

38<sup>TH</sup> EITI BOARD MEETING

MANILA, 25-26 OCTOBER 2017

# Minutes

**EITI International Secretariat**

Oslo, 4 December 2017

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# MINUTES OF THE 38<sup>TH</sup> EITI BOARD MEETING

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## 38-1 Welcome by the Chair and adoption of the agenda

EITI Chair Fredrik Reinfeldt opened the meeting by greeting Board members and welcoming them to Manila. Apologies were noted from Carlos Cante, Dominic Emery, Montty Girianna, Ana Carolina Gonzalez and Victor Hart. The Chair noted that Agnès Solange Ondigui had been nominated to become Board member and Marie-Therese Holenn to become Solange’s alternate and that Mankeur Ndiaye had been nominated as an alternate to Didier Agbemadon, following the resignation of Ismaila Fall. The Board approved these nominations. The Chair also welcomed the many observers and particularly acknowledged Ambassador of Mexico in the Philippines, Gerardo Lozano.

The Board agreed the agenda.

## 38-2 Report from the Secretariat

The Chair explained that the objective of this session was for the Board to gain a better understanding of implementation and of some of the challenges that the EITI is facing. He invited Jonas Moberg to introduce the papers 38-2-A and 38-2-B. Jonas highlighted the significant achievement of all the stakeholders in the Philippines in becoming the first country to achieve satisfactory progress against the EITI Standard. Jonas noted the International Secretariat’s continued to focus on Validation. 21 Validations had been completed and together with support for implementation, this took up the majority of the Secretariat’s time. Validation continued to reveal how the EITI country processes had improved the openness in the sector and catalysed reforms.

He updated the Board on staffing and the new offices. New staff had joined the Secretariat: Dylan Gélard became Francophone Director for West Africa; Santiago Dondo Latin America Regional Director alongside Francisco Paris; and Indra Thévoz has joined the Francophone team. Recent Secretariat’s activities included the preparation of the beneficial ownership conference in Jakarta alongside the regular support to the various committees and communication of EITI’s achievements.

Jonas introduced paper *38-2-A Implementation Progress Report*. He noted good progress on use of EITI data, Validation and beneficial ownership. However, an important number of countries were marked red due to challenges with implementation such as political instability, difficulties in meeting EITI reporting

deadlines, MSG governance challenges and funding shortages. Implementing countries such as Ethiopia, Ghana, Madagascar, Malawi, Mozambique, Nigeria and Sierra Leone were either suspended or faced the risk of being suspended due to delays in EITI Reporting caused by funding shortages. EITI implementation in other countries such as Dominican Republic, Honduras, Indonesia, Tajikistan, Trinidad and Tobago and Zambia had reportedly been negatively affected by funding-related delays. Jonas drew attention to the spotlight section on EITI and gender, and to the brief analysis of 36 annual progress reports.

The Chair invited Board members to comment. A number of Board members commended the Philippines for its achievements on EITI implementation and welcomed the spotlight on gender. They reinforced the need for a more gender aware approach within the EITI. Some Board members encouraged the Secretariat to consider how to improve the use of annual progress reports at national level in response to the findings that these reports did not seem to fulfil their purpose. It was noted that mainstreaming implementation might lighten costs, but mainstreaming multi-stakeholder governance should not become a replacement for avoiding addressing multi-stakeholder deficiencies. Bent Graff suggested that coming implementation progress reports included information on how many implementing countries funded their own implementation and how many depended on donor financing. A couple of Board members reflected on the need to discuss lessons from the Validations. They noted that only one country had been able to achieve satisfactory progress. Daniel Kaufmann invited the Secretariat to consider findings from the Natural Resources Governance Institute's index when assessing progress on EITI implementation. He drew the attention of the Board to the worrying developments in the US where a number of companies were undermining the initiative by not disclosing their payments to the government. Daniel and other Board members expressed concern about the participation of civil society organisations in the United Kingdom. Daniel noted that one civil society organization had been given special status by the government over its peers to nominate MSG members, contravening sections 1.3 and 1.4 of the EITI Standard." Teresa Habitan asked the Secretariat to correct a mention of lack of resources in the Philippines in the Implementation Progress Report.

Jonas also introduced paper *38-2-B Outreach Progress Report*. Jonas noted that limited outreach had been conducted since the last Board meeting. He highlighted the preliminary discussions that Secretariat had with the Government of Argentina last July following their commitment to implement the EITI.

### 38-3 Report from the World Bank

The Chair invited Sheila Khama, the Practice Manager of the Extractive Global Programmatic Support (EGPS), to introduce the paper the World Bank had submitted. Sheila reaffirmed that EITI was an important element for the World Bank in its engagement in the extractives sector. She noted, however, that while the number of countries affiliated to the EITI process was growing. In light of an increasingly demanding EITI Standard, there was a substantial gap between the number of EITI-related requests for support and what the World Bank could currently fund via the EGPS. Sheila confirmed that the World Bank would increase efforts to mobilize donor funding. It was in the broader sector reform context that the World Bank could help countries to mainstream EITI transparency standards into local structures, national systems and processes. She said that for the World Bank's engagement to be possible, governments needed to give the extractives sector priority. She added that we all needed to rethink how to ensure that national EITI's were less stand-alone appendages to national systems and more integrated with strategy and policy-making for extractive sector and public finances.

Board members followed up with a series of questions and comments to Sheila including support to civil society and the possibility of supplementing existing funds for the EITI with other World Bank funding.

### 38-4 Report from the Implementation Committee

The Chair invited Teresa Habitan, Chair of the Implementation Committee, to report to the Board.

#### *Board Paper 38-4-A Extension request for Dominican Republic*

Teresa informed the Board that the International Secretariat had confirmed that the Dominican Republic had now published its overdue 2015 EITI Report. Thus, in accordance with the recommendation from the Committee and previous practice, it was suggested that the suspension would not be enforced.

**Actions:**

- The International Secretariat to write to the Champion of Dominican Republic-EITI Minister Antonio Isa-Conde to acknowledge publication of the report and conclusion of the extension request.

#### *Board Paper 38-4-B Delisting of Yemen*

Teresa informed the Board that despite many attempts to communicate with the authorities in Yemen suggesting that they discontinue their membership until the political situation stabilised, no response had been received. The Board agreed to the proposal in paper 38-4-B that Yemen be delisted from the EITI.

**Actions:**

- The Chair to write to the Government of Yemen announcing the Board's decision to delist Yemen.

#### *Board Paper 38-4-C Opportunities for improving engagement with State-owned enterprises (SOEs)*

Teresa introduced paper 38-4-C with the recommendation from the Committee that the Board consider establishing an SOE standard, subject to project specific funding and piloting. Dyveke Rogan added that the aim was not to introduce new requirements on SOEs or implementing countries. Rather, the objective was to encourage better engagement with SOEs to incentivize them to become more open and transparent, through regular reporting of data related to their governance, revenues and other issues. The scheme would be separate from the EITI Standard. Although it could improve implementation of Requirement 2.6 on state-participation, it would not have bearing on a country's compliance with the EITI Standard. Some SOEs had already expressed an interest in the scheme. The Secretariat had also held preliminary discussions with donors for financing a pilot phase of 18-24 months.

Board members welcomed the proposal to engage further with SOEs, but raised concerns about possible resource implications and considered it premature to already conclude that a certification scheme should be established. The Board concluded that the Secretariat could proceed with seeking to further engage SOEs, including establishing a network of SOEs and experts. Subject to funding and further consultations, the challenges, benefits and interests in the scheme would then become clearer.

**Actions:**

- The Secretariat to conduct outreach to SOEs and experts, and to report to the Implementation Committee on progress.

