

**Extractive Industries Transparency Initiative
Implementation Support Facility Trust Funds
Management Committee Meeting
Tuesday, April 13, 2010
Berlin, Germany
FINAL Summary Notes of Meeting**

Present

Belgium	<i>Ms Karla Basselier</i> , FPS Foreign Affairs, Foreign Trade and Development Co-operation <i>Ms Annemie Lelie</i> , Belgian Embassy, Berlin
Canada	<i>Ms Donica Pottie</i> , Department of Foreign Affairs and International Trade
EC	<i>Mr. Lennart Deridder</i> , DG Energy
Finland	<i>Ms Tiina Johanna Kajakoski</i> , Ministry for Foreign Affairs
France	<i>Ms Magali Kreitmann</i> , Ministry of Foreign and European Affairs
Germany	<i>Ms Gabriele Zoeller</i> , Governance, Democracy, Rule of Law, Federal Ministry for Economic Cooperation and Development (BMZ) <i>Ms Katharina Gunselmann</i> , German Technical Cooperation (GTZ) <i>Mr. Oliver Wagener</i> , GTZ
Netherlands	<i>Mr. Wouter Biesterbos</i> , Senior Policy Officer, Human Rights, Good Governance and Humanitarian Aid Department, Ministry of Foreign Affairs
Norway	<i>Ms Bente Weisser</i> , Senior Adviser, Multilateral Bank and Finance Section, Ministry of Foreign Affairs
Switzerland	<i>Mr. Markus Schrader</i> , State Secretariat for Economic Affairs
USA	<i>Mr. Stephen Gallogly</i> , Director, International Energy and Commodity Policy, US Department of State <i>Mr David Henry</i> , International Energy and Commodity Policy, US Department of State
World Bank	<i>Mr. Paulo De Sa</i> , Manager, Oil Gas and Mining Unit (COCPO)—Chair of Meeting <i>Mr Anwar Ravat</i> , Program Manager, COCPO <i>Ms Diana Corbin</i> , Operations Officer—Donor Relations, COCPO
EITI	<i>Mr. Peter Eigen</i> , Chair, EITI Board <i>Mr. Jonas Moberg</i> , Head of EITI International Secretariat <i>Mr. Eddie Rich</i> , Deputy Head of EITI International Secretariat

Unable to Attend

Australia	<i>Mr. Joe Hedger</i> , Director, Governance and Anti-Corruption, Australian Agency for International Development
Spain	<i>Mr. Manuel de la Rocha Vazquez</i> , Advisor, Directorate General for Development Policies, Ministry of Foreign Affairs and Cooperation <i>Mr. Agustin Navarro de Vicente-Gella</i> , Senior Advisor, Ministry of Economy and Finance
UK	<i>Ms Geraldine Murphy</i> , Business Alliances Team, DFID

1. Introduction

The Management Committee (MC) of the EITI Implementation Support Facility Trust Funds (also known as the MDTF) met on Tuesday, April 13, 2010, at the offices of the EITI Chair in Berlin, Germany. Mr. Paulo De Sa, Manager, Oil Gas and Mining Policy Division (World Bank) chaired the meeting. Ten of the thirteen donors currently supporting the Facility Trust Funds attended the meeting.¹ The representatives from Australia, Spain, and UK DFID were unable to attend.

This MC meeting in Berlin was part of the regular reporting/meeting schedule, but was exceptional in that it took place two days before the EITI Board meeting. The meeting was an excellent opportunity to hear from the EITI Chair and Oslo Secretariat staff and discuss validation/extension status for the countries with March 9, 2010 deadlines.

2. Discussion with EITI Chair and Oslo Secretariat Staff

The Management Committee enjoyed a free and open discussion with Messrs. Peter Eigen (Chair, EITI Board), Jonas Moberg (Head, EITI Secretariat), and Eddie Rich (Deputy Head, EITI Secretariat) on various topics, as follows:

- **Pending applications for extension/voluntary suspension.** The discussion noted that no automatic extension was foreseen, but that there is need to find a pragmatic solution for each country with a realistic deadline. The MC agreed that it was important that decisions be taken at the Board meeting this week, on a country-by-country basis.
- **The two-year deadline for implementation.** Several MC members acknowledged that the two-year limit was originally decided to avoid free-riders using the EITI brand, but that the deadline itself has proved to be an “exceptional and unforeseen” circumstance for several of the countries. The two-year deadline has helped to concentrate efforts/actions, but the process to implement properly takes longer than originally thought.
- The World Bank expressed fears that delisting certain countries could have serious **development implications**. For example, in the case of DRC, delisting could adversely affect the ongoing process of debt forgiveness through HIPC; Peru’s delisting could have serious repercussions throughout Latin America, in Colombia especially.
- The point was also made though that EITI is **not a multi-lateral organization**—it is a multi-stakeholder initiative and can continue to engage even when the World Bank cannot, for instance in Kyrgyzstan, etc.
- The EITI Board’s **Policy Working Group** will have to make decisions on the two year limit among other issues. EITI also needs a clear policy and guidance for situations like Kyrgyzstan.

