



# Eye ON EITI

CIVIL SOCIETY PERSPECTIVES AND RECOMMENDATIONS ON THE

## Extractive Industries Transparency Initiative

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*Civil Society Perspectives and Recommendations  
on the  
Extractive Industries Transparency Initiative*

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# EXECUTIVE SUMMARY

In the last decade, there has been a growing awareness that improved transparency and accountability for the huge revenues generated by oil, gas, and mineral industries is vital to avoiding the “resource curse” and improving their use in reducing poverty and generating economic growth. The launch of the Extractive Industries Transparency Initiative (EITI) in September 2002 reflected this shared agenda. The EITI is a “world first” in which governments, civil society, companies, and investors are all directly involved in the development and governance of the initiative with the technical and financial support of international financial institutions (IFIs).

Publish What You Pay (PWYP) is a global civil society coalition with over 300 member organizations from more than 30 countries around the world working to promote transparent and accountable management of natural resource revenues. This report presents their insights into the realities of EITI implementation in specific countries and presents recommendations on what is needed to ensure success.

In the four years since its launch, EITI has recorded some notable achievements. Twenty-one governments of resource-rich countries in Africa, Asia, Latin America, and Central Asia have endorsed the initiative and the International Advisory Group (IAG) has developed many of the necessary guidelines, criteria, and governance structures. However, an analysis of progress by the PWYP coalition shows that there is great room for improvement. Of the 21 endorsing countries:

- **Two have published fully audited and reconciled EITI reports.**
- **Eight have yet to take even the initial step of appointing an individual to lead the EITI process.**
- **Ten have not yet formed the required multi-stakeholder committee.**
- **Eleven do not have a drafted and approved work plan.**

In order that further progress is made in improving financial transparency in the extractive industries and ensuring this translates into improved accountability and use of revenues, PWYP calls on all the stakeholders of the EITI to:

1. Protect the credibility of EITI by ensuring that rhetorical commitments are matched by concrete actions within meaningful timeframes.
2. In each country, appoint a leader with the time, bureaucratic skill, and political influence to drive EITI implementation.
3. Recognize that genuine civil society participation is a requirement of EITI and support its active engagement in each critical step of the EITI process.
4. Ensure that no civil society campaigner is harassed or intimidated for their work to promote transparency.
5. Ensure that civil society representatives are genuinely from that sector and not from those representing the interests of others such as political parties or companies.
6. Increase financial and technical support to build civil society's capacity to participate in EITI.
7. Allocate sufficient funds to cover EITI costs in annual budgets and ensure that these are disbursed in time to support planned activities.
8. Provide adequate technical and, in certain cases, financial support to governments implementing EITI.
9. Disaggregate data by company and by payment/revenue type in reconciled reports of company payments and government receipts.
10. Institutionalize EITI in statutory law to help insure continuity and long-term sustainability.
11. Support the mainstreaming of EITI aims and approaches into other mechanisms that will increase and sustain government and company financial transparency.
12. Support contract transparency as an essential step toward achieving revenue transparency and accountability.
13. Create sub-national reporting schemes over the coming year.
14. Encourage and support EITI implementing governments in establishing mechanisms that promote transparent and accountable expenditure management.

# INTRODUCTION

In the last decade, there has been a growing awareness that improved transparency and accountability for revenues generated by oil, gas, and mineral industries is vital to improving their use in reducing poverty and generating economic growth. The launch of the Extractive Industries Transparency Initiative (EITI) in September 2002 reflected this shared agenda. The EITI is a “world first” in which governments, civil society, companies, and investors are all directly involved in the development and governance of the initiative with the technical and financial support of international financial institutions (IFIs).

Publish What You Pay (PWYP) is a global civil society coalition working to promote transparent and accountable management of natural resource revenues. PWYP has taken a leading role in coordinating the participation of civil society in the EITI. With over 300 member organizations from over 30 countries around the globe, the PWYP coalition represents an enormous network of civil society activists and their international allies working in resource-dependent countries. This report attempts to capture their insights into the realities of EITI implementation across the world and what is needed to ensure success.

In the four years since its launch, EITI has recorded some notable achievements. Twenty-one governments of resource-rich countries in Africa, Asia, Latin America, and Central Asia have endorsed the initiative and many have taken concrete steps to begin implementation. The EITI’s International Advisory Group (IAG) and Secretariat are in the process of developing guidelines, criteria, and governance structures essential to the initiative.

Such progress is a testament to the willingness of participating governments and companies to publicly commit to greater transparency in the management of natural resource revenue, to the engagement of civil society organizations, to the diligent and dedicated work of the IAG, and to the financial and technical support of donor governments and international financial institutions. This report attempts to highlight some of the positive examples and lessons learned from work to date.

However, from practical experience on the ground, PWYP is concerned that several issues pose a fundamental challenge to the successful implementation of EITI and to its ability to achieve its ultimate objectives of full revenue transparency as a key component of good

governance and development in resource-rich countries. Some of these problems include the failure of several endorsing governments to recognize the central role of civil society organizations, intimidation and marginalization of civil society activists, mismatches between rhetorical commitments and concrete actions to implement EITI, weak political leadership and inadequate company participation at the country level, insufficient technical and financial support to implementing governments and civil society, and limited progress in mainstreaming of transparency requirements into standard financial mechanisms.

The report is intended to present the perspective of PWYP on EITI country-level implementation thus far, and hence is the product of our collective “eyes on EITI.” It is based on interviews with members of civil society and PWYP coalitions in sixteen out of the twenty-one endorsing countries.<sup>1</sup> It makes fourteen recommendations to various stakeholders that the coalition believes are necessary for effective implementation of EITI and achievement of its ultimate objectives.

PWYP calls on all stakeholders to work together with the new EITI Board and Secretariat to address issues raised in this report and to implement the recommendations outlined below. We believe these are essential steps to ensuring that extractive sector revenues are a source of development and prosperity for all citizens of resource-rich countries around the world.



# RECOMMENDATIONS

## **1: Protect the credibility of EITI by ensuring that rhetorical commitments are matched by concrete actions within meaningful timeframes.**

In about half of the 21 endorsing countries, governments have been slow to match rhetorical commitments with any concrete actions to implement EITI. The failure to close the gap between rhetoric and reality fuels the perception that governments are paying lip-service to the principle of transparency embodied in EITI in order to achieve other economic and political objectives. If unaddressed, this implementation gap will gradually undermine the credibility of EITI and the willingness of civil society to buy-in to the process, thus further reducing the chances of successful implementation in the longer term.

