



PARLIAMENTARY NETWORK ON THE WORLD BANK

EITI Global Conference 2011 – ‘Transparency counts’

3 March 2011

Overview

PNoWB attended the fifth Extractive [Industries Transparency Initiative \(EITI\)](#) Global Conference in Paris, which was hosted by the Organisation for Economic Cooperation and Development (OECD) from 2-3 March 2011. This is EITI’s annual high-level event, which includes various stakeholders, from international organisations and heads of state, to the private sector and civil society. Currently, there are 33 countries implementing the EITI. Over the past year, 20 out of the 33 candidate countries have undertaken validation, and 24 implementing countries have produced EITI reports. Please see [PNoWB’s briefing on the EITI initiative](#) for further information.

At the conference, the World Bank was represented by **Sri Mulyani Indrawati, Managing Director**, and by **Obiageli Ezekwesili, Vice President for Africa**. The Bank’s Oil, Gas, and Mining Unit (SEGOM) administers the EITI Multi-Donor Trust Fund and supports EITI implementation at country level and globally. The EITI initiative is gaining important momentum. The conference brought together over 1000 participants during the two days. However, despite the progress of EITI, making natural resources benefit everyone still remains a key global challenge. There is still a need to improve and deepen EITI reporting, increase engagement with emerging resource rich economies, and ensure adequate civil society representation, to make the use of extractive industries revenue transparent. Furthermore, Parliamentarians are still not involved in the EITI process in many countries.

The Future of the EITI and Revenue Transparency

In a session on ‘The Future of the EITI and Revenue Transparency’, participants had the opportunity to hear from two country presidents, Ms. Mulyani Indrawati, the private sector and civil society among others. **HE Armando Guebuza, President of the Republic of Mozambique**, pointed out that extractive industry, when properly managed, can help eradicate poverty. Mozambique is a country endowed with natural resources, such as natural gas, minerals, and it will start producing coal later this year. In addition to investments in human capital and infrastructure, it will have to promote institutions for good governance and anti-corruption to ensure the availability of resources for development.

HE Jakaya Kikwete, President of Tanzania, explained that his country had introduced a minerals audit agency, which investigates investment, operations, and taxes. Tanzania is also trying to encourage Corporate Social Responsibility within companies in the extractive industry in order to create greater trust among investors.

Robert Hormats, Under Secretary of State for Economic, Energy and Agricultural Affairs, United States, said that through the EITI, half a billion people receive information on revenue from various industries. The U.S. last year had signed the Dodd-Frank Wall Street

Reform Act to ensure energy industry transparency and give investors and citizens new tools to hold companies and governments accountable for their actions. Section 1504 of the new law requires all U.S. and foreign companies registered with the United States Securities and Exchange Commission (SEC) to publicly report how much they pay governments for access to their oil, gas and minerals. With this Act, the U.S. hopes to lead by example to promote transparency.

Nobuo Tanaka, Executive Director, International Energy Agency, expressed his concern about rising commodity prices, especially oil. This makes recovery difficult, especially for emerging economies. In addition, high oil prices transfer revenues to companies, which do not always have transparent practices. There is still apprehension about energy poverty – 1.4bn people in the world do not have access to electricity and 2.7bn are without access to modern cooking equipment. Transparency in oil and gas revenues can help ensure that funds are used to fight poverty.

Ms. Mulyani Indrawati, explained that the World Bank supports the Multi-Donor Trust Fund for EITI and helps partner countries manage wealth from extractive industries. There are 13 contributors to the Trust Fund and the Bank world with 45 countries to encourage compliance to EITI and mainstream principles of transparency. The Bank also promotes effective taxation as sound revenue management includes proper revenue sharing. Moreover, the Bank tries to encourage greater participation in EITI by empowering CSOs.

Representing the private sector, **Keith Skeoch, Chief Executive Officer, Standard Life Investments**, states that EITI makes commercial sense. There is enormous investment in extractive industries which makes revenue transparency necessary. All stakeholders have to apply the EITI objectives constantly and objectively and promote good governance within EITI.

George Soros, Chairman, Open Society Foundations, described how his organisation had become involved in promoting transparency in extractive industries in Guinea. Guinea was accepted as an EITI Candidate country on in 2007. The country voluntarily suspended its EITI Candidate status in the EITI at the end of 2009, following the EITI Board's approval, in view of the difficult political situation in the country. The Prime Minister of the previous government wrote on 11 November 2010 and requested the EITI Board to lift the suspension. The Minister of Mines of the democratically elected government reconfirmed this request at the beginning of 2011. Guinea's suspension was lifted and its candidate status reinstated by the Board on 1 March 2011. The Open Society Foundations had supported the country through this process through the Publish What You Pay Initiative and legal advice.

Other sessions throughout the Global Conference looked at civil society involvement, the investment climate for extractive industries, and financial reporting requirements. One seminar moderated by **Ms. Ezekwesili**, focused on EITI reports. So far, 60 EITI reports have been published, and each contains extractive sector revenue data that can be difficult to acquire from other sources. However, reports still have some weaknesses', which need to be addressed. For example, **Sanjeev Gupta, Deputy Director, IMF Fiscal Affairs Department**, pointed out that financing data has to be in line with the government's budget. Revenues need to be disaggregated by company and payment type and companies have to establish internal controls. **Edward Bickham, International Council on Mining and Metals**, said that the numbers in the reports have to be reliable, comprehensive, timely, regular and comprehensive. The EITI framework has to be defended at the international level.

What is the role of Members of Parliament in the EITI?

Successfully implementing EITI standards requires the active participation of a wide range of stakeholders, and legislators have a crucial role to play in making EITI effective. The role of legislators in implementing EITI principles varies according to country and has ranged from participating directly on a Multi-Stakeholder Committee or Working Group (MSG) – a committee of civil society, government institutions and company representatives who work in partnership to make decisions about the design, monitoring, and evaluation of EITI – to monitoring the EITI process via parliament’s oversight capacity.

During the Global Conference, PNoWB met with EITI representatives from Mongolia, Zambia, Nigeria, and Cameroon. While MPs in Cameroon are already involved in their national EITI MSG, in a country like Zambia, which is very much in the beginning stages of EITI implementation, Parliamentarians have not yet been involved in the process. It also appears that national-level EITI Secretariats dispose with different budgets, which can sometimes hinder greater stakeholder involvement. As EITI is becoming important on a global scale PNoWB will work with the international EITI Secretariat and the World Bank to ensure that national branches are well-equipped to involve all stakeholders, including parliamentarians. Parliamentarians for their part should inform themselves on their country’s status in the EITI initiative and request to be involved in stakeholder meetings.