3. Progress Report and Specific Country Discussions

Ms Corbin presented the Progress Report and Work Plan Updates already sent to the donors before the meeting. Discussion ensued regarding Iraq (amount seems high, but due to the higher cost of doing business, the security situation, the need to start civil society engagement from scratch, etc., Iraq will be staff and time consuming). The World Bank also clarified that the nominal allocation for scoping in Bulgaria for transit revenues was the limit of the funding and no further work will be done with MDTF funds. The World Bank also clarified that the approach in Ukraine will be light touch for now, since the EITI global policy/template on transit issues was still under

¹ Current donors are: Australia, Belgium, Canada, the EC, Finland, France, Germany, the Netherlands, Norway, Spain, Switzerland, the UK, and the USA.

discussion at International EITI Secretariat. There are also nominal allocations for Guatemala, Senegal, Zimbabwe, Chad, and Rwanda as new candidates/interested countries.

Mr. de Sa confirmed that capacity building for civil society will likely be the biggest challenge for EITI and the MDTF going forward. The allocation for Indonesia is for slow progress, trying to get ready.

The representative from Norway stated that the biggest challenge of the moment will be how to deal with the lack of capacity on the part of civil society in many EITI countries. The current CSO proposal, which is welcomed, will not cover all EITI countries. In the past the World Bank did some workshops directly with civil society—often in cooperation with international or local CSOs—can such work still be done by the World Bank? The World Bank agreed to investigate ways of funding a new round of such workshops in the near future.

In terms of second phase funding, the Mr. Moberg stated that Validators are encouraged to be forward-looking, and the World Bank clarified that approval for second phase grants requires that they are for activities that have not already been done, and intended to deepen EITI in the country processes.

Detailed Country Discussions (including Political Economy Considerations) took place for: Equatorial Guinea, Sierra Leone, STP, DRC, Mozambique, and Peru

4. Financial Report and Work Plan Updates

Ms Corbin presented the new Financial Report and Updates to the Work Plan for FY10-12. The MC members noted that Zimbabwe is unlikely to implement EITI, and the representative from Canada stated that Canada is uncomfortable with more than a nominal allocation due to the Kimberley Process issues they have seen in Zimbabwe. For Kyrgyzstan, the World Bank has temporarily frozen activities and ceased engagement until there is clarity on legal status of the government – will reengage when the situation stabilizes.

The Financial Report and FY10-12 Work Plan Updates were approved, with the contingency that the Board discussion and decisions may affect this approval. The Management Committee also decided that there may be need for a conference call in May to discuss the implications of any Board decisions on Thursday and Friday. However, the MC decided that a conference call will not be necessary, after the Board meeting concluded.

5. Formal Adoption of Guidelines for Selection of Countries (discussed at previous meetings)

The MC discussed the document in tab 8 “Guidelines for Selection of Countries” and agreed that the most important criteria for Phase 2 Grants is that they should avoid being a straight repeat of Phase 1 goals, but focus on embedding EITI into the country. The possible options shown in the Guidelines on how to handle MDTF grants should a grant recipient be delisted from EITI were also discussed. The MC approved the Guidelines for Selection of Countries, including the alternatives on how to handle MDTF grants should a grant recipient be delisted from EITI.

6. Preview of MDTF Strategic Directions in relation to EITI Roundtable April 14 and EITI Board Meeting April 15-16

The MC discussed tab 9 Preview of MDTF Strategic Directions in relation to the EITI Roundtable.

7. Special Discussion session with all CSOs represented at EITI Board

The meeting was attended by Anthony Richter (Chairman of the Governing Board of Revenue Watch Institute), Radhika Sarin (Coordinator, Publish What You Pay), Alfred Brownell (Green Advocates, Liberia), and Christian Mounzeo (Coordinator PWYP Congo/President Rencontres Pour la Paix et les Droits de l'Homme, Republic of Congo). Mr. Richter started the session by asking about the availability of a published list of grants (on the website) and if private sector donors were part of the MDTF (not the case).

The following issues were discussed: MDTF outreach to new countries is a major issue for CSOs, with an increasing burden on international civil society, especially in countries not in their priorities. It would be good to have better coordination on early stage countries. Pre-candidacy and Post-validation phases are getting more important. LAC and EAP are under-represented and outreach efforts needed. AFR gets lots of efforts because the Regional Vice President, Ms. Ezekwesili, was supportive. There needs to be a Board policy regarding civil society participation in the multi-stakeholder process. Funding through MSG does not always fund some very important work, like analysis of EITI reports.

During the meeting, civil society representatives formally requested an MDTF-funded special civil society fund, similar to what currently exists for the Kimberley Process, managed by civil society. An alternative would be to have a direct grant allocation to civil society, paid to PWYP directly.

Civil society representatives also requested a need for a mechanism for improved effectiveness of working between civil society and the MDTF/Management Committee, including a platform for consultation. It would also allow for more effective spending/planning for MDTF funds to consult with civil society ahead of time—i.e., could avoid another situation like what happened for Ethiopia's candidacy, if the process could be better coordinated from the beginning. The World Bank team agreed to seek a more regular exchange of information with civil society.

The World Bank team also provided an update on the status of the procurement for the MDTF allocation to Civil Society capacity building for engagement on EITI issues. The assignment was resubmitted to a competitive bid process through the World Bank's new eConsultant2 system. The proposals are due May 14, 2010, and the selected firm is expected to begin work on July 1, 2010.

8. Date and Location of Next Meeting

The EITI Board decided that the next EITI Board meeting will take place on October 19-20, 2010, so the MC meeting will be scheduled for October 21. The location has not yet been decided and will be communicated later.