The progress of each endorsing country in completing some essential EITI steps by August 2006 is presented in Table 1.<sup>2</sup> This analysis by PWYP members shows that of the 21 countries that have endorsed EITI:

- **Two governments—Azerbaijan and Nigeria—have undertaken most of the essential EITI steps (established multi-stakeholder committees, identified an individual within the government to lead the process, drafted national work plans, selected auditors) and published fully audited and reconciled EITI reports.**
- **Eight have yet to take even the initial step of appointing an individual to lead the EITI process.**
- **Ten have not yet formed the required multi-stakeholder committee.**
- **Eleven do not have a drafted and approved work plan.**

Where a delay has occurred between endorsement and progress with implementation, national momentum has flagged and become a source of concern for local civil society activists. According to one member of the Cameroonian PWYP coalition: “There is a perception that the government is using EITI to gain Heavily Indebted Poor Country (HIPC) status, but is not really committed to implementation.” Another NGO representative in Mongolia said: “Many people in government see the benefits of EITI. But when it comes to implementation there is a big problem. The process is very slow. The government looks at the process as another opportunity—a politically correct thing to support.”

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*“The main problem is that the government has signed on but has not done anything. There is no work plan. There are no structures, and it is not even clear who is leading the process.”*

**—Member of National Advocacy Coalition on Extractives (NACE), Sierra Leone**

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The IAG has produced a methodology to assess the performance of endorsing countries. The approach is due for approval at the Oslo conference in October 2006. This “validation” methodology will be used to judge whether countries have progressed from “endorser” to “candidate” and thence onto full “compliance.” The validation process will show which countries are making inadequate progress.

PWYP calls on key actors to protect the credibility of EITI by ensuring that rhetorical commitments are matched by concrete actions within meaningful timeframes. In particular:

- Endorsing governments must ensure that work plans cover each of the key steps of EITI implementation and that validation processes are used to ensure adequate progress is being made.
- Endorsing governments must apply sufficient political will to ensure the timely implementation of these work plans.
- The EITI Board must enhance and protect the reputation of the initiative by recognizing the countries that are making sound improvements and removing those that make inadequate progress from the list of “EITI countries.”

**Table 1: Progress with key EITI steps**

Country	Appointed a leader	Established a multi-stakeholder committee	Drafted and approved a work plan	Published audited and reconciled EITI report/s
1. Azerbaijan	Yes	Yes, but not a permanent committee	Yes	Yes
2. Bolivia				
3. Cameroon	Yes	Yes	Yes	
4. Chad				
5. Congo–Brazzaville	Yes			
6. Democratic Republic of the Congo	Yes	Yes		
7. Equatorial Guinea				
8. Gabon	Yes			
9. Ghana	Yes	Yes	Yes	
10. Guinea–Conakry	Yes	Yes	Yes	
11. Kazakhstan	Yes	Yes	Yes	
12. Kyrgyz Republic	Yes	Yes	Yes	
13. Mauritania	Yes	Yes	Yes	
14. Mongolia	Yes	Yes	Yes	
15. Niger				
16. Nigeria	Yes	Yes	Yes	Yes
17. Peru	Yes	Yes	Yes	
18. Sierra Leone				
19. Sao Tome and Principe				
20. Timor Leste				
21. Trinidad and Tobago				
<b>Total out of 21 endorsing countries</b>	<b>13</b>	<b>11</b>	<b>10</b>	<b>2</b>

Sources: EITI website; Interviews with local PWYP members.

## 2: In each country, appoint a leader with the time, bureaucratic skill, and political influence to drive EITI implementation.

Shedding light on financial information previously shrouded in secrecy can be a contentious and difficult process. Experience suggests that only if skilled leaders spearhead the process will governments be able to mobilize the political, financial, and technical resources that are necessary to achieve the reforms that EITI implementation requires.

In two countries that have already published reconciled reports—Azerbaijan and Nigeria—the government appointed senior officials to lead the EITI process whom PWYP coalition members in both countries perceived as possessing the necessary influence to be effective. In Nigeria, coalition members described the Nigeria EITI chairperson, Obiageli Ezekwesili, as possessing a close working relationship with President Olusegun Obasanjo, a factor which appears crucial in generating internal momentum behind EITI implementation. In Azerbaijan, PWYP members also viewed the first head of the State Commission for Implementation—Samir Sherifov—as skilled at navigating through political and bureaucratic barriers. PWYP coalition members also suggested that the president’s decision to grant executive power to Sherifov, which enabled him to make EITI-related decisions, improved the government’s capacity to implement EITI. These positive examples should not only be praised, but emulated.

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*“The minister of energy is supposed to be the head of the EITI process. But he is a very busy person. For him it is one of many tasks and he doesn’t seem to be that involved in the process. There is no separate person with sufficient authority who has the time and commitment, and this is a huge problem.”*

**—PWYP coalition member,  
Kazakhstan**

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However, weak leadership at the national level appears to be threatening the ability of several governments to successfully implement EITI. In Kazakhstan, a coalition member said that the absence of a leader with sufficient time and authority to guide the process had delayed implementation efforts. Coalition members noted that part of the reason that national committee meetings in Mauritania are hastily organized, leaving committee members with insufficient time to prepare, is that the leaders of the initiative are constantly pulled toward other priorities. According to one coalition member in Cameroon: “In terms of leading the EITI, the important responsibilities have been given to politicians with a very busy agenda. This is the case with the minister of finance. This might explain the lack of communication on the EITI committee.”

The PWYP coalition calls on all endorsing governments to appoint officials with the capacity to lead the EITI process. In particular, they must:

- **Have the time, bureaucratic skill, and political influence to be effective.**
- **Be in the post for sufficient time and manage staffing transitions sufficiently well to ensure continuity in EITI implementation.**

### **3: Recognize that genuine civil society participation is a requirement of EITI and support its active engagement in each critical step of the EITI process.**

The fifth EITI criterion requires that “civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate.” In IAG discussions of the validation process it was agreed that although a country may “sign-on” to EITI with limited civil society involvement, it cannot progress to being either a “candidate” or “compliant” without genuine civil society participation during critical stages of the process, such as the drafting of working plans and reporting formats, and the selection of auditors.<sup>3</sup>

There are some examples in which civil society was given genuine opportunities to contribute to the EITI process, resulting in more effective and robust implementation. For example, in Ghana, a coalition member who is a civil society representative on the multi-stakeholder committee said that he had been given real opportunities to contribute to the development of reporting formats. According to this member, civil society pushed for the publication of payments from the federal government to provincial councils—the first and only effort to expand EITI to the sub-national level—as well as the publication of information about specific government expenditures. Both of these proposals have reportedly been incorporated into the reporting formats in Ghana, an outcome that is highly beneficial for EITI implementation. In Peru, a civil society representative who served on the informal working group said that the civil society representatives in that group lobbied for a robust strategy to disseminate information on EITI to the mining regions and that this suggestion was ultimately incorporated into the working plan.

