

Process and outcome indicators

EITI Working Group Outcome indicators Oslo, 30 July 2010

PROCESS AND OUTCOME INDICATORS

1 Purpose of this paper

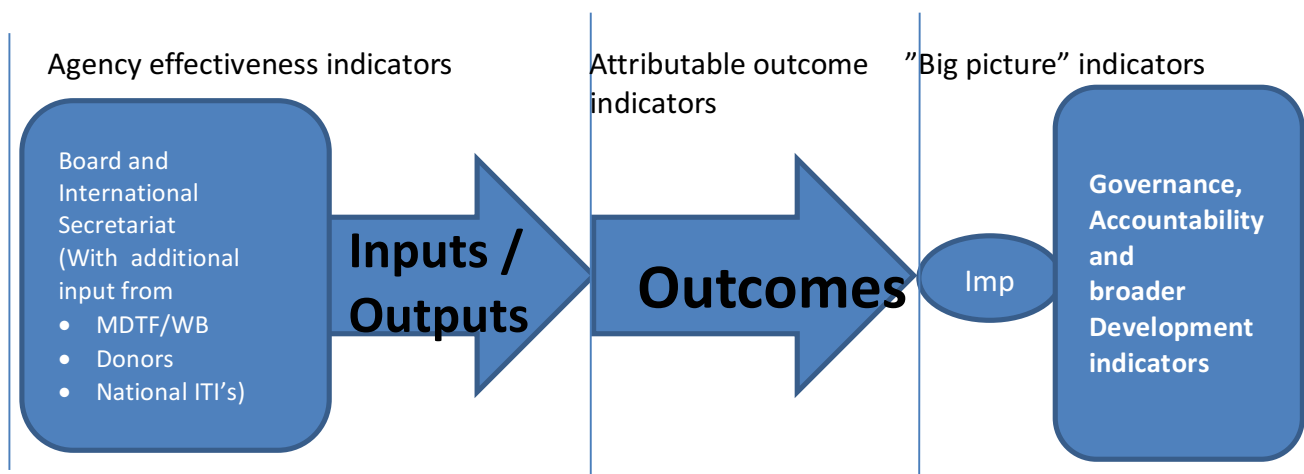
The Extractive Industries Transparency Initiative (EITI) is an international standard for transparency in natural resource revenue management. The initiative was launched in 2002 but the indicators for meeting the standard were not established until 2006. An evaluation was prepared for the 4th Global Conference in February 2009 that assessed EITI’s contribution to good governance of natural resources. EITI implementation has gathered considerable pace since 2009: 31 countries are now implementing, 20-plus validation processes are completed or underway and 47 EITI reports have been published. There is now richer evidence and data to evaluate the performance of the EITI and its impact on key development outcomes.

The Board has established a working group to develop a **set of process and outcome indicators** (set of indicators, henceforth). The purpose of this set of indicators will be to provide the EITI with better means for learning from experience, improving delivery, planning, governance structure, and allocation of resources, and demonstrating results. The purpose of this paper is to propose to the EITI Board this set of indicators, which once endorsed by the Board will be the basis for on-going monitoring of the EITI and for an independent evaluation on its impact and effectiveness.

2 Methodology

The working group suggests using a multi-tier framework for this evaluation. This framework has been adapted from the one used by the Results Unit of the Operations Policy and Country Services within the World Bank.

Figure 1 summarizes this approach.



“Big picture” indicators provide context, establish benchmarks and indicate directional change. These indicators are **not directly attributable** to any single project or organization (such as EITI) since many such

activities and efforts have to come together to achieve these development outcomes. For better understanding the wider benefits of the EITI, the evaluation will look at the proposed set of the “Big picture” indicators with the purpose of:

- Providing a general outlook of EITI countries in terms of key development outcomes,
- Establishing a general context and directional change, and
- Establishing benchmarks to allow monitoring and comparing of these outcomes against other resource-rich countries not implementing the EITI.

For assessing the performance of the EITI and its results, the evaluation will look at the proposed set of “Attributable outcome” indicators that answer the question “Because of this activity, project or initiative these outcomes have been achieved” and “Agency Effectiveness” indicators that measure inputs and outputs to assess the organizational effectiveness and efficiency, with the purpose of:

- Measuring input to the EITI.
- Measuring output of the EITI.
- Assessing the quality of the output of the EITI in terms of specific yardsticks such as a level of coverage in the reports, dissemination, multi-stakeholder dialogue, impact on governance reforms, improved understanding of the sector, etc.
- Assessing the effectiveness and appropriateness of EITI’s policies (e.g. Rule Book) and guidance documents.
- Assessing the effectiveness of EITI management (management tools, e.g. work plan, and stakeholder relations)
- Assessing the effectiveness of EITI communication tools (Website, newsletters, materials, etc)
- Assessing if the EITI structure, especially if the International Secretariat is fit for purpose and provides value for money.