#### *Board Paper 38-4-D Proposal for an EITI limited engagement policy*

Teresa introduced paper 38-4-D, noting that the suggested policy sought to address two issues. Firstly, it outlined a mechanism for more strictly limiting EITI implementation to resource rich countries, enabling the

EITI to discourage countries where there was limited relevance of implementation from joining. Secondly, it proposed that the EITI would make use of existing mechanisms in the EITI Standard, notably adapted implementation, to provide for alternative means of implementation in countries that are currently implementing the EITI, but that are not resource rich and where full implementation is not deemed relevant. This implied an understanding that lack of relevance could constitute an exceptional circumstance under requirement 8.1.

The Board agreed to adopt the policy as proposed in the paper.

**Actions:**

- The Board agreed to the proposed limited engagement policy set in Paper 38-4-D.

*Board Paper 38-4-E Mainstreaming application and request for adapted implementation in Norway*

Teresa explained that Norway had lodged a request for mainstreamed and adapted implementation in April 2017. The request had been assessed by the International Secretariat and discussed by the Implementation Committee, as reported in the paper. While there was no disagreement related to the adapted implementation request, the mainstreaming request was more difficult given the lack of MSG support for the request. In light of this, the Committee had submitted several options to the Board for consideration. However, since the submission of the paper to the Board, the Implementation Committee had identified a compromise option whereby the Board would accept the mainstreaming request whilst making it clear to local stakeholders that they were still obliged to agree a mechanism for data assurance.

The Chair invited Board members to comment. Some Board members spoke in favour of accepting the adapted implementation and mainstreaming request, noting the need for the EITI to make progress with mainstreaming. Other Board members cautioned against deciding on a request that did not have MSG support and the precedents that this could set. Others again noted that the request and the assessment indicated that all local stakeholders were in favour of adapted implementation of the requirements for an MSG, and that there was no desire to continue working in a MSG in Norway. Moreover, Validation had shown that Norway's EITI reporting was reliable and complied with the EITI Requests.

The Board decided to accept the request. It was agreed to add a reminder that the EITI Standard requires agreement on an approach to data assurance. The Board would have an opportunity to review the effectiveness of the mainstreaming and adapted implementation approach during Norway's next EITI Validation.

**Actions:**

- The Chair to write to the Government announcing the Board's decision on accepting the mainstreaming application and request for adapted implementation in Norway.

*Board paper 38-5-A Candidature Assessment: Guyana*

Rudy Jadoopat, National Coordinator of Guyana-EITI and Curtis Bernard, member of Guyana's MSG were asked to leave the room while the Board discussed Guyana's EITI candidature assessment.

Francisco Paris indicated that, following the candidature assessment by the International Secretariat that found that Guyana met all sign-up requirements (i.e. Requirements 1.1. to 1.5), the Outreach and Candidature Committee recommended to the Board that Guyana be designated an EITI candidate country.

The Board admitted Guyana as an EITI candidate country.

Mr Jadoopat and Mr Bernard were invited back into the room. Mr Jadoopat thanked the EITI International Secretariat and the World Bank for their support.

**Actions:**

- The Chair to write to the Government announcing the Board's decision to accept Guyana as EITI candidate country.

*Board paper 38-5-B Candidature Assessment: Mexico*

Ambassador on Mexico in Philippines, Gerardo Lozano, and Commercial attaché in the Embassy of Mexico, Arturo Villarruel, were asked to leave the room while the Board discussed Mexico's EITI candidature assessment.

Francisco Paris indicated that, following the candidature assessment by the International Secretariat that found that Mexico met all sign-up requirements (i.e. Requirements 1.1. to 1.5), the Outreach and Candidature Committee recommended to the Board that Mexico be designated an EITI candidate country.

The Board admitted Mexico as an EITI candidate country. Board members from civil society lauded efforts by local CSOs to undertake extensive outreach activities and commended the MSG in Mexico for having agreed to include social-environment commitments in its annual work plan. They also urged the Board to monitor potential threats to civil society participation given the surveillance scandal that affected the OGP process earlier this year.

Ambassador Lozano and Mr Villarreal were invited back into the room. Ambassador Lozano thanked the Board and showed a video where the Chair of Mexico's multi-stakeholder group, Deputy Minister of Mining Mario Cantú, expressed the importance his government and all stakeholders gave to implementing the EITI Standard.

**Actions:**

- The Chair to write to the Government announcing the Board's decision to accept Mexico as EITI candidate country.

*38-6 Report from the Validation Committee*

The Chair invited Mark Pearson to introduce the Validation papers.

*Board Paper 38-6-A Mozambique*

Mark presented the Validation Committee's recommendation that Mozambique had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Mozambique would be considered an EITI candidate and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019. Ines Schjolberg Marques introduced Mozambique's Validation by highlighting successes including the embedding of transparency provisions in sector regulations and challenges in stakeholder engagement, state participation and the reliability of its reporting.

The Board agreed to the proposal in paper 38-6-A that Mozambique had made meaningful progress overall in implementing the 2016 Standard, would be considered an EITI candidate, and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019.

**Actions:**

- The Chair to write to the Government announcing the Board's decision about Mozambique's Validation.

*Board Paper 38-6-B Honduras*

Mark presented the Validation Committee's recommendation that Honduras had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Honduras would be considered an EITI candidate and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019. Francisco Paris introduced the paper by highlighting achievements including reforms of the licensing and cadastre systems as well as challenges in stakeholder engagement, direct subnational payments, dissemination and outreach.

Cesar Gamboa suggested the inclusion of additional language in the Board statement proposed in Paper 38-6-B to emphasise the need for continuous government efforts to ensure that there are no obstacles to civil society participation in the EITI process. The Board tasked the International Secretariat with proposing some language in the Board statement in the minutes to reflect these concerns. The Board agreed to the proposal in paper 38-6-B that Honduras had made meaningful progress overall in implementing the 2016 Standard, would be considered an EITI candidate, and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019.

**Actions:**

- The International Secretariat to amend the proposed Board statement in paper 38-6-B to emphasise the need for continuous government efforts to ensure that there were no obstacles to civil society participation in the EITI process.
- The Chair to write to the Government announcing the Board's decision about Honduras' Validation.

*Board Paper 38-6-C Tanzania*

Mark presented the Validation Committee's recommendation that Tanzania had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Tanzania would be considered an EITI candidate and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019. Ines introduced Tanzania's Validation by highlighting the significance of the EITI Act passed in 2015, noting challenges in government engagement and multi-stakeholder governance that hindered the EITI's opportunities to drive broader reforms.

The Board agreed to the proposal in paper 38-6-C that Tanzania had made meaningful progress overall in implementing the 2016 Standard, would be considered an EITI candidate, and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019.

**Actions:**

- The Chair to write to the Government announcing the Board's decision about Tanzania's Validation.

*Board Paper 38-6-D Zambia*

Mark presented the Validation Committee's recommendation that Zambia had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Zambia would be considered

an EITI candidate and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019. Ines introduced Zambia's Validation by emphasising the commitment of stakeholders and the achievements in improving production data, but noted the key challenge of translating reconciliation reports into policy reform.

The Board agreed to the proposal in paper 38-6-D that Zambia had made meaningful progress overall in implementing the 2016 Standard, would be considered an EITI candidate, and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019.

**Actions:**

- The Chair to write to the Government announcing the Board's decision about Zambia's Validation.

*Board Paper 38-6-E Iraq*

Mark presented the Validation Committee's recommendation that Iraq had made inadequate progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Iraq would be suspended and be requested to undertake corrective actions before the second Validation on 25 April 2019. Pablo Valverde introduced Iraq's Validation by noting that while Iraq had not made a full transition to the EITI Standard, Validation had already had an impact in strengthening government engagement and ensuring EITI proceedings were in a language understandable to stakeholders (Arabic).

The Chair invited Board members to comment. Several Board members noted that the EITI was implemented in Iraq against a challenging background and high security concerns. The Chair concluded that the significant gaps identified during Validation supported the Committee's recommendation of inadequate process in line with previous Board decisions on the Validations of Kyrgyz Republic and Tajikistan. The Chair emphasised the importance on the language with which the decision on Iraq's Validation was conveyed to stakeholders, which would highlight opportunities to make further progress in using the EITI to strengthen the management of the sector.