However, in several cases civil society members reported feeling marginalized during substantive steps of the EITI process. In some countries it appears that civil society engagement has been more limited because multi-stakeholder committee meetings were infrequent. In the Kyrgyz Republic, according to a member of the NGO consortium who sits on the multi-stakeholder EITI Consultative Council, although meetings are supposed to occur every three months, the committee only met twice in the past two years. A Nigerian PWYP member said that the multi-stakeholder committee, the National Stakeholder Working Group (NSWG), has

not met in the past six months, fueling perceptions that civil society is being marginalized in the EITI process.

In other countries, PWYP members reported that meetings are frequently organized at the last minute, making it impossible for civil society representatives—especially those not residing in capital cities—to attend. In Cameroon, a coalition member said that hastily organized committee meetings made it difficult for civil society representatives to participate. Moreover, when civil society representatives asked members of the Cameroonian EITI Secretariat to distribute minutes of those meetings that they were unable to attend, the coalition member said that the secretariat told them that “this procedure is not in the practice of the Cameroonian administration.” In Kazakhstan, a coalition member said that committee meetings are often called the night before, making it impossible for regional civil society representatives to travel to the capital city of Astana.

In some countries, civil society participation appears to have been limited by the failure of government officials to distribute important documents prior to committee meetings, even though these documents were to be discussed and approved at meetings. In both Cameroon and Mauritania, PWYP coalition members report that the work plans were distributed during the same meeting in which the plans were to be approved. As a result, the civil society representatives were not sufficiently prepared to make substantive contributions to the proposed document.

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*“Civil society did not get a chance to make contributions on the working plan. The government came with the documents to the meeting and went through them at the meeting... Civil society representatives did not have time to prepare because the documents were not made available before the meeting. As a result there was no basis for an informed decision on the part of civil society.”*

**—PWYP coalition member,  
Cameroon**

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Whether deliberate or simply a result of bureaucratic inefficiency, these experiences have fuelled the perception that other actors involved in EITI implementation are not genuinely interested in the ongoing participation of civil society. A PWYP coalition member in the Kyrgyz Republic put it this way: “The government, some companies, and some international experts have the idea that NGOs should only have a passive role. They think they should only inform us, that is all. They are not interested in discussing issues with us. A World Bank representative told me at one point that civil society should not be so involved—that EITI is not for civil society.”

PWYP calls on all stakeholders to recognize that genuine civil society participation is a requirement of the EITI. Governments and IFIs must support civil society’s active engagement in each critical step of the EITI process. In particular, EITI implementation would be strengthened if these actors would:

- Give consideration to the mechanisms for support of civil society participation from the very start of engagement with EITI.
- Support civil society to actively participate in each vital EITI stage including decisions on national governance structures for EITI, the drafting of work plans, design of reporting formats, selection of auditors, and analysis of auditor’s findings.
- Give civil society relative parity to the other major stakeholders on multi-stakeholder committees.
- Give multi-stakeholder committee members—including civil society representatives—advance notice about upcoming meetings and distribute meeting materials in advance so that committee members have sufficient time to review them before meetings.
- Distribute minutes of multi-stakeholder committee meetings to all committee members.

## **4: Ensure that no civil society campaigner is harassed or intimidated for their work to promote transparency.**

Governments that repress civil society activists working to promote transparency not only violate fundamental human rights but also render meaningless the main objectives, criteria, and principles of EITI. Although some EITI endorsing governments have generally respected the civil and political rights of citizens, other governments have intimidated civil society activists engaged in efforts to promote the transparent and accountable management of natural resource revenues.

A serious illustration of this problem is the government’s detention and trial of Christian Mounzeo and Brice Mackosso, the two coordinators of the PWYP coalition in Congo–Brazzaville. The trial of Mackosso and Mounzeo is an example of the continued willingness and capacity of regimes in fragile democracies to repress civil society activists engaged in the struggle against corruption. Indeed, statements made by the Pointe-Noire Prosecutor to the two men at the time of their arrest, the substance of their interrogation by police officers, and the confiscation of documents related to their campaign activities (and not the filed charges) all suggest that the trial may be a politically motivated attempt to silence their calls for more responsible management of Congo–Brazzaville’s oil wealth.<sup>4</sup>

However, in other countries ruled by authoritarian regimes but whose governments have endorsed EITI, the situation with respect to civil society is far worse. For example, in Equatorial Guinea, President Teodoro Obiang Nguema’s government endorsed EITI in 2005.

Yet, the fact that the regime has been routinely criticized by both governments and non-governmental organizations for systematically restricting basic civil and political rights, such as freedom of expression, indicates that the space for any civil society activism on issues of corruption and transparency appears to be non-existent.<sup>5</sup>

PWYP calls for all actors to ensure that civil society campaigners are not harassed or intimidated for their work to promote transparency. In particular, EITI implementation will require:

- **Endorsing governments to protect the rights of all their citizens, including civil society campaigners.**
- **The EITI Board to investigate cases of alleged harassment by endorsing governments.**
- **All EITI stakeholders to use all available diplomatic and other means to protect the human rights of transparency campaigners when these are threatened.**

PWYP also calls on the Congolese authorities to immediately drop all charges against Christian Mounzeo and Brice Mackosso.

## **5: Ensure that civil society representatives are genuinely from that sector and not from those representing the interests of others such as political parties or companies.**

Civil society is traditionally defined as the “third sector,” differentiated from actors whose mandate is to represent government/political actors or private companies. Examples of civil society organizations include: community-based/grassroots organizations, national NGOs, international NGOs, media associations, trade unions, academic and research institutions, faith-based organizations, and registered charities. The mandate and independent status of NGOs allow them to hold actors from the other two sectors to account for their impact on the public interest. Maintaining legitimate and effective civil society participation in EITI requires ensuring that civil society representatives are independent of both company and government interests and influence.

There have been some positive examples in which civil society representatives have remained independent during EITI’s implementation. In the Democratic Republic of the Congo (DRC) coalition members said that one of the positive aspects of the EITI process was that civil society selected its own members to the committee without government interference. In Azerbaijan, although there is no permanent multi-stakeholder committee, civil society chose its own representatives to the committee that selects the auditor. Likewise in Ghana, a coalition



member said that after it endorsed the EITI, government officials approached the national civil society umbrella organization and asked NGOs to nominate a representative to the 10-person national steering committee.

