



## *PNoWB Parliamentarians & Development Series*

# Extractive Industries Transparency Initiative\*

### **What is the EITI?**

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving management of revenues from natural resources in a country.

EITI aims to strengthen governance by improving transparency and accountability in the extractives sector. Three and a half billion people live in countries rich in oil, gas and minerals. With good governance, the exploitation of these resources can generate large revenues to foster economic growth and reduce poverty. However, when governance is weak, such resource endowments may result in poverty, corruption and conflict.

EITI centers on the reconciliation of company payments with government receipts and disclosure of that information to the public. The goal is to identify potential discrepancies between payments and receipts and investigate and address the underlying causes. The process is overseen by participants from the government, companies and national civil society.

### **What is the role of Parliamentarians 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.

A legislature that effectively carries out its three core functions – oversight, representation and lawmaking – is critical to the success of EITI.

### **Oversight**

By using the question period, conducting public hearings, and inviting ministers, business people and others to testify before committees, legislators can help make certain EITI is managed well and that EITI reports are issued on time, that they are accurate and that they are published widely. Once a report has been released, legislators can ensure that the results are widely publicized, and that the government addresses discrepancies and shortcomings.

### Representation

Carrying out their representation function, legislators can help shape the EITI program and make certain it reflects a broad range of interests. They may become involved in EITI multi-stakeholder groups (MSGs), and can help ensure that civil society organizations (CSOs) committed to resource transparency are involved and active in the MSG. Through public hearings, interviews with the media, constituent outreach, and other methods, legislators can build public awareness about EITI and the problems it identifies, and influence public opinion for holding the government accountable.

### Lawmaking

Acting in their lawmaking capacity, legislatures may ensure that their governments sign on to and participate meaningfully in the EITI process. Several countries have run into legal obstacles to EITI implementation, and a revision to the laws has been required. Legislators can ensure these laws are changed in a way that reflects and reinforces the transparency required through EITI. In addition, although not a part of EITI requirements, some countries have strengthened EITI by enshrining the process itself into law.

### **Why is EITI important for Parliamentarians and PNoWB?**

EITI can help law makers to:

- Ensure that a greater portion of revenues generated from oil and mineral resources are used to benefit the people in a nation.
- Strengthen budget monitoring and oversight. EITI reports can be powerful tools for citizens and legislators to understand how much money the government collects and, where countries choose, how the funds are spent. In some cases, EITI has led to the government's recovery of unaccounted-for funds or company underpayments.
- Reinforce broader anti-corruption and good governance agendas. Effective EITI programs can make corrupt practices more difficult to hide.
- Build citizen trust in public institutions.
- Promote reduced hostilities between governments, companies and communities or citizens.

Issues of revenue management from resource extraction emerged as a common theme during all three *Parliamentarians in the Field* visit programs in 2009. World Bank country offices and parliamentarians in Burkina Faso, the Democratic Republic of the Congo and Mongolia highlighted extractive industries transparency as an area needing increased focus. Visiting delegations offered recommendations to local parliamentarians at the conclusion of each of these visits, each time specifying the importance of fully implementing EITI standards in the country's mining and resource extraction sectors.

### **What resources are available to Parliamentarians interested in implementing EITI standards in their country?**

EITI recently published an excellent *Guide for Legislators*, available in [Arabic](#), [English](#), [French](#), [Indonesian](#), [Russian](#) and [Spanish](#). The Guide introduces the EITI process and offers specific suggestions on how legislators can further the EITI process in their country. The [EITI resources](#) page offers complementary resources including fact sheets, progress reports and case studies.

Each implementing country manages its own EITI process, led by a senior government official and the MSG. The primary source of funding for an EITI program should be the implementing country's government. A Multi-Donor Trust Fund (MDTF), managed by the World Bank, is also available for targeted technical assistance in some countries.

To find out if your country is already an EITI candidate country, refer to the EITI candidate countries page: <http://eitransparency.org/countries/candidate>.

If your country is not on the list, you may want to request informational meetings with officials of government agencies likely to spearhead EITI (e.g., oil or mining, finance, economy or planning), as well as local civil society partners and offices of the Publish What You Pay Campaign, Transparency International, and Revenue Watch Institute (RWI). The World Bank country office representative may also be able to provide additional EITI background and information.

### **Case Study: EITI and Parliamentarians in Sierra Leone**

Sierra Leone's parliament in February 2010 approved an iron ore mining project. London Mining will spend \$300 million over four years to develop the Marampa site -- among Africa's biggest iron ore deposits -- but which has been largely unexploited due to the country's civil war, which ended in 2002. "First production will be in 12 months," London Mining CEO Graeme Hossie said at a press conference in March. "We expect to invest over \$300 million in the operation over the coming four years," he added.

Sierra Leone EITI completed its first report covering payments made to the Government of Sierra Leone by six industrial mining companies, two large exporters/dealers and national and sub-national institutions from January 2006 to December 2007. The Report was submitted to the Multi-Stakeholder Group and the country EITI Champion during a ceremony held at State House on 8 March 2010. The Report will be made publicly available later in March.

Sierra Leone became an EITI candidate country in February 2008. The country has since requested an extension on the two-year deadline to complete validation. There is currently one parliamentarian on the steering committee of Sierra Leone EITI.

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