The Board agreed to the proposal in paper 38-6-E that Iraq had made inadequate progress overall in implementing the 2016 Standard, would be temporarily suspended, and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019.

**Actions:**

- The Chair to write to the Government announcing the Board's decision about Iraq's Validation.

*Board Paper 38-6-F Niger*

Mark presented the Validation Committee's recommendation that Niger had made inadequate progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Niger would be suspended and requested to undertake corrective actions before the second Validation on 25 April 2019. Bady Baldé introduced Niger's Validation by noting achievements such as enshrining contract transparency in the constitution and the impact of EITI on public debate, but highlighting 15 requirements where the Validation had assessed either inadequate or no progress. Bady also highlighted concerns over the arrests of several civil society representatives in recent months, including journalists and members of the EITI National Committee, following press revelations, known as uranium gate, of allegations of corruptions involving the uranium industry."



Several implementing country Board members highlighted the security challenges faced by Niger and called for the Board to provide advance warning of its concerns over alleged constraints on civil society engagement in EITI, before any agreement could be made about suspension. However, several civil society Board members called for consistency in the overall assessments in all Validations, considering that the number of requirements assessed as either inadequate or no progress warranted an overall assessment of inadequate progress, regardless of the assessment of requirement 1.3 on the environment for civil society engagement in EITI. The Chair drew the parallel between the number of requirements assessed as either inadequate or no progress in Iraq and in previous Board decisions on the Validations of Kyrgyz Republic and Tajikistan. The Chair emphasised the importance of the language announcing the Board decision, where he would highlight opportunities and encouragement to address corrective actions.

The Board agreed to the proposal in paper 38-6-F that Niger had made inadequate progress overall in implementing the 2016 Standard, will be temporarily suspended, and be requested to undertake corrective actions before the second Validation commencing on 25 April 2019.

**Actions:**

- The Chair to write to the Government announcing the Board's decision about Niger's Validation.

*Board Paper 38-6-G Norway*

Mark presented the Validation Committee's recommendation that Norway had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Norway would be requested to undertake corrective actions before the second Validation on 25 October 2018. Mark noted the Board's decision the previous day granting Norway's mainstreaming application and request for adapted implementation, and suggested that the recommendation be updated.

Sam Bartlett clarified that it was not a question of changing the assessment, but rather updating the corrective actions to reflect the Board's decisions on Norway's application for mainstreaming and request for adapted implementation. Board members concurred, and tasked the Secretariat with updating the paper for consideration by the Validation Committee with a view to taking a decision by circular.

**Actions:**

- The Secretariat to update the corrective actions in paper 38-6-G in light of the Board's approval of Norway's mainstreaming application and request for adapted implementation for consideration by the Validation Committee.

*38-7 Report from the Governance Committee*

The Chair invited Dirk-Jan Koch to introduce the Committee papers.

*Board Paper 38-7-A review of EITI Grievance procedures.*

Dirk-Jan introduced the paper. Dirk-Jan explained that the Committee was seeking Board approval of the terms of reference for a review of the EITI's grievance procedures and a survey of stakeholders' experiences with existing grievance procedures. Few Board members expressed concerns about the scope

of the proposed survey, which they said extended beyond stakeholders' experience with the EITI's grievance mechanisms to address broader human rights concerns. Fredrik reminded the Board that Committee papers with recommendations to the Board should count on support from all the constituencies or suggest options when consensus was not possible. In light of lack of full agreement on the paper, Fredrik asked the Governance and Oversight Committee to revise the paper taking into consideration the comments expressed in the discussion and invited input from individual Board members

**Actions:**

- The Governance and Oversight Committee to continue working on the paper before it is resubmitted to the Board.

*Board Paper 38-7-B Common governance challenges in EITI implementing countries*

Dirk-Jan introduced the paper. He explained that the paper was aimed at providing further guidance to implementing countries on how to address governance challenges on per diems, implementation and the code of conduct.

Board members welcomed the paper including the suggested recommendations. Faith Nwadishi said that it was important to acknowledge that many civil-society stakeholders work on the EITI on a voluntary basis. Agnes Solange Ondigui said that for some implementing countries, per diems were important to ensure adequate participation in the EITI. Bent Graff noted that in a few countries per diem payments per meeting were equivalent to the estimated annual income per capita in those countries. This practice could not be justified and must stop immediately. At the end of the day this was a question of maintaining EITI's credibility and authority. Olga Bielkova said that the high levels of per diems paid in some countries was indistinguishable from corruption and that the EITI had a responsibility to ensure that it fought corruption, not enabled it. Some Board members highlighted the need to include clearer definitions of per diems. Daniel Kaufmann suggested that implementing countries' per diem policy should be made publicly accessible online with finding ways to note when that information is not transparent as expected in requirement 1.4.b.vi. The Board supported the recommendations in the paper.

**Actions:**

- The Board agreed to the recommendation on Board Paper 38-7-B.

*38-8 Report from the Finance Committee*

The Chair invited Moses Kulaba to introduce paper 38-8.

*Board Paper 38-8 Financial Report from the Secretariat.*

Moses highlighted that, according to the draft accounts for January – September 2017, the outturn was positive with revenue at USD 5.6m and expenditure at USD 3.6m. With the Conference in Jakarta, the Board meeting in Manila, four large regional peer learning events and two additional staff, the end of year surplus was forecast to be USD 1.1m. Moses added that the increased predictability of revenues provided an improved basis for spending going forward. He noted that the recruitment for positions at the Secretariat had been more difficult than expected. He added that it was vital to be able to recruit staff to such a small organisation. He suggested reviewing the benchmarking of compensation that was done in the expenditure review. Board members suggested that it could be useful to track the financial resources for EITI implementation that are made by donors. The Secretariat suggested that this could be included in the thematic focus section of an Implementation Progress Report.

### 38-9 2018 EITI work plan

#### *Board Paper 38-9 Draft 2018 EITI work plan*

The Chair invited Eddie Rich to introduce the paper. Eddie said that one main aim of the work plan was to have a significant increase in systematically disclosed data by governments and companies by the end of 2018. He noted the other thematic and validation objectives. He highlighted that the bulk of the Secretariat work continued to be the support for implementation, including Validation, and supporting the Board. He noted that the funding base was more secure than previously with many multi-year agreements and was seeking a budget in line with revenue in 2017 (USD 6m). This would include a gentle increase in staff.

The Chair noted the peculiar situation where the Board does not have control of the inflow of revenues to support that work. He invited Board members to comment. A number of Board members welcomed the work and the prospects of further work in areas such as SOE engagement, artisanal and small-scale mining, monitoring impact and gender. Some suggested to stress areas such as contract transparency. Eddie added that whilst the funding base for the Secretariat was sound, there was a significant funding challenge for country implementation. The Board asked for the key performance indicators to be updated to be more reflective of the results of validation. The Chair invited further comments in writing and proposed that the approval of the work plan be decided via Board circular in the coming weeks.

#### **Actions:**

- Board members to submit further comments in writing by 10 November. International Secretariat to submit the 2018 work plan for approval via Board circular.
- The International Secretariat to convene a working group to update the key performance indicators.

### 38-10 Next meeting

The Chair confirmed that the next two meetings in 2018 would be held in Oslo on 13 and 14 February and in Berlin on 28 and 29 June.

### Other business

The Board was briefed on an email received during its deliberations from Senior Advisor to the President of Niger and Chair of the Niger National Consultations Committee, Abdoul Aziz Askia, announcing that Niger would withdraw from the EITI in the case of suspension as a result of Validation.

### 38-11 Closed session

The Board held a closed session, first with Board members and alternates only, followed by a brief session with the Head of the Secretariat and Board Secretary, Jonas. Fredrik briefed the Board on the annual appraisal of Jonas. He informed the Board that he and Jonas had discussed Jonas's and the Secretariat's performance in supporting implementing countries, facilitating Validations, supporting the Board in policy development and decision-making, managing the Secretariat and the finances and representing the EITI externally.