However, in several countries coalition members reported that civil society's independence and participation in EITI was undermined because they were not allowed to self-select their own representatives to multi-stakeholder committees. In Kazakhstan, Cameroon, Mauritania, and Mongolia, coalition members said that the government initially influenced or hand-picked civil society representatives to multi-stakeholder committees.<sup>6</sup>

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*“Some civil society representatives on the national stakeholder council were apparently selected by the minister of energy...There was no clean, transparent way of nominating and selecting representatives. Some of the groups that were selected have a poor understanding of the EITI. They do not seem to be that interested in it and they do not show up at many meetings. It has slowed down the process quite a bit.”*

**—PWYP coalition member,  
Kazakhstan**

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In Peru, a coalition member expressed concern about the manner in which civil society has been brought into the EITI process. Prior to May 2006, the government had established an informal multi-stakeholder EITI working group—not an official multi-stakeholder committee—which included civil society representatives. However, the coalition member said that: “The World Bank basically handpicked a few civil society members to participate. It felt like the group was imposed by the World Bank even though everyone shares the same goals and philosophy.” In a move that will hopefully address this problem, the Peruvian government in May 2006 issued a supreme decree endorsing an EITI work plan and establishing a multi-stakeholder committee. According to the decree, civil society organizations will be allowed to select their own representatives to the committee.

Even in a country that has made substantial progress in implementing key steps of the EITI process, such as Nigeria, civil society's independence and quality of EITI participation was initially hampered by the government's interference in the selection of civil society representatives to the NSWG. A member of the Nigerian PWYP coalition said that in 2004, President Obasanjo invited three civil society representatives to serve on the 28-member NSWG. According to the PWYP member: “The participation of civil society has been flawed because of the way the president selected civil society representatives to the NSWG. There was also no mechanism for the civil society representatives on the NSWG to report back to larger civil society. This has been the cause of several problems in implementing EITI. There has not been proper civil society consultation in the design of the work plan and the reporting formats.” To broaden engagement with civil society, another group—the Civil Society Steering Committee—was established in June 2005 and is comprised of 10 civil society representatives selected

by a broad civil society coalition. In February 2006, the NSWG and representatives of the civil society steering committee signed a memorandum of understanding that coalition members hoped would institutionalize a process that broadens the scope of civil society engagement in the EITI process.

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*“On the National Council, no members currently come from civil society, at least as we understand civil society. Right now the representatives that are supposedly from civil society are actually representatives from industry associations. This is a problem.”*

**—NGO representative, Mongolia**

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One problem with allowing governments to select civil society representatives to multi-stakeholder committees is that they have frequently expanded the concept of civil society to include actors such as representatives from industry associations, political parties, and parliaments. According to a coalition member in Mongolia, the government’s role in selecting civil society representatives resulted in the appointment of individuals who represented company interests. In Mauritania, coalition members said that the government selected members of political parties as part of the civil society delegation to the National Committee, the multi-stakeholder body established in January 2006. In Cameroon, members of the PWYP coalition said that when the government initially selected civil society representatives to the multi-stakeholder committee, it included members of parliament as part of the civil society delegation.

The PWYP coalition calls on stakeholders to ensure that representatives of civil society are genuinely from that sector. In particular, they should:

- Allow civil society to self-select its own representatives to multi-stakeholder committees.
- Avoid expanding the concept of civil society representation to include industry associations, representatives of political parties, and parliamentarians.

## **6: Increase financial and technical support to build civil society’s capacity to participate in EITI.**

Limited civil society capacity—both in terms of financial resources and technical expertise—poses a challenge to the success of EITI. This is because one of the key mechanisms by which

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*“The biggest challenge for civil society is lack of expertise and lack of capacity to analyze data derived from EITI reports. Only a limited number of people in the coalition have the expertise. During multi-stakeholder meetings with oil companies and government, civil society often lacks the capacity and is less prepared to be an equal participant in some of the technical discussions.”*

**—PWYP coalition member,  
Azerbaijan**

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greater transparency should lead to better revenue management is through the increased accountability of government to local civil society (as representatives of the broader public). The latter must have a similar level of understanding to that of government. Building knowledge, skills, and confidence in these financial issues requires long lead times. Delaying civil society capacity building may undermine the whole EITI purpose of improved accountability.

Every coalition member interviewed for this report expressed the view that civil society organizations lacked adequate technical expertise to participate in EITI in as meaningful a manner as they would like. In Cameroon, a PWYP coalition member said: “There must be much more capacity building in civil society so that members can have a better understanding of the technical tools of EITI, such as the audits and reconciliation process.”

In addition to the need for technical support, civil society organizations often face difficulty in raising the funds they need to participate in the EITI process. Coalition members in both the DRC and Kazakhstan pointed out that because of limited funds, coalition members in the regions experience difficulty in traveling to the respective capitals, Kinshasa and Astana, for EITI-related meetings. According to a member from the DRC: “The lack of financial resources represents one of the major problems which prevents civil society groups from working efficiently. Members of the coalition who live in Lumbubashi in eastern DRC experience difficulties in traveling to Kinshasa where most meetings take place. Those members in the field with great knowledge of the issues in their area miss meetings and cannot discuss in detail the problems relevant to EITI.” A coalition member in Ghana said that his organization has developed a plan for a communications strategy on EITI targeting the media and mining communities, but cannot implement it without financial support.

Support to civil society must be independent of national government agencies, whether provided directly to local groups or via international NGOs who can effectively redirect these funds locally. In Ghana, a PWYP coalition member said that the UK Department for International Development’s ability to support civil society groups involved in EITI had been undermined by the department’s recent insistence that funds intended for civil society be channeled through the government—a condition that civil society groups refused because of their belief that it would compromise perceptions of their independence.

PWYP calls on EITI stakeholders to directly increase their financial and technical support to civil society groups in implementing countries. In particular:

- Capacity building and financial support to civil society should be planned, budgeted, and implemented at the same time as support to other sectors such as government. This should be reflected in the national work plan.
- Similar to the support provided to implementing governments, donors, and IFIs should provide support to EITI's civil society participants, either through contributions to the EITI Trust Fund or through bilateral aid programs. The need for flexibility to respond to unanticipated and smaller scale needs is particularly relevant to support for local civil society.
- Companies should also provide technical and financial support where appropriate.
- The EITI Secretariat should also have adequate staff and other resources to coordinate technical and financial assistance to civil society.

