

# EITI Newsletter

The latest from the Extractive Industries Transparency Initiative

**W**ELCOME to the first newsletter from the Extractive Industries Transparency Initiative (EITI). This newsletter is intended to keep you up to date with EITI as it develops in different countries, as well as with the different partners who are supporting the initiative.

We hope that future editions of this newsletter will write themselves as people involved in EITI send us contributions on the different EITI programmes which they are involved in. This edition, for example, contains contributions from countries, civil society organisations, companies, investors, and the World Bank. As this is the first edition, we would also be grateful for your feedback on the content and style of the newsletter. If you have any comments or contributions to make for the next edition then please email us at [eiti@dfid.gov.uk](mailto:eiti@dfid.gov.uk)

## What is EITI?

The Extractive Industries Transparency Initiative was announced by UK Prime Minister Tony Blair at the World Summit on Sustainable Development in Johannesburg, September 2002. Its aim is to increase transparency over payments by oil, gas, and mining companies to governments and transparency of revenues received by those governments.

## SUMMARY

**Nigeria establishes working group to guide development of EITI**

**Publish What You Pay (PWYP) coalition established in Nigeria**

**Ghana's Minerals Commission publishes results**

**Azerbaijan establishes government working group to consider EITI**

**World Bank endorses EITI**

**Multi-donor EITI Trust Fund established**

**Investors with \$7 trillion under management support EITI**

## Nigeria establishes working group to guide development of EITI

**Nigerian** President Obasanjo announced in November 2003 that the Government would publish its revenues from oil and will require companies to do likewise. The World Bank and DFID are supporting President Obasanjo's Ministerial team in implementation. This should help ensure that the initiative complements and supports wider transparency, anti-corruption and public financial management efforts.

"I personally have no doubt that Africa's era to be clean, open, transparent and accountable is now. I rejoice greatly that Nigeria is and will continue to be at the forefront of the continent's new transparent dawn."

**President Obasanjo, at Petroleum Revenue Management Workshop, Abuja, 19 February**

On 16 February, President Obasanjo announced the formation of a 27-member **Stakeholder Working Group** to guide the development of EITI in Nigeria. This was followed by a two day Petroleum Revenue Management Workshop in Abuja. This event, sponsored by FGN, The World Bank and DFID, was co-ordinated by the senior special assistant to the president Oby Ezekwesili, and received strong support from the President himself and Minister of Finance Ngozi Okonjo-Iweala. Intense interest was expressed from all participants – including federal and state government, international oil corporations, donors, NGOs and the media – in improving transparency in the oil industry, strengthening public financial management, and curbing corruption. For further information please contact Ben Mellor ([b-mellor@dfid.gov.uk](mailto:b-mellor@dfid.gov.uk))

### Publish What You Pay (PWYP) coalition established in Nigeria

A coalition of over 45 **Civil Society Organisations** from across Nigeria met in Port Harcourt, 16-17 February 2004, to launch the Publish What You Pay campaign in Nigeria and to discuss EITI. Civil society representatives expressed broad support for the EITI in Nigeria and warmly welcomed President Obasanjo's commitment, in particular to the disclosure of individual company payments. The coalition seeks to contribute to the implementation of EITI by closely engaging with the national and international stakeholders involved in its development and by playing an independent monitoring role over the process. For further information please contact PWYP Nigeria ([nigeria@publishwhatyoupay.org](mailto:nigeria@publishwhatyoupay.org))

### Ghana's Minerals Commission publishes results

Ghana announced its intention to pilot EITI in June 2003. In September 2003, the Minerals Commission released its half-year revenues. The Chamber of Mines hopes that it will be ready to formally publish all payments made by its members to the Government in early 2004. A working group is being established to ensure that in future the reports are issued simultaneously and that civil society are involved. For further information please contact Mike Ellis ([m-ellis@dfid.gov.uk](mailto:m-ellis@dfid.gov.uk))

### Azerbaijan establishes government working group to consider EITI

A government commission to consider EITI was established in December 2003. The commission will be chaired by State Oil Fund of Azerbaijan (SOFAZ) executive director Samir Sharifov. For further information please contact Sefton Darby ([s-darby@dfid.gov.uk](mailto:s-darby@dfid.gov.uk))

## Other Countries

Some countries such as Timor Leste are undertaking similar work, and others such as Trinidad and Tobago are actively considering the EITI approach. In **Kazakhstan** the UK government has co-sponsored two conferences on the issue of transparency in the oil and gas sector. The EITI team has been working with these countries to help them implement their plans. We welcome their leadership and their commitment to move ahead on improving transparency in the extractive industries. Many other countries are also taking forward transparency-related reforms, and it is hoped they will also wish to develop the EITI model for their own countries.