The Board conveyed to Jonas that overall his and the Secretariat's performance was excellent.

The Board discussed succession planning and agreed to establish a Nominations Committee. The Chair

informed the Board that he would inform the Board in early 2018 whether he was willing to serve a second term. Based on his decision, the Board could develop a timetable for the recruitment of a successor to Jonas, ensuring that Jonas was offered to serve until the next Global Conference.

38<sup>th</sup> Board meeting ended.

## Annex A – Board decisions on country status and extension requests

### Board decision on Guyana

The EITI admits Guyana as an EITI candidate country on 25 October 2017. In accordance with the EITI Standard, Guyana is required to publish its first EITI Report within 18 months of becoming a candidate (i.e., by 25 April 2019). Guyana is required to publish an annual progress report for 2017 by 1 July 2018. Validation will commence within two and a half years of becoming a candidate (i.e., by 25 April 2020).

### Board decision on Honduras

The Board agrees that Honduras has made meaningful progress overall in implementing the 2016 EITI Standard. The Board's determination of Honduras's progress with the EITI's requirements is outlined in the assessment card below.

The key areas of concern relate to government engagement (requirement 1.1), industry engagement (1.2), civil society engagement (1.3), EITI work plan (1.5), comprehensiveness of revenue disclosures (4.1), direct subnational payments (4.6), data quality and assurance (4.9), mandatory social expenditures (6.1), economic contribution of the extractive sector (6.3), public debate (7.1), follow-up on recommendations (7.3) and outcomes and impact of implementation (7.4).

Accordingly, the EITI Board agreed that Honduras will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second Validation commencing on 25 April 2019. In accordance with the EITI Standard, Honduras's multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard.

The Board's decision followed a Validation that commenced on 1 January 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

#### Board Statement

*Following the conclusion of Honduras' Validation, the EITI Board concludes that Honduras has made meaningful progress overall in implementing the 2016 EITI Standard.*

*The Board recognises Honduras' efforts to embed the EITI requirements into the 2013 Mining Law and contracts in the hydrocarbon sector. The licensing and cadastre system and other internal procedures have been overhauled, using the EITI as guide.*

*Validation demonstrated that the EITI has brought together government, industry and civil society in trust-building collaboration. Stakeholders have worked together to provide an unprecedented and comprehensive review of the extractive industries. Validation has also highlighted important gaps, such as monitoring of production, modernization of the mining annual company declarations, the collection of municipal taxes and disclosures of mandated social payments.*

*The Board notes that there are further opportunities for the EITI to contribute to the government's reform agenda taking into account lower commodity prices and an uncertain outlook for further*

*investment. The Board notes the need to continue building trust among all stakeholders and emphasises that the engagement of all three constituencies needs to be reinvigorated. The Board welcomes the government's commitment to promote transparency and fighting corruption and encourages all stakeholders to ensure that the EITI is used to that effect. The Government should ensure that there are no obstacles to civil society participation in the EITI process especially in the affected communities. The government should provide adequate support and funding for EITI-Honduras, and ensure that the hosting of the national secretariat is resolved.*

*The MSG is encouraged to consider further opportunities to add value, e.g., by further improving the cadastre system to include beneficial ownership information, harmonizing the classification of extractive companies by the mining regulator, and integrating revenue collection data in the systems of the tax agency (SAR). The government should also continue to explore opportunities to integrate the EITI's disclosure requirements in existing systems in the mining regulator, the tax agency, the finance ministry and Institute for Access to Public Information (IAIP).*

*While the EITI has made a good start in building trust, the information produced through the EITI needs to be put to better use. The data could be used to examine whether revenue collection is satisfactory, and disclosing municipal-level information on revenue transfers and the utilisation of these funds. Other issues such as the cost structure in the mining industry and social contributions from mining companies could be more widely addressed and discussed.*

*The Board has determined that Honduras will have 18 months to carry out corrective actions regarding the requirements relating to government engagement (requirements 1.1), industry engagement (1.2), civil society engagement (1.3), EITI work plan (1.5), comprehensiveness of revenue disclosures (4.1), direct subnational payments (4.6), data quality and assurance (4.9), mandatory social expenditures (6.1), economic contribution of the extractive sector (6.3), public debate (7.1), follow-up on recommendations (7.3) and outcomes and impact of implementation (7.4).*

*The Board believes that this will help build trust in the sector, demonstrate the commitment of all stakeholder groups to transparency and accountable management of the country's natural resources, and ensure that there is reliable information available to help inform public debate and policy discussions related to the extractive industries.*

## Board decision on Iraq

The Board agreed that Iraq has made inadequate progress overall in implementing the 2016 EITI Standard. In accordance with Requirement 8.3c(iii), Iraq will be temporarily suspended until it demonstrates meaningful progress in a new Validation. The Board's determination of Iraq's progress with the EITI's requirements is outlined in the assessment card below.

The EITI Board agreed that Iraq has gone beyond the requirement in the EITI Standard on Requirement 4.2 and made satisfactory progress in meeting the requirements in the EITI Standard on Requirements 1.3, 3.1, 3.3, and 4.8. The Board further agreed that Iraq has made meaningful progress in meeting requirements 1.5, 3.2, 4.5, 4.7, 6.3, 7.1 and 7.3, inadequate progress in meeting requirements 1.1, 1.2, 1.4, 2.1, 2.2, 2.3, 2.4, 2.6, 4.1, 4.9, 5.1, 5.2, 6.1 and 7.4, and no progress in meeting requirement 4.6. The areas of concern relate to government and company engagement (requirements 1.1 and 1.2), MSG governance (1.4), EITI work plan (1.5), legal framework, license allocations and register (2.1, 2.2 and 2.3), the government's policy on contract disclosure (2.4), state participation (2.6), production data (3.2), comprehensiveness of revenue disclosures (4.1), transactions by state-owned enterprises (4.5), direct subnational payments (4.6), level of disaggregation (4.7), data quality (4.9), distribution of revenues (5.1), sub-national transfers (5.2), mandatory social expenditures, economic contribution of the extractive sector (6.3), public debate (7.1)

and follow-up on recommendations (7.3).

Accordingly, the EITI Board agreed that Iraq is suspended and will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second Validation commencing on 25 April 2019. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in delisting in accordance with Requirement 8.3c in the EITI Standard. In accordance with the EITI Standard, Iraq's multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board's decision followed a Validation that commenced on 1 January 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

#### Board Statement

*Following the conclusion of Iraq's Validation, the EITI Board commends Iraq's efforts to bring transparency to its oil exports and encourages Iraq to make a full transition to the EITI Standard. While recognising the difficulties under which in which Iraq is implementing the EITI, the EITI Board concludes that Iraq has made inadequate progress overall in implementing the EITI Standard. In accordance with the Standard, Iraq will be temporarily suspended until it demonstrates meaningful progress in a new Validation.*

*The Board recognises Iraq's pioneering implementation of the EITI in the region and commends the government's efforts to bring transparency to the country's oil exports beyond the requirements in the Standard (4.2). As the first country in the EITI to reconcile oil sales on a cargo-by-cargo basis, Iraq has demonstrated that where there is political will it has the ability and ambition to demonstrate strong regional leadership in the sector. The Board also recognises Iraq's achievement of satisfactory progress on requirements of the EITI Standard regarding the engagement of civil society (1.3), exploration and export data (3.1 and 3.3), and data timeliness (4.8). This is particularly noteworthy given the security situation in the country over the last decade and the broader political and regional circumstances.*

*In making its decision, the Board notes that a full transition to the EITI Standard would help provide information that is in high demand in Iraq's political debate, including clarifying the legal framework and fiscal terms in the sector, the relationship between state-owned enterprises and the government and sub-national transfers. Stakeholder consultations during Validation have further highlighted the strong potential for the EITI to contribute actively to the government's reform agenda.*