## 7: Allocate sufficient funds to cover EITI costs in annual budgets and ensure that these are disbursed in time to support planned activities.

Earmarking funds for EITI implementation is essential to ensure that EITI activities can be undertaken without undue delays and uncertainty and to demonstrate a commitment to EITI, both by endorsing governments and companies.

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*“Each year the issue of funding for the audits is a problem. Most companies decline to contribute since these kinds of expenses are not included in their regular budget for operations.”*

**—NGO coalition member, Azerbaijan**

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In several countries, coalition members reported that EITI implementation has been delayed by ad hoc funding arrangements. In Azerbaijan, members of the local NGO coalition claimed that specific funding arrangements for EITI activities such as the audits were not specified in the memorandum of understanding, signed in November 2004, nor were EITI costs included in annual government budgets. They suggested that the confusion and uncertainty over funding arrangements had delayed progress in implementing EITI.

A coalition member in Ghana said that EITI implementation had been delayed because the government did not include EITI costs in its annual budget. In Mongolia, an

NGO representative suggested that the government is not prepared to support EITI if it means bearing the financial costs and that this reluctance to allocate funds belies its professed commitment to EITI. According to this representative: “As long as the World Bank funds this, they don’t mind it. But if the government has to put some money in it, I don’t know that they would support it.” In Peru, an NGO coalition member said that the government lacks the will to commit resources toward EITI implementation. According to this representative: “Another problem is that the government has not put in any money. The World Bank has had to pay because the government is not willing to. This reflects a lack of political will.”

The PWYP coalition calls on stakeholders to clearly earmark funds to cover EITI costs in annual budgets and ensure that these are disbursed in a timely way. In particular, this may mean:

- **Developing a clear and adequate budget at the same time as the work plan.**
- **Releasing or transferring funds at the start of the financial year to the control of the EITI Working Groups or at least prior to the implementation of planned activities.**

## **8: Provide adequate technical and, in certain cases, financial support to governments implementing EITI.**

Although some western governments and IFIs have played a critical role in jumpstarting the EITI process, much more needs to be done to help ensure successful national implementation of the initiative. Donor governments and international financial institutions could further support EITI implementation through the provision of more comprehensive skills training, technical support, and in certain “hardship” cases, financial assistance to implementing governments. Because many governments that have endorsed EITI suffer from weak or even collapsed governance structures, robust international support is necessary to help these states implement the initiative.

Financial assistance could be provided through contributions to the Multi-Donor Trust Fund managed by the World Bank<sup>7</sup> or directly through bilateral aid programs. The latter have a particular use when they can be implemented with greater flexibility and relatively shorter lead times than funding mechanisms that must follow World Bank procedures.

Donor governments and IFIs have been instrumental in supporting the efforts of implementing governments through the provision of technical and financial assistance. According to the official EITI website, the governments of Norway, the United Kingdom, Netherlands, and Germany have made contributions or commitments to contribute to the Multi-Donor Trust Fund, with the United Kingdom as the largest donor. In addition, the Norwegian government has established the Oil for Development program, which provides

technical and financial support to developing governments dependent on natural resource revenue seeking to improve transparency and good governance. Finally, during its series of meetings from 2005 to 2006, the IAG supported the establishment of an EITI Secretariat with adequate staff and other resources to help coordinate financial and technical assistance to implementing countries.

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*“I have a sense that the government signs on to a lot of initiatives but then lacks the staff and technical and financial resources to follow through. I have a feeling that this is the problem. I think that one of the major roles of the World Bank is to help put in place structures and mechanisms for implementation, but so far this hasn’t happened.”*

**—Member of the National Advocacy Coalition on Extractives (NACE), Sierra Leone**

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Despite these positive developments, PWYP coalition members from several countries believe that government implementation of EITI has so far been hampered by a lack of technical expertise and, occasionally, financial resources. In addition to the problems in Sierra Leone described in the text box, a coalition member said that the Mauritanian government’s lack of capacity has prompted the World Bank representative to act as the de facto secretary for EITI implementation. According to the coalition member: “The lack of government capacity is one of the biggest problems in EITI. We need to launch a serious training program for everyone involved in the process. Otherwise it will just be the World Bank pushing the process without even government officials understanding and participating.” In the DRC, a coalition member said that he frequently feels that government officials at multi-stakeholder EITI committee meetings lag behind in their understanding of EITI concepts and that this renders the meetings less productive.

The view expressed by PWYP coalition members mirrors the conclusions of a recent report commissioned by the EITI Secretariat on EITI implementation in the mining sector. According to the report: “In-country EITI implementation processes need more consistent support if they are to be effectively carried out. This view was repeated by all host governments, mining companies and civil society representatives involved in in-country EITI processes.”<sup>8</sup>

PWYP calls for the provision of greater technical and, in some cases, financial support to endorsing governments. In particular:

- **Donors and IFIs should provide technical and, in some cases, financial assistance, either through contributions to the EITI Trust Fund or through bilateral assistance and aid programs. The latter should retain the flexibility to respond to unanticipated and smaller scale needs.**
- **Companies and civil society organizations should also provide technical and financial support where appropriate.**

- All EITI stakeholders should support the establishment of a robust EITI Secretariat endowed with adequate staff and other resources to coordinate technical and financial assistance to implementing governments.

## 9: Disaggregate data by company and by payment/revenue type in reconciled reports of company payments and government receipts.

Where extractive industry financial flows have previously been completely hidden from public scrutiny, it is a significant step forward for a government to publish the reconciled aggregates of total company payments against total government receipts. However, “aggregating” the figures together in this way brings a number of problems for citizens, civil society, companies, and governments. Not only do citizens have a right to know about the individual contributions of companies to the national economy, but without knowing which companies are paying what kinds of revenues, it is impossible for civil society to clearly identify the sources of leakages and take steps to alleviate the problem. In addition, aggregating data allows a poor performance by one company to drag down the reputation of other companies. Finally, the inability to check total figures against individual payments and receipts does not foster public confidence in the process, even though the development of such trust between governments and their citizens is vital for political stability.

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*“The publication of disaggregated data is one of the main achievements of the Nigerian civil society coalition. The disaggregated reporting as reflected in the Hart Group audit report has greatly aided our understanding of who among the entities is paying what to the government.”*

**—PWYP coalition member, Nigeria**

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Much more beneficial is the approach of “disaggregation” where the revenues and payments are presented in more detail, i.e. broken down into payments/receipts relating to particular companies and revenue streams. The disclosure of such disaggregated data provides the kind of information about extractive revenues that local actors need to compare payments with receipts and to hold governments and companies to account for these revenue flows.

