

Report of the Seminar for Reinforcement of Capacities of the Civil Society of Central, West and the Indian Ocean African Countries for the Extractive Industries Transparency Initiative (EITI)

Libreville/Gabon (25 to 27 June, 2007)

Introduction -The World Bank organized in Libreville – Gabon du 25 au 27 June, 2007 a seminar aiming at the reinforcement of the capacities of the civil society of African countries on the Extractive Industries Transparency Initiative (EITI)

Participants from 16 countries took part in this Seminar whose prime objective was brining together all concerned parties in the EITI process from central west and Indian Ocean African countries, in particular representatives of governments, oil and mining companies, as well as representatives of international organizations, civil society and experts recognized in the management of the oil and mining questions.

Context - In an environment of a growing demand for oil and minerals and of high prices, revenues from these industries in Africa will reach unprecedented levels. Since 1990's, more than two thirds of the foreign direct investment to this region is concentrated in oil, gas and mining. However, this surge of investments has not resulted in a significant improvement of the living conditions of the majority of the population. One rather notes a coincidence between the presence of natural resources and poverty, the corruption, the political instability and even of civil wars. Many countries rich in oil, gas and mineral ores have high rates of poverty today and register indices of human development among lowest in the world.

Studies have showed that one of the essential causes of this paradox is the quality of the governance and transparency. It is the promotion of the transparency in these extractive sectors in order to reduce the poverty which justified the rapid interest on the EITI. To date, 26 countries from Africa have adhered to it.

Objectives - The Seminar of Libreville had three aims:

- To bring together all concerned parties of the EITI process in central, west and Indian Ocean Africa
- To explain the essential technical and economic concepts of the scope, principles and mechanisms set up for the implementation of the initiative.
- To share experiences and lessons learned in the countries that have made progress and analyze the difficulties registered in other countries.

Agenda - The seminar began with an official ceremony marked by two speeches: one delivered by the Minister Delegated to Finances, SEM. Alexandre Barro Chambrier, representing the Gabonese government and by the Representative of the World Bank, Mr Olivier Pierre Frémond.

There were six presentations, four break-out sessions and a plenary at which representatives from the government and civil society of each participating country presented a brief report on the status and progress made in the implementation of the EITI in their respective case.

The presentations were the following:

- Introduction to EITI - Eleodoro Mayorga Alba, Principal Economist of the World Bank.
- The contracts between oil and mining companies and the governments of Africa - Claude Deroudilhe, Consultant.
- The role of the Independent Administrator – Philippe Mogin, Associated Ernst & Young.
- Importance of Transparency of the Public Finances - Anton Op de Beke, Principal Economist of the IMF
- The Mobilization of the civil company for EITI - Matteo Pellegrini, Coordinator of the Coalition Publish What You Pay
- The regional coordination: the proposal of the Bank of the States of Central Africa (BEAC) – Ghitu Mundunge, Head of the Industrial Environment and Commodities Office

The workshops were prepared around following topics:

- The production sharing contracts
- The role of the independent administrator
- The difficulties of NGOs to mobilizing civil society in Africa
- The implication of artists with the EITI

Main Deliberations

The presentations and workshops were followed by an intensive exchange of opinions that made it possible to reveal that in general way all participants agreed on the need of more transparency in management of public rents, in general, and of the mining and oil sector, in particular.

They wished to extend the scope of the EITI to other sectors (forestry, fishing, and management of the debt) and identified the importance of applying the governance and transparency principles of the EITI throughout all the chain of valorization of the natural resources, from the granting of contracts until the use of the incomes.

With respect to the confidentiality of the contracts, many participants recommended the integral publication of the contracts for better information and a more effective follow-up. On the types of contract - concessions or production sharing contracts - a preference on the latter made consensus despite the need of a better knowledge of the industry, an effective follow-up of the execution of the contracts, and, in particular the knowledge for trading operations for crude oil returning to the states.

The formalization of the EITI at the international level was explained. The process involved the establishment of a Board of Directors and a Technical Secretariat. The Secretariat is proceeding until end August 2007, to the pre-validation of countries willing to be candidates to the EITI. The requirements governments should fulfill to reach the pre-validation status are as follows: (i) Public declaration of adhesion to the EITI principles; (ii) Invitation to concerned parties (civil society and companies) to sit with the government in a local Committee for the EITI implementation, (iii) Nomination of Coordinator, and (iv) Preparation by the Committee of an action plan for the implementation of the principles of the EITI

In connection with the independent Administrator, whose mission is to guarantee the credibility of process EITI, it appeared certain confusion between its respective mission and the one the National Accounting Office and the external auditors. Certain participants raised a risk of conflict of interest if the same cabinet performs all the functions and recommended a precise clarification their respective roles.

About the transparency in the management of the Finance Public, participants recommended a greater coherence between the figures of oil revenue in the EITI reports and the implementation of the national budgets as well as the publication of these figures in a comprehensible language by the majority of the population.

The most interesting session of the Seminar comprised the analysis and synthesis of country cases on the implementation the EITI in Africa. The principal conclusions of the session at which government and civil society representatives presented their views on the countries achievements were the following:

1. The EITI process is a source of information and an excellent framework for exchanging and discussing the concerns of the different stakeholders. In a general way, the installation of this process is in progression in the region.

2. In Africa, there exist 12 coalitions of the civil society (Mauritania, Guinea Conakry, Sierra Leone, Liberia, Nigeria, Ghana, Ivory Coast, Niger, Chad, Cameroun, Congo Brazzaville, DRC). Moreover, the civil society is also mobilized in Equatorial Guinea, Angola, Madagascar, Zambia, Mozambique, Guinea Bissau, Botswana and South Africa and Gabon.

3. The EITI has progressed more in the countries where the engagement and political good-will of the government are more solid and consistent. Without this government commitment there is serious problems to advance and resolve difficulties.

4. The principal requests from the participants are summarized in term of:

- The training of civil society representatives and a continue support to the individual country process are key elements.
- The safety of civil society representatives. In this respect the participants to the Seminar ask to seize the International Board of the EITI so that the governments at the time of their adhesion grant the freedom rights necessary to these representatives to fulfill their functions.
- Improvement of the transparency of the oil contracts with the suppression of the clauses of confidentiality in the new contracts.
- An effort of disintegration of the data in EITI reports EITI being able to explain the discrepancies observed.

5. The assistance of the World Bank is a major element. Requests for assistance were expressed by the representatives of Equatorial Guinea, Cote d'Ivoire, DRC, Madagascar and Chad in order to launch the process or to start again it following the change of the government.

6. The importance of a strategy of communication to succeed in making available of the populations the progress achieved in general, the implications of reports/ratios EITI in the countries or these reports/ratios are already available.

Final comments

The EITI in Africa is a new concept, which covers a technical complex field. Very few NGOs are qualified to deal and discuss on questions of transparency and corruption, contracting in extractive industries. The participants thus identified a whole of challenges to take up. It appeared important to accelerate the activities of formation, communication and exchange of experiences.

The seminar of Libreville fell under this logic, which still requires to be repeated. The need for reinforcing the voice and the capacity of the civil company is essential, so to allow their representatives to mobilize other actors of the development around the EITI. NGOs must qualified, independent, be formed and made safe.

Thus, the World Bank and the other partners were challenged to continue helping to achieve this goal. According to participants', the meeting of Libreville was very enriching, it made it possible to make an evaluation with mid- course on the implementation of the EITI in Africa during the five years since its launching. It constituted an additional stage of information and training of the actors of the civil company in order to help them to understand and use the principles and mechanisms of the EITI.