*The Board sees government engagement and improved MSG governance as particularly necessary to improve the impact of the EITI process. There government is therefore encouraged to demonstrate its commitment to the EITI by appointing a government lead that may drive recommendations to become government policy, publicly restate its commitment to extractives transparency, and ensure that senior government officials are represented and engaged in the multi-stakeholder group.*

*The Board notes that mainstreaming disclosures required by the EITI Standard will in most cases be the most efficient way of implementing corrective actions resulting from this Validation. Websites of the Ministry of Finance, Board of Supreme Audit, SOMO and other government entities could*

*provide timelier data on budget execution, oil and gas revenues, petrodollar allocations and transfers, corporate income tax and signature bonus income as well as other documents such as audited public accounts. Special emphasis is recommended on explaining transactions between SOEs and the government in line with Requirements 2.6 and 4.5 of the Standard. These are all areas that would complement the government's ongoing sector reforms and allow stakeholders to contribute meaningfully to policy discussions. Progress in these areas will require sustained high-level government commitment.*

*Validation has also demonstrated that there are opportunities for stakeholders, in particular government and industry, to further use the EITI to address what they have identified as key challenges in the extractive sector. The Board therefore encourages Iraq EITI and the government to ensure that work plans are closer aligned to national priorities for the sector.*

*The Board has determined that Iraq will have 18 months to carry out corrective actions regarding the requirements relating to government and company engagement (requirements 1.1 and 1.2), MSG governance (1.4), EITI work plan (1.5), legal framework, license allocations and register (2.1, 2.2 and 2.3), the government's policy on contract disclosure (2.4), state participation (2.6), production data (3.2), comprehensiveness of revenue disclosures (4.1), transactions by state-owned enterprises (4.5), direct subnational payments (4.6), level of disaggregation (4.7), data quality (4.9), distribution of revenues (5.1), sub-national transfers (5.2), mandatory social expenditures, economic contribution of the extractive sector (6.3), public debate (7.1) and follow-up on recommendations (7.3). The Board believes that this will help build trust in the sector and the wider economy, demonstrate the commitment of all stakeholder groups to transparency and accountable management of the country's natural resources, and ensure that there is reliable information available to help inform public debate and policy discussions related to the extractive sector.*

### Board decision on Mexico

The EITI admits Mexico as an EITI candidate country on 25 October 2017. In accordance with the EITI Standard, Mexico is required to publish its first EITI Report within 18 months of becoming a candidate (i.e., by 25 April 2019). Mexico is required to publish an annual progress report for 2017 by 1 July 2018. Validation will commence within two and a half years of becoming a candidate (i.e., by 25 April 2020).

### Board decision on Mozambique

The Board agrees that Mozambique has made meaningful progress overall in implementing the 2016 EITI Standard. The Board's determination of Mozambique's progress with the EITI's requirements is outlined in the assessment card below.

The EITI Board agreed that Mozambique has made satisfactory progress in meeting the requirements in the EITI Standard on Requirements 1.3, 1.5, 2.1, 2.4, 3.1, 3.2, 3.3, 4.7, 4.8 and 7.4. The Board further agreed that Mozambique has made meaningful progress in meeting requirements 1.1, 1.2, 1.4, 2.2, 2.3, 4.2, 4.3, 4.6, 4.9, 5.1, 5.2, 6.1, 6.3, 7.3, inadequate progress in meeting requirements 2.6, 4.4 and 4.5, and no progress in meeting requirement 6.2. The areas of concern relate to government and industry engagement (requirements 1.1 and 1.2), multi-stakeholder group governance (1.4), license allocations and register (2.2 and 2.3), state participation (2.6), in-kind revenues, barter agreements (4.3), transportation revenues (4.4), state-owned enterprises transactions (4.5), direct subnational payments (4.6), data quality (4.9), revenue management and expenditures (5.1), subnational transfers (5.2), mandatory social expenditures (6.1), quasi-fiscal expenditures by state-owned enterprises (6.2) economic contribution (6.3), public debate (7.1) and follow-up on recommendations (7.3).

Accordingly, the EITI Board agreed that Mozambique will need to take corrective actions outlined below.



Progress with the corrective actions will be assessed in a second Validation commencing on 25 April 2019. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Mozambique's multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board's decision followed a Validation that commenced on 1 January 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

#### Board Statement

*Following the conclusion of Mozambique's Validation, the EITI Board concludes that Mozambique has made meaningful progress overall in implementing the EITI Standard. The Board recognises Mozambique's efforts to embed transparency provisions in the legal framework governing the extractive sector, in the face of challenges including declining commodity prices and a public debt crisis. The Validation has demonstrated that the EITI process has provided useful information to the public domain and has contributed to technical improvements to record keeping and revenue collection systems.*

*The Board recognises Mozambique's achievement of satisfactory progress on requirements of the EITI Standard regarding the engagement of civil society (1.3), the EITI work plan (1.5), legal and fiscal framework and policy on contract disclosure (2.1 and 2.4), exploration, production and export data (3.1, 3.2 and 3.3), comprehensive disclosure of revenues (4.1), disaggregation and data timeliness (4.7 and 4.8) and documenting outcomes and impact of implementation (7.4).*

*In making its decision, the Board takes special note of the Government of Mozambique's efforts to ensure transparency provisions in the 2014 Petroleum and Mining Laws, which include provisions on contract disclosure and the establishment of a mining license cadastre. The Board encourages it to implement this statutory openness through accessible, regular disclosure of information on the sector to its citizens.*

*The Board notes the signs of renewed government commitment in taking the EITI process forward, which should result in stronger country ownership of the EITI and make it more effective in Mozambique.*

*Validation put the spotlight on the need for more comprehensive disclosures of the participation of the State in the oil, gas and mining sectors and the revenues that accrue from those activities to the State budget.*

*It has further highlighted opportunities to bring more transparency about how licences are allocated. The Board encourages Mozambique to progress their efforts to ensure that the transparency and accountability frameworks for the sector are implemented and to bring beneficial ownership disclosure to the sector. This will take strong government leadership.*

*Validation has also demonstrated that there are opportunities for stakeholders, in particular government and industry, to further use the EITI to address what they have identified as key challenges in the extractive sector. It has highlighted that the ongoing efforts to institutionalise the*

*EITI, to set up an e-reporting system and to mainstream the EITI, can provide opportunities for further engaging industry in the process. The Board therefore encourages Mozambique to make progress on its efforts to refresh its multi-stakeholder group and to use the EITI to inform reforms in the sector.*

*The Board has determined that Mozambique will have 18 months to carry out corrective actions regarding the requirements relating to government and industry engagement (requirements 1.1 and 1.2), MSG governance (1.4), license allocations and register (2.2 and 2.3), state participation (2.6), in-kind revenues, barter agreements (4.3), transportation revenues (4.4), state-owned enterprises transactions (4.5), direct subnational payments (4.6), data quality (4.9), revenue management and expenditures (5.1), subnational transfers (5.2), mandatory social expenditures (6.1), quasi-fiscal expenditures by state-owned enterprises (6.2) economic contribution (6.3), public debate (7.1) and follow-up on recommendations (7.3). The Board believes that this will help build trust in the sector and the wider economy, demonstrate the commitment of all stakeholder groups to transparency and accountable management of the country's natural resources, and ensure that there is reliable information available to help inform public debate and policy discussions related to the extractive sector.*

### Board decision on Niger

The Board agrees that Niger has made inadequate progress overall in implementing the 2016 EITI Standard. The Board's determination of Niger's progress with the EITI's requirements is outlined in the assessment card below.

With respect the requirement 1.3 regarding civil society participation, the EITI Board used its discretion to consider events subsequent to the commencement of Validation. The Board noted that the situation had deteriorated significantly between March and September 2017. The Board concluded that there was not an enabling environment for civil society participation, and that Niger was no longer adhering to the civil society protocol. Therefore, Niger was assessed as having made "inadequate progress".