Of the two countries that have actually published audited, reconciled reports, Nigeria has published disaggregated data. According to members of the Nigerian PWYP coalition, the disclosure of disaggregated data in the reconciled reports published in April 2006 is critical to their ability to analyze and address uncovered discrepancies

between payments and receipts. In addition, Ghana has announced its intention to publish information disaggregated by company, mineral, and revenue stream.

In contrast, information disclosed in Azerbaijan’s four reconciled reports was not disaggregated by company. According to members of the Azerbaijan PWYP coalition, the absence of disaggregated data has hindered their ability to analyze discrepancies and seek improvements. A PWYP coalition member in Azerbaijan said: “Since each oil company operates in Azerbaijan under terms of production sharing agreements (PSAs), individual disclosure of information would allow analysis of each company’s payments against their commitments under the PSA. When there are discrepancies in the figures provided by the state and aggregated figures provided by the oil companies, the lack of individual disclosure does not allow deep analysis and investigation of the causes of this divergence.”

Some companies have stated their concern that the disclosure of payment information disaggregated by company and revenue stream will damage their commercial competitiveness. However, in Nigeria, where the reconciled report released in April 2006 presented data disaggregated by company, none of the companies included in the report—such as Shell, Exxon, and Chevron—have claimed to have suffered any negative commercial ramifications. Two Norwegian oil companies—Statoil and Nordsk-Hydro—have recently announced that they plan to publish most of their material payments to governments in every country where they operate in their annual reports.<sup>9</sup> The Canadian company Talisman already publishes its royalty payments to governments in its annual reports. Shell believes that in countries that are implementing EITI individual company payments should be disclosed, although it is ultimately up to the host government to decide.<sup>10</sup>

PWYP calls on all stakeholders, especially implementing governments and companies, to support the publication of data disaggregated by company and by payment/revenue type.

## **10: Institutionalize EITI in statutory law to help insure continuity and long-term sustainability.**

In many countries, even in those that have made substantial progress toward implementing EITI, the government’s future commitment to the initiative remains uncertain simply because of the possibility of regime change. The likelihood of continued government support for EITI will be enhanced if the initiative is embedded in statutory law, rather than simply authorized by executive decree.

In a few countries, there have been efforts to institutionalize EITI in statutory law. For example, in Nigeria the executive has drafted the Nigeria Extractive Industry Transparency Initiative (NEITI) bill, which is currently under consideration by the legislature. If passed,



the bill would legally establish the institutions and codify the functions of the NEITI.<sup>11</sup> This is particularly important in Nigeria, where the impending 2007 presidential and legislative elections have stoked concerns that the new president might not demonstrate the same level of commitment to EITI. In Ghana, a coalition member said that the government has accepted civil society's proposal for the executive to bring a bill that would institutionalize EITI before parliament.

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*“Passing the NEITI bill is very important. The new government can decide not to continue with EITI and this is a way to ensure that the process will continue. It would also give it legitimacy in the legislature which is very important.”*

—PWYP coalition member, Nigeria

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In most countries that have endorsed EITI, the government has only authorized implementation of EITI through an executive decree. For example, in Mauritania, on January 12, 2006, the prime minister signed a decree creating a national committee to implement EITI.<sup>12</sup> According to a coalition member, in May 2006, the executive branch of the Peruvian government passed a Supreme Decree which officially authorized implementation of EITI and established an EITI working plan and multi-stakeholder committee. In such cases, future continuity might be further enhanced by reflecting this commitment in binding legislation.

PWYP calls on endorsing governments to institutionalize EITI in statutory law.

## **11: Support the mainstreaming of EITI aims and approaches into other mechanisms that will increase and sustain government and company financial transparency.**

The participation of resource-dependent governments in EITI is voluntary and dependent on political will. At present, company reporting relies on these resource-dependent governments to take the lead and only takes place in countries where, and for as long as, they require them to do so.

In recognition of the need for more systematic and sustained transparency, discussions in the IAG have led to the recommendation that EITI aims and approaches must be mainstreamed into other mechanisms that affect government and company financial disclosure. Some of these mechanisms include: IFI lending requirements, export credit guarantee requirements, accounting standards, and stock market listing requirements. PWYP members feel that these mechanisms are one of the most important areas for focus.

Some IFIs have already made commitments and progress in terms of mainstreaming requirements for systematic transparency. For example, both the International Finance Corporation (IFC) and the European Bank for Reconstruction and Development (EBRD) now have disclosure provisions in their lending requirements for extractive industry projects. These apply to both the governments of resource-rich countries and extractive companies.<sup>13</sup>

With regard to stock markets, the London Stock Exchange's Alternative Investment Market (AIM) now includes a listing requirement for oil, gas, and mining companies to disclose on a country-by-country basis. The AIM guidelines state that a company should disclose "any payments aggregating over £10,000 made to any government or regulatory authority or similar body made by the applicant or on behalf of it, with regards to the acquisition of, or maintenance of its assets."

The moves toward the convergence of the International Financial Reporting Standards (IFRS) and the Generally Accepted Accounting Principles (GAAP) offer opportunities to integrate reporting requirements in line with the principles of improved transparency. Of key concern are IAS 14 (Operating Segments) and standards relating particularly to the extractive industries that are currently under discussion.

PWYP coalition members in those countries that have actually reached the stage of publishing reconciled reports say that experience thus far suggests that these types of mechanisms might be necessary to ensure robust and timely company participation in EITI. In Azerbaijan, a coalition member said that the delay of submissions by smaller oil companies has resulted in missed deadlines and the delayed release of the auditor's report. This representative contended that mechanisms that require companies to provide accurate and timely information would help alleviate this problem. Similarly in Nigeria, some companies were extremely slow in providing information to the agency producing the reconciliation report, despite direct instructions from the Nigerian government and its clear announcement that it had waived any confidentiality clauses.

PWYP believes that mechanisms that make country-by-country payment disclosure mandatory reinforce and sustain the positive progress that EITI has made so far and will help ensure that revenue transparency in the extractive industries is fully integrated into national and international norms and standards.

PWYP calls on all actors to support the mainstreaming of EITI aims and approaches into other mechanisms that will increase and sustain government and company financial transparency. In particular, home governments, companies, and the EITI Board should support integration of transparency requirements into:

- **International accounting standards**
- **Stock market listing requirements**

- Export Credit Guarantee requirements
- IFI lending requirements

## **12: Support contract transparency as an essential step toward achieving revenue transparency and accountability.**

Without the disclosure of investment contracts between foreign companies and host governments, it is impossible for citizens to know what their country's natural resources are being sold for or to judge whether payments made match the terms of the original agreements. Such contracts provide the terms and formulas used to determine how costs will be determined and how profits will be divided between the company and the host government. In order to hold governments and companies accountable, the public needs to know the terms of the agreement between the company and the host government.