## World Bank endorses EITI

On 9 December 2003 **The World Bank** indicated its readiness to play a major role in the implementation of EITI. The Bank Group has the expertise, reputation and contacts to make a real impact on delivering reforms on transparency. We anticipate that their leading role in the implementation of EITI will include: discussing transparency with client countries; conditionality, where appropriate, on sector loans; using the Bank's convening power to bring together key stakeholders; and hosting a multi-donor Technical Assistance Trust Fund. For further information please contact Charles McPherson ([cmcpherson@worldbank.org](mailto:cmcpherson@worldbank.org))

## Multi-donor EITI Trust Fund established

Action is now in hand to establish the Trust Fund in the World Bank. The UK has committed an initial £1m for technical assistance, and Norway has committed NoK 750,000. The Trust Fund has been established to help provide funding and technical assistance to developing country governments to take forward EITI programmes. We strongly encourage other contributions from governments or companies, particularly in G8 countries, which committed themselves to improving transparency over payments and revenues in the extractives sector at the **Evian Summit** last year. Further contributions to the Trust Fund will strengthen the reach of the initiative, and will help better reflect the multi-stakeholder, multi-donor nature of the EITI.

## World Bank/IMF Workshop

The World Bank and the IMF hosted a discussion on the roles and responsibilities of Governments, National Oil Companies and International Oil Companies with respect to oil revenue management and governance in sub-Saharan oil exporting countries. The workshop took place on 3 and 4 February in Libreville, Gabon, and brought together high level representatives from governments and national oil companies from Cameroon, Chad, the Democratic Republic of the Congo, the Republic of Congo, Equatorial Guinea, Gabon, Nigeria and Sao Tome and Principe. The outcomes have been documented in **a paper** prepared by the World Bank/IMF. Of particular note for EITI was the support expressed by participants to the principles of transparency – including transparency of oil revenues. For further information please contact Robert Bacon ([rbacon@worldbank.org](mailto:rbacon@worldbank.org)) or Alan Detheridge ([alan.detheridge@shell.com](mailto:alan.detheridge@shell.com))

## Institutional investors with £7 trillion under management support EITI

On 25 February, Sir David Manning – the UK ambassador to the US – hosted a group of US institutional investors at the British Embassy in Washington DC. The investors had been invited to learn about EITI in order to encourage them to become signatories to the **Investors Statement on Transparency in the Extractives Sector**, the financial sector's statement of support for EITI issued at the June 2003 conference. Since then, the numbers of signatories has risen to nearly 60 investment institutions, led by ISIS Asset Management and including UBS, Merrill Lynch, Fidelity, State Street Global Advisers, Deutsche, and ING. These investors have been joined by some of the world's largest pension funds, including TIAA-CRED, CalPERS, New York State and PGGM, as well as the pension fund of Rio Tinto.

Speaking at the event, Peter Clapman – from TIAA-CREF – emphasised the benefits that investors stood to reap from improved transparency standards in resource-rich markets, citing both the lower business risks for existing operators and the expanded investment opportunities that would ensue as a result of the improved business climate. He encouraged other US investors to endorse the Investor's Statement. For further information please contact Karina Litvack ([Karina.Litvack@isisam.com](mailto:Karina.Litvack@isisam.com))

## Guidelines

Reporting Guidelines and templates for annual disclosure of company payments and government revenues have been developed, and are now available from DFID's website: [www.dfid.gov.uk](http://www.dfid.gov.uk). As requested last June, we have also developed guidelines relating specifically to the mining sector and we are exploring the need to develop further guidelines for revenues generated by the transit of oil and gas across states. We expect these guidelines to evolve as they are tested in individual countries.

## The Team

This is a critical time for EITI, as it moves from awareness raising and mobilising of partners, to implementation in pilot countries. The EITI team in London has been expanded to meet the strong demand for follow-up. We remain committed to hosting a follow-up conference to review progress since June and to forge new partnerships. This conference is likely to take place in early 2005. In the meantime, we will keep you informed of further progress through this newsletter.

"We've made real progress over the last six months. Through our collective resolve this work will continue, ensuring that the wealth of natural resources in developing countries is well accounted for, and helps to drive the reduction of poverty."

**HILARY BENN, Secretary of State for International Development**

**Contact us:** Work is being led by Ben Mellor ([b-mellor@dfid.gov.uk](mailto:b-mellor@dfid.gov.uk)), tel: +44-(0)20 7023 1211; and Sefton Darby in DFID ([s-darby@dfid.gov.uk](mailto:s-darby@dfid.gov.uk)), tel: +44-(0)20 7023 1210).

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