In addition, areas of concern relate to industry engagement (1.2), governance of the multi-stakeholder group (1.4), work plan (1.5), legal framework (2.1), license allocations and register (2.2 and 2.3), policy on contract disclosure (2.4), state participation (2.6), production data (3.2), comprehensiveness (4.1), barter agreements (4.3), state-owned enterprises transactions (4.5), direct subnational payments (4.6), data quality (4.9), revenue management and expenditures (5.1), subnational transfers (5.2), mandatory social expenditures (6.1), quasi-fiscal expenditures (6.2) economic contribution (6.3), public debate (7.1) and outcomes and impact of implementation (7.4).

Accordingly, the EITI Board agreed that Niger will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second Validation commencing on 25 April 2019. In accordance with the EITI Standard, Niger's MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board's decision followed a Validation that commenced on 1 November 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

## Board Statement

*Following the conclusion of Niger’s Validation under the 2016 EITI Standard, the EITI Board concluded that Niger has made inadequate progress overall in implementing the EITI Standard. In accordance with requirement 8.3.c.iii, the EITI Board agreed that Niger will be suspended and will need to undertake corrective actions as outlined below. Having considered developments subsequent to Validation, the EITI Board also determined that Niger has made inadequate progress in meeting the EITI’s requirements on civil society engagement, which also implies suspension as per requirement 8.3.c.i. Progress with the corrective actions will be assessed in a second Validation commencing on 25 April 2019.*

*The Board recognised Niger’s pioneering role in demonstrating the relevance of the EITI to Africa’s largest uranium producer. It recognised the country’s significant physical, institutional and strategic challenges as a land-locked country ranked at the bottom of the United Nations’ Human Development Index. Validation has confirmed that Niger’s multi-stakeholder group has actively engaged in all aspects of EITI reporting. In shaping its own EITI, the country has strayed from adherence to the EITI Standard and from ensuring the quality of overall EITI reporting. Validation and subsequent assessments have also demonstrated the importance of the EITI to provide space for civil society oversight of the management of the extractive industries, amidst concerns from some stakeholders that civil society space is being closed.*

*In making its decision, the Board takes note of the Government of Niger’s efforts to ensure transparency provisions in the 2010 Constitution and expand EITI reporting to the oil and gas sector, including the midstream, and encourages it to implement this statutory openness through accessible, regular disclosure of information on the sector to its citizens.*

*Validation and subsequent assessments also put the spotlight on longstanding discussions among Nigerien stakeholders about the freedom of expression for civil society to demand information on extractives governance. The challenges for EITI Niger are to ensure freedom of expression about the sector for civil society and to establish robust mechanisms to channel voices not directly represented on the MSG into the national debate to ensure EITI implementation meets domestic challenges.*

*The Board welcomed ongoing efforts to automate EITI data collection as a first step towards mainstreaming EITI reporting under requirement 2-6. The Board takes note of these developments and looks forward to working together with Nigerien stakeholders on these issues. In the interim, the Board has determined that Niger will have 18 months to carry out corrective actions as outlined below.*

## Board decision on Norway

After thorough deliberations, the Board accepted Norway’s request for adapted implementation with respect to Requirements 1.1, 1.2, 1.3, 1.4, 1.5, 7.1, 7.2, 7.3, 7.4 in the EITI Standard and Phase 6 in the Agreed upon procedure for mainstreamed disclosure (Requirement 4.9(c)). The EITI Standard allows for adapted implementation “where the country faces exceptional circumstances that necessitate deviation from the implementation requirements” (Requirement 8.1). In taking this decision, the EITI Board notes that Norway is in an exceptional situation compared to many other resource-rich countries in that there is already a well-functioning data portal providing comprehensive information about the sector, and a natural resource governance model built on multi-stakeholder principles.

The EITI Standard enables mainstreaming disclosures “where the assessment [of data quality assurance] concludes that there is (i) routine disclosure of the data required by the EITI Standard in requisite detail, and (ii) that the financial data is subject to credible, independent audit, applying international standards”

(Requirement 4.9c). In considering Norway's mainstreaming application, the EITI Board recognised that the mainstreaming application and adapted implementation requests appear technically sound. However, the agreed upon procedure for mainstreamed disclosures requires that such applications be endorsed by the multi-stakeholder group. The EITI Board noted that the mainstreaming application does not have the support of civil society representatives. It was decided that Norway can proceed with mainstreaming. It is the responsibility of the Norwegian government in cooperation with local stakeholders to agree an approach to data assurance of company disclosures as per the EITI Requirements.

The Board emphasized that neither the application for mainstreaming disclosure nor the adapted implementation request alter the EITI's disclosure or stakeholder engagement requirements. The provisions in Requirement 8 on compliance and deadlines for implementing countries also remain unaffected by this decision. Adherence to mainstreamed implementation and the effectiveness of the adaptations, including the approach to data assurance, will be assessed during the next Validation.

### Board decision on Tanzania

The Board agrees that Tanzania has made meaningful progress overall in implementing the 2016 EITI Standard. The Board's determination of Tanzania's progress with the EITI's requirements is outlined in the assessment card below.

The EITI Board agreed that Tanzania has made satisfactory progress in meeting the requirements in the EITI Standard on Requirements 1.2, 1.3, 2.1, 3.1, 4.7, 4.8, 4.9 and 7.4. The Board further agreed that Tanzania has made meaningful progress in meeting requirements 1.1, 1.4, 1.5, 2.4, 2.6, 3.2, 3.3, 4.1, 4.6, 6.3, 7.1 and 7.3, inadequate progress in meeting requirements 2.2, 2.3, 4.5, and 5.1, and no progress in meeting requirements 4.4 and 6.2. The areas of concern relate to government engagement (requirements 1.1), multi-stakeholder group governance (1.4), EITI work plan (1.5), license allocations and register (2.2 and 2.3), the government's policy on contract disclosure (2.4), state participation (2.6), production and export data (3.2 and 3.3), comprehensiveness of revenue disclosures (4.1), transportation revenues (4.4), state-owned enterprises transactions (4.5), direct subnational payments (4.6), revenue management and expenditures (5.1), quasi-fiscal expenditures by state-owned enterprises (6.2) economic contribution (6.3), public debate (7.1) and follow-up on recommendations (7.3).

Accordingly, the EITI Board agreed that Tanzania will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second Validation commencing on 25 April 2019. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Tanzania's multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board's decision followed a Validation that commenced on 1 January 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

### Board Statement

*Following the conclusion of Tanzania's Validation, the EITI Board concludes that Tanzania has made meaningful progress overall in implementing the EITI Standard. The Board recognises Tanzania's efforts to institutionalise extractive sector transparency by adopting the Tanzania Extractive Industries Transparency Act (TEITA) 2015, mandating revenue and contract disclosures. The*

*Validation has demonstrated that the EITI process has provided useful information to the public domain, and that there are further opportunities for the EITI to contribute to the government's reform agenda.*

*The Board recognises Tanzania's achievement of satisfactory progress on requirements of the EITI Standard regarding the engagement of industry and civil society (1.2 and 1.3), legal and fiscal framework (2.1), exploration data (3.1), disaggregation, timeliness (4.7, 4.8 and 4.9) and documenting outcomes and impact of implementation (7.4).*

*In making its decision, the Board takes special note of evidence provided by the multi-stakeholder group of efforts made by the government to strengthen the EITI, such as developing the regulations of the TEITA 2015, and recognises the importance of making further progress on these moving forward. The Validation has further highlighted the potential for the EITI to contribute to informing and communicating the outcomes of sector reforms Tanzania. The Board sees government engagement and improved MSG governance as particularly necessary to improve the impact of the EITI process. There government is therefore encouraged to demonstrate its commitment to the EITI by appointing a government lead to chair the process, publicly restate its commitment to extractives transparency, and ensure that senior government officials are represented and engaged in the multi-stakeholder group.*