Although governments and companies frequently contend that the disclosure of contract terms will erode commercial and competitive advantages, the IMF's Guide on Resource Revenue Transparency notes that: "In practice, however, the contract terms are likely to be widely known within the industry soon after signing. Little by way of strategic advantage thus seems to be lost through publication of contracts."<sup>14</sup> In addition, commercial services often make contracts available for a fee.

PWYP members agree on the vital importance of contract transparency. Respondents from both the Kyrgyz Republic and the DRC said that secrecy surrounding many investment contracts and concessions makes it difficult to implement a meaningful EITI process.

Contract transparency could also help prevent disputes such as the recent row between the Chadian government and oil companies Chevron and Petronas. In late August 2006, Chad President Idriss Deby expelled Chevron and Petronas, contending that they underpaid their tax obligations, a charge both companies deny. If some of the basic terms of the commercial agreement between the companies and government were in the public domain, and if the companies individually published their payments, there would be far less room for suspicion.<sup>15</sup>

PWYP calls on all actors to support contract transparency as an essential step toward achieving revenue transparency and accountability. In particular:

- **The EITI Board should develop specific recommendations about incorporating contract transparency into EITI.**

## 13: Create sub-national reporting schemes over the coming year.

In many natural resource dependent countries, some proportion of revenues collected at the federal level are then transferred to regional, state, and local governments according to legislated formulas. According to a recent report on the sub-national implementation of EITI, 17 of 56 natural resource-endowed developing countries have either a formal statutory or explicit policy-driven framework for the transfer of natural resource revenues from national to sub-national governments.<sup>16</sup> In some, companies make direct payments to sub-national level entities. The report identifies several mechanisms whereby revenue mismanagement at the sub-national level results in corruption, poverty, and conflict, such as patronage-driven inter-governmental revenue transfers and the lack of a legal framework for sub-national levels of government to report their financial accounts.<sup>17</sup>

Any comprehensive effort at revenue transparency also requires the public disclosure of payments made or transferred to these sub-national levels of government. In recognition of its importance, the IAG has recommended that the EITI conduct further work on the question of sub-national implementation.<sup>18</sup>

In some EITI-endorsing countries, stakeholders have already begun to address the issue of sub-national reporting of revenues. According to a PWYP coalition member, in Ghana about 5 percent of national mining revenue is directly transferred to district assemblies, the local government structure. Recognizing the importance of disclosing these revenue transfers, civil society organizations successfully campaigned for the publication of payments from the federal government to the district assemblies—the first effort to expand EITI to the sub-national level. In Nigeria, in an initiative separate to the NEITI, the government has begun to publish transfers to state governments from the national level.

PWYP calls on all actors to support the EITI Board to develop specific recommendations about financial transparency at the sub-national level and to implement them at the earliest possible time.

## **14: Encourage and support EITI-implementing governments in establishing mechanisms that promote transparent and accountable expenditure management.**

Although the focus of EITI is the public disclosure of government revenues from natural resources, achieving the ultimate objective—the better management of natural resource wealth for the benefit of citizens—requires the establishment of mechanisms that go beyond transparency to promote more responsible management of government expenditures. Transparency is not an end in itself, but a tool for increasing public accountability and improving the chances that the greatest number of people possible will benefit from a country’s natural resource wealth. Consequently, it is important to focus not only on making resource revenue payments (from companies) and receipts (by governments) transparent and understandable to citizens, but also on promoting the accountable and transparent management and expenditure of government revenues in resource-rich countries.

In several EITI endorsing countries, such as Azerbaijan, Chad, Timor-Leste, Mauritania, and Sao Tome and Principe, there has been more focus on expenditure management, primarily through the creation of oil funds and sometimes a legal framework to manage them. Oil funds and/or other mechanisms for expenditure management are necessary—if insufficient—to ensure the responsible management of oil revenues.

Coalition members from Azerbaijan, Congo–Brazzaville, Ghana, and Mauritania said that mechanisms focused on expenditure management should be put in place alongside EITI in order to achieve the initiative’s ultimate objectives. According to a PWYP coalition member in Ghana, reporting templates have already been designed to include information on government expenditures right from the start.

PWYP calls on all actors, especially the EITI Board to support implementing governments in establishing mechanisms that promote accountable expenditure management.

# CONCLUSION

Four years after the launch of EITI, much progress has been made. Twenty-one governments have endorsed the initiative, two have produced audited and reconciled reports, and several others have established the basic institutions that are a prerequisite to implementation. The EITI's International Advisory Group and Secretariat have devoted extensive work to developing guidelines, criteria, and governance structures essential to the initiative. Many oil, gas, and mining companies have offered rhetorical, and sometimes, practical support to the process. Finally, PWYP has established local civil society coalitions in endorsing countries to support national efforts to implement EITI.

Despite this converging momentum among different stakeholders, several issues pose a fundamental challenge to the successful implementation of EITI and to its ability to achieve its ultimate objective of full revenue transparency as a key component of good governance and development in resource-rich countries. Some of the problems that have been discussed in this report include the failure of several endorsing governments to recognize the central role of civil society organizations, intimidation and marginalization of civil society activists, mismatches between rhetorical commitments and concrete actions to implement EITI, weak political leadership and inadequate company participation at the country level, insufficient technical and financial support to implementing governments and civil society, and limited progress in mainstreaming of transparency requirements into standard financial mechanisms.

Ensuring that the EITI is comprehensively and successfully implemented will require a renewed and intensified commitment among all stakeholders. It is with this in mind that PWYP calls on all stakeholders to work with the new EITI Board and Secretariat to implement the 14 recommendations that have been outlined in this report. These policies and changes can help end the “curse” of extractive sector revenues and transform them into a source of development and prosperity for all citizens of resource-rich countries around the world.