3 Proposed set of indicators

Following the proposed methodology the working group examined:

- A long list of available “Big picture” indicators produced by a wide range of internationally renowned organizations that address issues and development outcomes directly related to the EITI principles and goals;
- The EITI International Secretariat key performance indicators approved by the Board as part of the Workplan submitted each year;
- EITI reconciliation and validation reports and the EITI validation grid; and
- Abundant reference material including the EITI Evaluation presented in Doha in February 2009.

After careful examination and deliberation the working group selected indicators or sources from which indicators can be extracted for each tier.

These are:

3.1 Big picture indicators

(Some of these indicators might not be available for each country -both EITI and other resource-rich countries.)

- 1) Disclosure index measure from the World Bank’s Doing Business Report.
- 2) Credit ratings (available from leading credit rating agencies)
- 3) From the World Bank’s Country Policy and Institutional assessment (CPIA):
 - Macroeconomic management rating.

- Equity of public resource use rating.
 - Transparency, accountability and corruption in the public sector rating.
- 4) Transparency International's Corruption Perception Index.
 - 5) UNDP Human Development Index (<http://hdr.undp.org/en/statistics/indices/hdi/>)
 - 6) UN GINI coefficient
 - 7) GDP growth (from World Bank national accounts data, and OECD National Accounts data files).
 - 8) From the Global Integrity Indexes (<http://www.globalintegrity.org/>):
 - Civil society organizations.
 - Public access to information.
 - Government accountability.
 - Overall country score.
 - 9) Open Budget Index (<http://www.openbudgetindex.org/>)
 - 10) Freedom in the World Report by Freedom House
<http://www.freedomhouse.org/template.cfm?page=15>

Note: There are other sources of information from which qualitative assessments can be made such as debt relief (see IMF/WB Heavily Indebted Poor Countries (HIPC) at <http://www.imf.org/external/np/hipc/index.asp>), human rights (see reports from the US State Department or organisations such as Amnesty International or Human Right Watch), freedom of the press (see Press Freedom Index by Reporters without borders - <http://en.rsf.org/press-freedom-index-2009,1001.html>-) and governability (The Failed States index published by Foreign Policy/Fund for peace - <http://www.fundforpeace.org/web/index.php>-)

3.2 Attributable outcome indicators

- 1) No. of **compliant** countries
- 2) No. of **candidate** countries
- 3) No. of supporting **companies**
- 4) No. of supporting **investors**
- 5) No. of **supporting countries**
- 6) No. of completed **validations**
- 7) **Communication** and awareness raising
 - Users of EITI website
 - Articles published about the EITI
 - References of EITI in articles, news items and blogs.
 - Subscribers to EITI 's newsletter
- 8) **Reporting**
 - No of reports (including disaggregated reports)
 - Sector coverage (percentage)
 - Regularity in EITI disclosure
 - Companies participation

3.3 Agency effectiveness indicators

These indicators relate to activities developed by the Secretariat, the Board (with support from partner organisations) and the input (monetary, time, quantity of publications) put into these activities. Each indicator is cross-referenced with the 2010 Secretariat workplan action list (WP).

Inputs/resources:

- 1) Resources allocated for missions and support to **implementing** countries (ref. WP 1).

- 2) Staff resources allocated to **validation** (ref. WP 4, 5, 6).
- 3) Resources allocated for missions to **outreach** countries (ref. WP 7,8)
- 4) No. of Board meetings and resources allocated to **Board meetings** and Chairman's support (ref. WP 28, 29).
- 5) Resources allocated to **relations with stakeholders** including: conference, supporters' roundtables and National Coordinators meeting (ref. WP 2, 9, 10, 13, 31).
- 6) Resources allocated to **relations with supporting companies** and investors (ref. WP 11, 12, 32).
- 7) Resources allocated to **communication** (ref. WP 14, 15, 16, 17, 20, 21, 22, 23).
- 8) Resources for **training**, including InWent seminars (ref. WP 3).
- 9) Resources allocated to **governance, management and administration** (ref. WP 30, 33, 34).

Outputs:

- 1) **Publications**, including website, notes and reports (ref. WP 14, 18, 19, 24, 25, 26, 27).
- 2) **Validation** reports reviewed (ref. WP 4, 5, 6).
- 3) **Reconciliation reports** reviewed
- 4) **Meetings** organised (including roundtable, Board and side meetings, national coordinators meeting and other conferences) (ref. WP 2, 9, 10, 13, 28, 29,31).
- 5) **Number of people** trained (ref. WP 3).
- 6) **Number of countries** visited (ref. WP 1, 7, 8).
- 7) **Disclosure of Revenues**
 - a. **Number of EITI reports**
 - b. **Number of EITI reports with disaggregated information**
 - c. **Sector coverage (percentage)**
 - d. **Regularity of EITI disclosure**
 - e. **Companies participating in EITI reporting**

4 Sources

Big picture indicators are available mostly through the websites and publications of each of the organisations responsible for producing data and rankings about various development and institutional outcomes. Attributable outcome indicators and Agency effectiveness indicators can be assessed based on the EITI Secretariat key managerial documents and tools, notably the work plans, budget, financial and auditing reviews and calendar; publications including its website and the EITI reconciliation and validation reports.