*The Board expressed concern that the fraud related to TEITI funds in the Ministry has not been resolved.*

*Validation has shone the light on the need for more comprehensive disclosures on production and export data and the management of revenues from the extractive industries. It has identified gaps in available information on some of the state-owned enterprises in the petroleum and mining sectors and the revenues that accrue from those activities to the state budget. Opportunities to bring more transparency in contract awards and license allocations, as well as active contracts and licenses in the petroleum sector, were also identified. These are all areas that would complement the government's ongoing sector reforms and allow stakeholders to contribute meaningfully to policy discussions. Progress in these areas will require sustained high-level government commitment.*

*Validation has also demonstrated that there are opportunities for stakeholders, in particular government and industry, to further use the EITI to address what they have identified as key challenges in the extractive sector. The Board therefore encourages Tanzania EITI and the government to follow up consistently on recommendations from the report to improve extractive sector governance.*

*The Board has determined that Tanzania will have 18 months to carry out corrective actions regarding the requirements relating to government engagement (requirements 1.1), MSG governance (1.4), EITI work plan (1.5), license allocations and register (2.2 and 2.3), the government's policy on contract disclosure (2.4), state participation (2.6), production and export data (3.2 and 3.3), comprehensiveness of revenue disclosures (4.1), transportation revenues (4.4), state-owned enterprises transactions (4.5), direct subnational payments (4.6), revenue management and expenditures (5.1), quasi-fiscal expenditures by state-owned enterprises (6.2) economic contribution of the extractive sector (6.3), public debate (7.1) and follow-up on recommendations (7.3). The Board believes that this will help build trust in the sector and the wider economy, demonstrate the commitment of all stakeholder groups to transparency and accountable management of the country's natural resources, and ensure that there is reliable information available to help inform public debate and policy discussions related to the extractive sector.*

### Board decision on Yemen

In light of continued political instability and conflict, the EITI Board agrees to delist Yemen from the EITI effective as of 25 October 2017. In taking this decision, the Board notes that after more than two years of suspension, the environment for EITI implementation remains unchanged and prevents adherence to significant aspects of the EITI Principles and Requirements. Yemen may reapply for admission as an EITI Candidate country when the situation improves sufficiently for a meaningful process to be undertaken. In considering such a request, the Board will apply the agreed procedures with respect to assessing EITI Candidature applications. It will also assess Yemen's previous experience in EITI implementation, including previous barriers to effective implementation. In accordance with EITI Requirement 8.8, Yemen may petition the EITI Board to review its decision. In responding to such petitions, the EITI Board will consider the facts of the case, the need to preserve the integrity of the EITI and the principle of consistent treatment between countries.

### Board decision on Zambia

The Board agrees that Zambia has made meaningful progress overall in implementing the 2016 EITI Standard. The Board's determination of Zambia's progress with the EITI's requirements is outlined in the assessment card below.

The EITI Board agreed that Zambia has made satisfactory progress in meeting the requirements in the EITI Standard on Requirements 1.1, 1.2, 1.3, 1.4, 1.5, 2.1, 2.3, 3.1, 3.3, 4.1, 4.6, 4.7, 4.8, 4.9, 6.3, 7.1, and 7.4. The Board further agreed that Zambia has made meaningful progress in meeting requirements 2.4, 3.2 and 7.3, and inadequate progress in meeting requirement 2.2. The areas of concern relate to license allocations (2.2), clarity on the government policy on contract disclosure (2.4), production data (3.2), and follow-up on recommendations (7.3).

Accordingly, the EITI Board agreed that Zambia will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second Validation commencing on 25 April 2019. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Zambia's multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board's decision followed a Validation that commenced on 1 January 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

#### Board Statement

*Following the conclusion of Zambia's Validation, the EITI Board concludes that Zambia has made meaningful progress overall in implementing the EITI Standard.*

*The Board congratulates the Government of Zambia and national EITI stakeholders on the progress made in improving transparency and accountability in the extractive industries by providing timely and reliable information to the public, including civil society, media and affected communities. EITI has provided valuable information along the value chain, identified gaps and opportunities for strengthening monitoring of production, and improved the public understanding of the revenues generated from oil, gas and mining activities. This work is critical to tackling corruption and addressing tax evasion. The Board encourages the Government of Zambia to increase its leadership of the EITI as a tool to help identify gaps in the way the sector is managed and help identify*

*solutions together with industry and civil society. This can help strengthen the links between Zambia EITI and ongoing government reforms.*

*After eight years of producing reconciliation reports, Zambia EITI is starting to move from focusing on the production of reconciliation reports to informing and shaping the policy dialogue in Zambia's mining sector. Consultations with stakeholders during Validation have demonstrated that there is a need to focus beyond production of EITI Reports to become a more active proponent of transparency and improved sector governance. This can be done by facilitating the use and analysis of available extractive sector data and coordinating policy discussions between the relevant stakeholders in government, industry and civil society.*

*The Board takes note of recent efforts by Zambia EITI to place beneficial ownership transparency on the government's agenda, by participating in the beneficial ownership pilot and seeking to understand how to include provisions related to beneficial ownership disclosure in ongoing reforms.*

*The Board recognises Zambia's achievement of satisfactory progress on requirements of the EITI Standard regarding the engagement of government, industry and civil society (1.1, 1.2 and 1.3), MSG governance (1.4), the EITI work plan (1.5), legal and fiscal framework (2.1), license register (2.3), exploration and export data (3.1 and 3.3), comprehensive disclosure of revenues (4.1), direct subnational payments (4.6), disaggregation, timeliness and quality of data (4.7, 4.8 and 4.9), public debate (7.1) and documenting outcomes and impact of implementation (7.4).*

*In an increasingly challenging environment for minerals-dependent countries like Zambia, Validation has helped highlight further opportunities for Zambia EITI to contribute to more informed policy and public debate, for example, on issues such as tax evasion and transfer pricing and oversight of the artisanal and small-scale mining sector. The Board notes that continuous and sustained engagement by stakeholders, and particularly high-level support by the government, is essential going forward.*

*Validation has further highlighted opportunities to make information on licensing more accessible. The Board encourages Zambia to progress their efforts to ensure that information on the licensing system is disclosed in a comprehensive and regular manner, building on ongoing work in the mining cadastre.*

*Through the regular engagement with the key stakeholders providing, collecting and verifying extractives data, Zambia EITI has the potential to support the government and industry in moving towards routine disclosures of the data currently provided in EITI Reports. This would help 'mainstream' extractives transparency and EITI reporting.*

*The Board has determined that Zambia will have 18 months to carry out corrective actions regarding the requirements relating to license allocations (2.2), clarity on the government policy on contract disclosure (2.4), production data (3.2), and follow-up on recommendations (7.3). The Board is encouraged by the progress that has been made to date, and urges the Government of Zambia to continue using the EITI process to build trust among stakeholders and ensure that there is reliable information available to help inform public debate and policy discussions related to the extractive sector.*

## Annex B – Participant List

### Chair

**Mr Fredrik REINFELDT**

### Countries

#### Implementing Countries

**Ms Olga BIELKOVA**, Member of Parliament, Ukraine

Alt: **Mr Ruslan BAIMISHEV**, Director of Subsoil Use Department Ministry for Investments and Development, Republic of Kazakhstan

**Mr Montty GIRIANNA**, President, EITI National Committee, Indonesia

Alt: **Ms Maria Teresa S. HABITAN**, Assistant Secretary, Department of Finance, Philippines

**Ms Zainab AHMED**, Federal Minister of State Ministry of Budget and National Planning, Nigeria

Alt: **Mr José Fernandes ROSA CARDOSO**, National Coordinator, São Tomé e Príncipe

**Mr Didier Vincent Kokou AGBEMADON**, National Coordinator, Togo

**Ms Agnès Solange ONDIGUI OWONA**, National Coordinator, Cameroon

#### Supporting Countries

**Mr Mark PEARSON**, Director General, External Relations, Science and Policy Integration, Natural Resources Canada, Canada