# NOTES

- 1 The five countries where interviews were not possible are: Chad, Equatorial Guinea, Gabon, Guinea-Conakry, and Niger.
- 2 It should be noted that the “completion” of some of these steps is no guarantee of their quality. For example, coalition members in both Cameroon and Kazakhstan criticized the quality of the work plans, contending that these one page documents lacked sufficient detail to guide stakeholders in implementation.
- 3 Particularly at the EITI workshop in Bonn, August 31–September 1, 2006.
- 4 On April 6, 2006, Congolese (Brazzaville) security forces arrested Christian Mounzeo and Brice Mackosso, and later charged them with breach of trust, complicity with breach of trust, and forgery. These charges were related to a civil complaint alleging that the two men had misappropriated funds from Rencontre pour la paix et les droits de l’homme (RPDH)—a human rights organization founded by Mounzeo. Despite the fact that on June 2, 2006, the pretrial judge found no evidence of embezzlement and retained only one charge of forgery relating to the addition of a signature to the RPDH account—an allegation refuted by the RPDH and the bank where the account was held—the trial of the two men began on June 13, 2006. At the time of this writing in August, the trial continued and was increasingly characterized by violations of Congolese law and international human rights conventions to which the Republic of Congo is a signatory. Some of these violations include arbitrary detention, illegal searches without warrants, the seizure of documents unrelated to the charges and without them being entered into the legal record, and the submission of an appeal by the public prosecutor challenging the pre-trial judge’s decision to drop the charges of misappropriation outside the legally permitted time frame.
- 5 See, for example, the U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, *Country Reports on Human Rights Practices: 2005*, March 2006, available at <http://www.state.gov/g/drl/rls/hrrpt/2005/index.htm>.
- 6 After the Cameroonian and Mauritanian chapters of the PWYP coalition protested, both governments allowed civil society to select additional representatives, although in Cameroon it has yet to officially amend the membership of the committee. A coalition member from Cameroon said that this has created problems because these members are frequently not even invited to the meetings.
- 7 The Multi-Donor Trust Fund for the Extractive Industries Transparency Initiative (EITI) was established in August 2004 and is supposed to provide financial support to countries seeking to implement EITI. It is administered by the World Bank. For more information, see <http://www.eitransparency.org/section/abouteiti/mdtf>.
- 8 Avanzar LLC, *EITI and the Mining Sector: Stakeholder Research Report* (draft), p. 13. The draft report was accessed at [www.eitransparency.org](http://www.eitransparency.org).
- 9 According to information on Statoil’s website, Statoil plans to publish revenues, taxes, and payroll expenses, but not “profit oil,” because they are bound by confidentiality clauses. See <http://www.statoil.com/INF/SVG03595.NSF/UNID/23AA3BC39F36C3F1C125713E002EABB5?OpenDocument>.

- 10 For Shell's position see [http://www.shell.com/home/Framework?siteId=envandsoc-en&FC2=/envandsocen/html/iwgen/key\\_issues\\_and\\_topics/our\\_contribution/payments\\_to\\_governments/zzz\\_lhn.html&FC3=/envandsocen/html/iwgen/key\\_issues\\_and\\_topics/our\\_contribution/payments\\_to\\_governments/our\\_approach\\_to\\_payments\\_to\\_governments\\_24042006.html](http://www.shell.com/home/Framework?siteId=envandsoc-en&FC2=/envandsocen/html/iwgen/key_issues_and_topics/our_contribution/payments_to_governments/zzz_lhn.html&FC3=/envandsocen/html/iwgen/key_issues_and_topics/our_contribution/payments_to_governments/our_approach_to_payments_to_governments_24042006.html).
- 11 The draft bill was accessed at [www.neiti.org](http://www.neiti.org).
- 12 "Decree No. 2006, 001 supporting the creation, organization, and functioning of the EITI," January 12, 2006.
- 13 For example, in the IFC's Policy of Environmental and Social Sustainability (2006), "the IFC requires that: (i) for significant new extractive industries projects, clients publicly disclose their material project payments to the host government (such royalties, taxes, and profit sharing) and the relevant terms of key agreements that are of public concern (such as host government agreements (HGAs) and inter-governmental agreements (IGAs); and, (ii) in addition, from January 1, 2007, clients of all IFC-financed extractive industry projects publicly disclose their material payments from these projects to the host government(s)."
- 14 IMF, *Guide on Resource Revenue Transparency*, June 2005, p. 21.
- 15 See Chris Baltimore and Tom Doggett, "More Oil Deal Disclosure Could Diffuse Disputes," Reuters, August 29, 2006.
- 16 Overseas Development Institute, "Sub-national Implementation of the Extractive Industries Transparency Initiative (EITI)," a paper prepared for EITI Secretariat and Department for International Development (DFID), May 2006, p. vii.
- 17 Ibid, p. viii.
- 18 International Advisory Group, Draft Final Report of the EITI International Advisory Group, 8/14/06, Recommendation 5, p. 8.



## **Publish What You Pay**

The Publish What You Pay (PWYP) coalition campaigns for full transparency in the payment, receipt and management of revenues paid to resource-rich developing country governments by the oil, gas and mining industries. Greater transparency is an essential first step in order to ensure that natural resource revenues serve as a basis for sustainable development, economic growth and poverty reduction in these countries, where there are often high levels of corruption, conflict and human suffering. PWYP is supported by over 300 anti-corruption, development, environmental, human rights and faith-based civil society organisations from more than 50 countries worldwide and national civil society coalitions from across Africa, Central Asia and the Caucasus, Europe, Latin America, North America and South-East Asia.

[www.publishwhatyoupay.org](http://www.publishwhatyoupay.org)

## **Revenue Watch Institute**

The mission of the Revenue Watch Institute (RWI) is to improve democratic accountability in natural resource-rich countries by equipping citizens with the information, training, networks, and funding they need to become more effective monitors of government revenues and expenditures derived from extractive industries. An abundance of research has shown that natural-resource-led development too often not only fails to promote economic growth, but more often leads to lower growth, greater poverty, slower human development, corrupt and weak state institutions, and in some cases, violence and civil war. Revenue Watch works to ensure that the revenues generated by the extractive industries contribute to sustainable development and poverty reduction through the promotion of fiscal transparency in resource-dependent countries.

[www.revenuwatch.org](http://www.revenuwatch.org)





Launched in September 2002, the Extractive Industries Transparency Initiative (EITI) is a global effort to increase transparency and accountability for the revenues generated by oil, gas, and mineral industries and improve their use in reducing poverty and generating economic growth.

Produced by Publish What You Pay (PWYP) and Revenue Watch Institute, *Eye on EITI* examines the successes and challenges facing the initiative. The report is based on interviews with PWYP members on the ground and presents their insights into the realities of implementing EITI in specific countries.

*Eye on EITI* responds to these issues by providing 14 recommendations that outline crucial measures that various stakeholders can take to ensure that extractive sector revenues are a source of development and prosperity for all citizens of resource-rich countries around the world.