

International EITI Conference, Oslo 16-17

October 2006

The third plenary EITI conference will take place in Oslo on 16-17 October 2006. The event, hosted by the Norwegian Government, has three main objectives. To:

- Expand the number of countries participating in the process;
- Improve EITI implementation, by building on experiences gained so far;
- Endorse the recommendations of the EITI International Advisory Group (IAG) on the future policy arrangements for the initiative.

The conference, in keeping with EITI's multi-stakeholder nature, will assemble representatives from national governments, the extractive industries, investors, international organisations, and civil society groups.

Peter Eigen, the Chairman of the IAG, will present the group's recommendations to propose a validation methodology and a future management structure for the initiative. The adoption of these recommendations will mark a milestone in the establishment of EITI as global best practice in the oil, gas and mining industries.

Norwegian Minister of Foreign Affairs, Jonas Gahr Støre said;

"The EITI Oslo Conference sets out to improve implementation and expand the number of participants in EITI. The expected endorsement of the IAG recommendations will increase the legitimacy of EITI and make it more sustainable. In meeting these objectives, we will make the Oslo Conference a milestone towards making EITI a global norm."

A report of the event will be available online after the conference, at www.eitransparency.org

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IAG Report Published

The EITI International Advisory Group have finalised their work and published their recommendations in a report, available at www.eitransparency.org. The report sets out a series of recommendations aimed at measuring transparency in the oil and mining sectors. If agreed, these recommendations will be an important step in making EITI a global standard in good management of natural resources. It will establish which countries are, and are not, fully committed to increasing the transparency of their revenues derived from sales of oil, gas and minerals. It is expected that the report will be endorsed at the next International EITI Conference, to be held on 16-17 October in Oslo.

Prime Ministers Tony Blair of United Kingdom and Jens Stoltenberg of Norway welcomed the report:

"Remarkable programme has been made in the last four years. From an idea that was piloted in 4 countries, today EITI is being implemented in 20 countries around the globe, from Peru to Mongolia, from Nigeria to Azerbaijan."

Peter Eigen, the founder of Transparency International, who chaired the group said;

"To lead such a varied group of stakeholders through the process to develop this report was challenging, but incredibly exciting. Getting so many different people round the table to discuss these issues shows that everyone has an interest in seeing EITI succeed. The stakes, of course, are very high."

Bonn Meeting to discuss IAG report and implementation

On August 31, key EITI stakeholders met in Bonn, to assess implementation progress in EITI countries and to consider the report of recommendations to be submitted by the IAG. The meeting was attended by key implementing countries such as Nigeria, Democratic Republic of Congo, Ghana, Azerbaijan and Cameroon, donor countries such as the US, France and Germany as well as industry and civil society groups. The workshop served as an opportunity to discuss different experiences of EITI and to feed into the process of drafting the IAG Report, the recommendations of which are due to be agreed at the EITI Conference in Oslo on 16-17 October

Incentives papers commissioned

As part of the work of the International Advisory Group, the EITI Secretariat commissioned three papers looking at the various incentives for implementing EITI. These specifically looked at the value of transparency in relation to energy security, development outcomes and the business climate. The papers concluded that transparency can play an important role in improving outcomes in all these areas, and that EITI can contribute significantly towards greater transparency and accountability.

The paper on energy security finds that transparency and accountability can help to deliver greater stability in energy supply and security – for producing and importing countries – by avoiding the problems that can occur when revenues from the extractive industries are poorly managed, and benefit only the few. The second paper – entitled Transparency, EITI and Development – outlines the broader developmental benefits of transparency, including in terms of poverty reduction and improved health care. It suggests that EITI can catalyse transparency at various levels in countries implementing the Initiative. The last paper, finds evidence that transparency can help to improve the business climate, reduce corruption and improve macroeconomic outcomes, all of which helps business.

The papers will be available at the Oslo conference and on www.eitransparency.org and form part of the ongoing work of the EITI Secretariat as they take forward the IAG recommendation to develop EITI's understanding of the incentives for doing EITI.

Azerbaijan 5th Report

The fifth EITI reporting cycle is underway in Azerbaijan

The fifth reporting cycle on implementation of EITI in Azerbaijan was launched on September 8, 2006 at a meeting of the Azeri Selection Group. The Group decided to send invitations to bid to international audit companies. Deloitte and Touche have been selected to collate the 2006 bi-annual reports submitted by the Azerbaijan government and oil and gas companies.

Azerbaijan will be presenting their progress on implementing EITI at the Oslo Conference.

Mining Outreach Events – Melbourne and Botswana

Whilst there are many countries implementing EITI which have significant mining industries, it is generally recognised that in some respects there has been more progress in countries rich in oil and gas. For this reason, and at the request of the IAG, the Secretariat organised two meetings and commissioned research expressly designed to increase understanding of how EITI can respond to the specific needs of mining countries and companies.