Alt: **Mr Chris DAVY**, Director of Policy Analysis and Public Diplomacy, Bureau of Energy Resources, U.S. State Department, USA

**Mr Bent GRAFF**, Senior Policy Advisor, Development Policy & Financing, Ministry of Foreign Affairs, Denmark

Alt: **Rhona BIRCHALL**, Extractives Adviser, Governance & Extractives Team, Department for International Development (DFID), UK

**Mr Dirk-Jan KOCH**, Special Envoy for Natural Resources, Ministry of Foreign Affairs, Netherlands

Alt: **Ms Rosmarie SCHLUP**, Head Macroeconomic Support, Economic Cooperation and Development State Secretariat for Economic Affairs (SECO), Switzerland

#### Civil Society Organisations

**Mr Daniel KAUFMANN**, President, Natural Resource Governance Institute (NRGI)

**Mr Gubad IBADOGLU**, Senior Researcher, Economic Research Center, Azerbaijan

Alt: **Mr Oleksiy ORLOVSKY**, International Renaissance Foundation, Ukraine

**Ms Faith NWADISHI**, Executive Director, Koyenum Immalah Foundation/National Coordinator Publish What You Pay, Nigeria



Alt: **Mr César GAMBOA**, Derecho, Ambiente y Recursos naturales, Perú

**Ms Cielo MAGNO**, Bantay Kita, Philippines

Alt: **Mr Moses KULABA**, Governance and Economic Policy Forum, Tanzania

### Companies including Investors

**Mr Stuart BROOKS**, Manager, International Relations, Chevron

Alt: **Ms Laura LOGAN**, Corporate Issues Advisor, Public and Government Affairs, Exxon Mobil Corporation

Alt: **Mr Alan McLEAN**, Executive Vice President, Tax and Corporate Structure, Royal Dutch Shell

**Ms Simone NIVEN**, External Affairs, Rio Tinto

Alt: **Mr Carlos ARANDA**, Manager Technical Services, Southern Peru Copper Corporation

**Mr Erik NÜRNBERG**, Manager Legal, Statoil ASA, Norway

Alt: **Mr Jean-François LASSALLE**, Senior Adviser to the President E&P, Total

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

Alt: **Mr James ENSOR**, Executive Director, BHP Billiton Foundation

### Board Secretary

**Mr Jonas MOBERG**, Head, EITI International Secretariat, Oslo

### Observers

**Mr Pertti Anttinen**, Senior Adviser, Steering and coordination of development cooperation, Department for Africa and the Middle East, Ministry for Foreign Affairs, Finland

**Mr Takanobu AMEYA**, Deputy Director, Economic Security Division, Economic Affairs Bureau, Ministry of Foreign Affairs, Japan

**Mr Gerardo Lozano ARREDONDO**, Ambassador, Embassy of Mexico, Philippines

**Ms Laurence ARNOULD**, Spécialiste de programme, Organisation internationale de la Francophonie, France

**Mr Luke BALLENY**, EITI Co-ordinator, President's Office, International Council on Mining and Metals (ICMM), UK

**Mr Curtis Roland BERNARD**, Conservation Guyana Policy Forum, Guyana

**Mr Ben COLLINS**, Acting Executive Director, MSI Integrity

**Ms Diana CORBIN**, Senior Operations Officer (Donor Relations), Energy and Extractives Global Practice, World Bank, USA

**Mr Simon CLYDESDALE**, Campaign Leader, Global Witness

**Ms Jenna DIALLO**, Deputy Director, Office of Economic Development and Governance, USAID, Philippines

**Ms Karla ESPINOSA**, National Coordinator, EITI Philippines

**Mr Moustapha FALL**, EITI Senegal

**Ms Andrea FORABOSCO**, Senior legal Counsel - Shell Companies EU Liaison Office, Belgian Shell, Belgium

**Ms Christin FRÖHLICH**, Policy Officer at the Federal Ministry of Economic Affairs and Energy and coordinator of the government constituency in the MSG, Germany

**Ms Patricia GAMBA**, EITI National Coordinator, Colombia

**Mr Max GEORGE-WAGNER**, Governance Programme Associate, Natural Resource Governance Institute (NRGI), USA

**Ms Lina HOLGUIN**, Senior Policy Analyst, Natural Resources and Governance Division, Global Affairs, Canada

**Mr Rudy R. JADOOPAT**, National Coordinator Guyana-EITI, Guyana

**Mr Alphonse Kodjo KPOGO**, Member of parliament and the EITI Pilot Committee, Togo

**Ms Gloria JUMAMIL-MERCADO**, Deputy Cabinet Secretary, Philippines

**Ms Andrea JÜNEMANN**, Head of Section “International Resource Policy”, Federal Ministry for Economic Affairs and Energy, Germany

**Mr Joseph KALINGAG**, Commercial Office, Embassy of Italy, Philippines

**Ms Sheila KHAMA**, Practice Manager, Extractive Global Programmatic Support (EGPS), World Bank, USA

**Ms Asmara KLEIN**, EITI Programme Coordinator, Publish What You Pay (PWYP), UK

**Ms Anna KRAVTŠENKO**, Advisor, Extractives for Development – X4D, Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, Germany

**Mr Benjamin LAAG**, Senior Policy Officer, Federal Ministry for Economic Cooperation and Development, Germany

**Ms Cherie LAMBERT**, Private Sector Development, Multilateral Development and Finance, Division, Department of Foreign Affairs and Trade (DFAT), Australia

**Ms Jennifer LEWIS**, Governance and Rule of Law Advisor, Center of Excellence on Democracy, Human Rights and Governance (DRG), USAID/DCHA, USA

**Ms Shimz MANAOIS-BATTUNG**, Fiscal Space specialist, USAID, Philippines

**Ms Maria Inmaculada MONTERO-LUQUE**, Policy Officer, European Commission, Belgium

**Ms Dina NAREZHNEVA**, Head, National EITI Secretariat, Ukraine

**Ms Abigail OCATE**, Technical Manager, EITI Philippines

**Mr Michel OKOKO**, EITI, National Coordinator, Republic of Congo

**Ms Elisa PETER**, Executive Director, Publish What You Pay, UK

**Ms Maria Kristina PIMENTEL**, National Coordinator, Bantay Kita - Publish What You Pay (PWYP), Manila, Philippines

**Mr Boris RAEDER**, EITI Secretariat, Germany

**Mr Sven Ulrich RENNERT**, EGPS Program Manager, World Bank

**Mr Simon TAYLOR**, Director, Global Witness

**Mr Colin TINTO**, Independent

**Mr Peter VAN ACKER**, Ministry of Foreign Affairs, Foreign Trade and Development Cooperation, Belgium

**Mr Arturo VILLARRUEL**, Head, Bilateral Cooperation and Commercial Affairs, Embassy of Mexico, Philippines

**Mr Jürg VOLLENWEIDER**, Programme Manager, State Secretariat for Economic Affairs (SECO), Switzerland

**Mr Micah WATSON**, Transparency and Governance Officer, U.S. State Department, USA

**Ms Erica WESTENBERG**, Acting Manager of Governance Programs, Natural Resource Governance Institute, USA

### **EITI Secretariat**

**Mr Bady BALDE**, Regional Director

**Mr Sam BARTLETT**, Technical Director

**Mr Alex GORDY**, Validations Manager

**Ms Shemshat KASIMOVA**, Asia Programme Coordinator

**Ms Leah KROGSUND**, Finance & Admin Manager

**Ms Ines Schjolberg MARQUES**, Country Manager

**Ms Gay ORDENES**, Regional Director

**Mr Francisco PARIS**, Regional Director

**Mr Eddie RICH**, Deputy Head of Secretariat

**Ms Dyveke ROGAN**, Policy Director

**Mr Pablo VALVERDE**, Regional Director

**Mr Brynjar WIERSHOLM**, Finance & HR Director