



The Impact of the EITI

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Jeroen van der Veer joined Shell in 1971 and worked in manufacturing and marketing in the Netherlands, Curaçao and the United Kingdom. In 1992, he became a Managing Director of Shell Nederland. Three years later he became President and Chief Executive of the Shell Chemical Company in the United States. He was appointed a Group Managing Director in 1997.

Jeroen was born in the Netherlands, and is married with three daughters. He has two degrees – one in mechanical engineering from Delft University and another in economics from Rotterdam University.

He is a Non-executive Director of Unilever.

In this speech, Royal Dutch Shell's Chief Executive, Jeroen van der Veer, highlights Shell's contribution to the Extractive Industries Transparency Initiative (EITI) to date and confirms Shell's ongoing commitment to voluntary revenue transparency. He views EITI as a good example of a successful multistakeholder initiative. For the future of EITI, he stresses the need to stay focused on delivery and success. Shell was one of the founding members of the EITI which brings together governments, companies and civil society in a unique multistakeholder initiative which publishes extractive company payments to governments and government receipts.

Introduction

Good morning, your excellencies, ladies and gentlemen. I am honoured to speak to you in this important forum.

Shell sees the Extractive Industries Transparency Initiative, or EITI, as very important – both for the countries adopting the EITI and for investing companies like Shell.

In many countries income from natural resources account for the majority of government revenues. The funds raised from a country's natural resources should be a force for good, bringing broad economic and social development.

If managed poorly, however, these revenues can stimulate social inequality, conflict and corruption. Greater transparency over the amounts of money being raised from resource development is a critical step in managing revenues effectively and in fostering development.

It is for countries, not companies like Shell, to decide how to use these revenues for social benefit. However, investing companies have a huge interest themselves in the success and stability of the places where they operate – we are part of these societies.

Likewise, stable societies are the most successful in attracting foreign investment.

In Shell we want to encourage greater understanding of the industry in which we operate, we want an informed public, and we see benefits in working with governments that also fully appreciate the complexity of the issues in our sector.

Overall, the impact of EITI has been positive. It is an ongoing process. In the seven years

since it was first announced, it has made good progress.

EITI does not of course address the entire chain from revenue creation and payment to the final use of the funds. Indeed, one of its strengths is its focus. But it has opened up a lot of debate: about how revenue is raised and spent. This is a healthy by-product of EITI. Today my remarks will touch on three areas:

- First, some highlights of Shell's role in helping EITI get established;
- Second, the current status of EITI and lessons we have learned so far;
- Thirdly, a look at the challenges that lie ahead.

Building blocks

I am proud of the contribution Shell has made to EITI since it began. It has been both practical, and significant.

We helped to draft the founding principles.

We continue to be represented on the Board; and on the Validation and Nomination Committee. We have also been closely involved in compiling the EITI Business Guide.

All of these actions have taken a great deal of time and effort, which we are happy to invest.

But people should recognise that this is not glamorous work, nor is it visible.

We do it because we believe it's important to have a strong EITI infrastructure in place, one that will run robustly for the coming years.

Shell is not only involved at the level of policy and framework building. We have contributed to action on the ground as well, in the countries where we operate.

In Nigeria, for instance, the Managing Director of SPDC Basil Omiyi is active on the Nigeria EITI Stakeholder Committee.

Notable achievements

How would I describe EITI's greatest achievements to date?

The initiative has generated discussion on the management of revenues internationally. And in places where progress is being made on the ground, it has also enhanced the sort of interest and scrutiny that EITI is intended to foster.

I would also point to EITI's multistakeholder approach, which has proved its value in several countries.

All of us who support this initiative can be justifiably proud of how it has harnessed together governments, civil society and the private sector to work constructively. Multistakeholder initiatives don't always work. To be a success, they must be truly 'multi' in their stakeholder workings.

For EITI, it's not just the Board members, but especially those people on the ground, the local working groups, who are making the process a success.

Her Excellency Ellen Johnson-Sirleaf has just proven an example here today from diamond-rich Liberia.

It is very positive that we now see four major NOCs included in the process. We look forward to working with them in support of EITI.

Looking ahead – the challenges

For the future of EITI, I believe our focus should remain narrow. There is still a lot of

work to be done. We need to stay focused on delivery and success.

Let's not forget that, so far, only about 5 countries have produced reports out of the 24 countries that have signed up fully.

Most countries have a validation date of March 2010, which is essentially around the corner.

The Board and Secretariat need to remain concentrated on bringing these 24 over the goal line.

If they can do that, then EITI will be seen as an attractive place to be, with other countries and NOCs wanting to participate.

Conclusion

At present we are all in the midst of – you could say – an economic storm. And, yes, we all need to respond accordingly. But we cannot let this present storm blow us off course. In a time of capital scarcity, transparency in revenue management becomes even more important. To those who are impatient with progress I would say this: if these issues were easy and quick to resolve by one party alone, we would not be working in this collaborative fashion, there wouldn't be a need for an EITI.

Its success is linked with ours. And nothing succeeds like success – so we need to keep the commitment going, the debate going, the action going to keep moving EITI onward and upward.

From Shell's side, we will remain committed at Board level and on the ground.

Thank you

“The funds raised from a country's natural resources should be a force for good, bringing broad economic and social development.”

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