As the IAG report noted, there are significant differences that affect implementation of EITI in mining countries compared to countries whose extractive industries are largely oil or gas. These include the ways that mining companies operate, the scale of mining operations, and their economic impacts and the social context in mining regions.

In a report produced for the Secretariat by Jim Rader and Christina Sabater, EITI stakeholders noted that EITI was a strong brand that had made impressive progress, but they felt that progress had been limited in mining countries. The report highlighted a number of issues of importance to the mining industry, including the fact that: whilst transparency was important, it had to be linked to broader governance reform; sub-national revenue flows are important; and greater support needs to be provided to implementation in country.

The Secretariat followed this up with two outreach events, one in Sydney and one in Gaborone. These events were well attended by mining companies, NGOs, local civil society, governments and donors. Many of the messages from the outreach events reinforced those in the stakeholder research noted above.

In response the EITI Secretariat is working on a specific mining work-stream to ensure the particular needs of mining countries can be met in EITI. This includes having wider industry representation on the EITI Board, through the inclusion of industry associations, and the establishment of two sub-groups under the EITI Board to look at mining and at sub-national implementation of EITI.

Implementation of EITI is progressing well in a number of key mining countries, including Ghana, Guinea and Niger, and a number of other important mining countries are currently considering signing up to EITI. The Secretariat will ensure lessons learnt from all of these countries helps to strengthen EITI to maintain its relevance for all extractives industries companies and resource rich countries.

Upcoming Outreach events

As part of the EITI's ongoing outreach to other initiatives, and particularly to further develop EITI's relevance for mining, members of the EITI Secretariat will be attending a number of international meetings to promote the Initiative.

In October, directly following the EITI Conference in Oslo, the Secretariat will attend the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development in Geneva. This will be a good opportunity to speak to other mining governments, to raise awareness of EITI and to ensure that lessons in implementation are disseminated.

In November, the Secretariat will attend the Community and Small-scale Mining (CASM) meeting in Madagascar to present on EITI and look at the links between EITI and artisanal mining. Artisanal and Small Scale Mining (ASM) is largely a poverty driven activity practiced in some of the world's poorest regions. If tapped, it has the potential to contribute significantly to social and economic development. Launched in 2001, CASM is a global, multi-stakeholder network of people with interests in this diverse sector and its issues. The Kimberley Process plenary session in Botswana on 6-7 November will be an opportunity to explore possible links between the two Initiatives. The EITI Secretariat will also attend the IACC in Guatemala.

White Paper on International Development

On 13 July, the Department for International Development (DFID) launched its new White Paper on International Development, 'Eliminating World Poverty: Making Governance Work For The Poor'. It sets out what the UK Government will do to reduce world poverty over the next five years.

The White Paper sets out DFID's priorities and explains how it will work with the rest of UK Government, partner governments, international organisations, non-governmental organisations (NGOs), academics and the private sector to fulfil the promises made in 2005 to significantly reduce world poverty.

With the importance of good governance being its primary theme, EITI's role in supporting a better international level of governance is a key part of the White Paper. The UK Government commits to sponsoring a UN General Assembly Resolution for EITI to become an international standard of good management, to work with emerging markets to promote the Initiative, to encourage more countries to commit to the Initiative and to help strengthen its implementation

12th International Anti-Corruption Conference Guatemala, 15-18 November 2006

The 12th International Anti-Corruption Conference (IACC) is taking place in Guatemala City and Antigua, Guatemala on 15-18 November 2006. The conference, like previous IACCs, will host world leaders and practitioners from government, business, academia and civil society.

The IACC series, which began in 1983, has become the world's premier international gathering for the entire spectrum of anti-corruption professionals from all sectors. Through a series of plenary and special sessions and workshop discussion, the IACC will seek to develop an anti-corruption agenda for the international anti-corruption movement for following years. On Thursday 16 November, there will be a special session on "Corruption in the Extractive Industries". The session will explore current initiatives aimed at increasing the transparency of the sector's revenues with special reference to countries combining natural resource wealth and widespread poverty. Ben Mellor, Head of the International EITI Secretariat, will be a panellist in this session.

The Extractive Industries Transparency Initiative (EITI) is a global multi-stakeholder initiative that brings together developing country governments, donors, companies, investors, civil society organisations, and the international financial institutions to increase transparency in the extractives sector in developing countries. To subscribe or to unsubscribe to this newsletter, or send comments or potential contributions, please email us at eiti@dfid.gov.uk. For more information on the initiative go to [<http://www.eitransparency.org>].