

EITI Newsletter

The latest from the Extractive Industries Transparency Initiative

Welcome to the third edition of the Extractive Industries Transparency Initiative (EITI) newsletter. Thank you to those who have sent in contributions for this issue, helping to draw more lessons from different experiences with EITI.

EITI Website Launched

This edition begins with an announcement that a new website for EITI – <http://www.eitransparency.org/> – has been launched. The website not only contains a lot of the existing information from the DFID site, but also comprehensive information on EITI, progress on country implementation, participant information, key documents and regular news updates.

It will complement the newsletter by helping to keep all stakeholders informed of progress as the initiative continues to gather momentum, and by publicly and regularly highlighting the experiences of implementing EITI. The effective distribution of this information to communicate lessons learned and develop best practices is an important process, and the website will help to fill this role.

SUMMARY

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Abuja Declaration

On 26 June, President Olusegun Obasanjo of Nigeria and President Fradique De Menezes, of Sao Tome and Principe, signed a joint declaration regarding transparency and governance in the Joint Development Zone between Nigeria and Sao Tome and Principe. The agreement aims to ensure transparency in payments, expenditure and other dealings in the transactions in the development zone.

The highlight of the nine-point Abuja Joint Declaration is the following:

"All payments to the Joint Development Authority by oil companies shall be made public on an individual company basis, quarterly and annually, by the Joint Development Zone and by the companies. Our guidelines for this reporting are those adopted by the Extractive Industries Transparency Initiative."

The declaration also recognised the importance of engaging civil society – and proposed using a multi-stakeholders platform, such as the National Stakeholder Working Group (NSWG) established under EITI Nigeria.

Commission for Africa considers role of natural resource governance and transparency

The Commission for Africa was launched in February 2004 by UK Prime Minister Tony Blair. It is tasked with taking an independent look at the challenges facing Africa and at the international community's role in addressing these challenges. The Commission has been engaged in consultations with stakeholders to identify those issues that are critical to Africa's future, and to consider proposals for action by the international community.

Good governance of natural resources emerged early on as an area of great importance. Africa boasts an abundance of natural resources that could play a crucial role in alleviating poverty, and could also serve as an engine of growth. However, the Commission recognises that many resource-rich countries suffer from slow growth, high levels of poverty and increased risk of conflict.

It is currently looking closely at how increased transparency about natural resource revenues could contribute to improved governance. Evidence being gathered about a range of measures, including EITI, will be presented to Commissioners and considered at their next meeting, to be held on 7-8 October.

For further information about the Commission, please visit <http://www.commissionforafrica.org/>

G8 Declaration

The G8 Summit 2004 took place June 8-10, in Sea Island, USA. At the summit, G8 leaders announced [Compacts to Promote Transparency and Combat Corruption](#) with the Republic of Georgia, Nicaragua, Nigeria, and Peru. It is hoped to extend this approach to other countries in due course. Under these compacts, the G8 governments agree to provide assistance to the countries' efforts to achieve high standards of transparency in public financial management, procurement, the letting of

public concessions, and the granting of licenses.

Each implementing country has developed its own set of commitments for reform under the Compact. In the two countries with significant natural resources (Nigeria and Peru), particular attention is paid to the transparency of revenue flows and payments in these sectors, while protecting the necessary confidentiality of business operations. The Declaration notes: *"Our shared goal is to help combat the harmful*

effects on development when national resources and revenues are misused."

Complementary efforts to promote transparency are also taken forward by countries participating in the Extractives Industry Transparency Initiative.

Countries are now working on developing more detailed action plans on how they will implement the compacts.

Kyrgyz Republic publicly launches EITI

The Government of the Kyrgyz Republic, the World Bank and DFID hosted a conference in Bishkek on 30 June to officially launch the Kyrgyz Republic's implementation of EITI. This followed a government resolution on the adoption of EITI principles on 14 May. Prime Minister Nicolai Tanaev addressed the conference, and First Deputy Finance Minister Emirlan Toromyrzaev chaired it throughout. Representatives of mining companies, civil society organizations, and the international community also attended. The Government of the Kyrgyz Republic has established both an implementation committee to drive EITI forward within government, as well as a wider multi-stakeholder advisory board. For more information contact Michael Levitsky:

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The Board of the World Bank Group endorses Extractive Industries Review

The Board of the World Bank Group considered on August 3 the management's response to the Extractive Industries Review and broadly agreed that it represented a balanced way forward.

This process was the culmination of a wide-ranging review and the dialogue has helped to define the World Bank's future role in extractive industries. *"That dialogue has produced higher standards on issues such as transparency, governance, local participation, disclosure, protection of the environment, and promotion of renewable energy,"* said James D. Wolfensohn, President of the World Bank Group.

Management's proposal to the Board indicated that it would continue investments in extractives production, as Bank Group capital and expertise can help ensure projects meet high environmental, social, governance and transparency standards.

Governance and transparency were highlighted as key areas that determine whether extractive industries contribute to poverty reduction. The Bank intends to further enhance its efforts in these areas. It has endorsed the EITI and is actively engaged in EITI work in several countries. The disclosure of revenue figures for new major extractive industries projects will be required immediately, and for all projects within two years. The Bank is also committing to use governance indicators in determining whether to engage in extractive industries projects and how such projects should be structured.

The full set of World Bank Group reforms can be found at: <http://www.worldbank.org/ogmc>

The report of the EIR is at: <http://www.eireview.org>

The UK Government's response to the Review, and to the Bank management's response is at: <http://www.dfid.gov.uk/news/files/update-extractiveindustriesreview.asp>

Newsletter information

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 to send us comments or potential contributions, please email us at eiti@dfid.gov.uk For more information on the initiative go to <http://www.eitransparency.org>