- b) Suggest targeted outreach activities to countries, including OECD member countries, companies, investors and civil society.
- c) Provide advice and recommendations on relations and communications with stakeholders from non-implementing countries.
- d) Act as a reference point on the Board for outreach by liaising regularly with governments, international financial institutions, multilateral organisations, companies, investors and civil society groups.

#### **Composition**

The Committee shall comprise representatives of the constituencies on the EITI Board. The Committee will be supported by the EITI International Secretariat to fulfil its terms of reference.

#### **Rapid Response Committee**

The Rapid Response Committee was set up at the 4th EITI Board Meeting in Accra on 22 February 2008 to "develop a proposed framework for EITI rapid responses to political developments". The Rapid Response Committee monitors events that could put EITI stakeholders, process, or brand in EITI implementing countries at risk, and to make recommendations to the Board for possible responses.

#### **Validation Committee**

*The Validation Committee was established through Board circular 154 on 9 July 2013. The Committee's terms of Reference were approved through Board circular 157:*

With the assistance of the Secretariat, the Validation Committee shall:

1. Make recommendations to the EITI Board on the elaboration of the Validation procedures in accordance with the EITI Standard, including: procedures for the procurement of Validators, standardized terms of reference and contracts, and a standardized template for Validation reports.
2. Review draft Validation reports on behalf of the EITI Board, and prepare comments for the

attention of the Validator and the multi-stakeholder group.

3. Review final Validation reports and make a recommendation to the EITI Board in accordance with Requirement 1.6(b).
4. Review the effectiveness of the Validation process and, where necessary, make recommendations to the Board regarding changes to the EITI Standard.

Board Paper 33-4-B

# EITI Board meetings – 2016/2017

*For information*

**Summary:**

This paper identifies some EITI Board priorities in 2016 and a possible timetable for Board meetings based on previous practices and the Secretariat Workplan 2016. It is submitted to the 2016-2019 EITI Board from the Secretariat, in consultation with Fredrik Reinfeldt.

## EITI Board meetings – 2016/2017

---

Article 15 states that the EITI Board should meet at least twice a year. So far, the EITI Board has met 2-3 times a year, normally for a day and a half.

The Secretariat notes that the previous EITI Board sought to hold at least one meeting a year in an EITI implementing country. The Secretariat proposes that at least one Board meeting a year is held in Oslo where it is based.

It is suggested that the EITI Board consider holding the following meetings:

- May/June 2016 in Oslo, possibly 25-26 May
- October 2016 in Astana, Kazakhstan, possibly 19-20 October including a regional site visit
- February 2017 in Canada/USA
- May/June 2017 in Oslo or Stockholm including a National Coordinators Meeting (NCM)
- October 2017 in Abuja or Maputo including a regional site visit.

Please be in touch with Leah Krogsund ([lkrogsund@eiti.org](mailto:lkrogsund@eiti.org)) about your availability the suggested dates.