

**Working with Civil Society to Implement the Extractive
Industries Transparency Initiative**

An Implementation Case Study

May 12, 2009

**Development Grant Facility
in the Extractive Industries
Transparency Initiative
Background**

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World Bank



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What is the DGF?

- Established in 1997
- Bank mechanism that provides grant funding for global and regional development initiatives
- Initiatives are of high value to our client countries BUT cannot be supported adequately through regular country-based operations
- Grants are intended to encourage innovation, catalyze partnerships, and broaden the scope of Bank services
- Competitive process for grants
- Sponsored by World Bank units

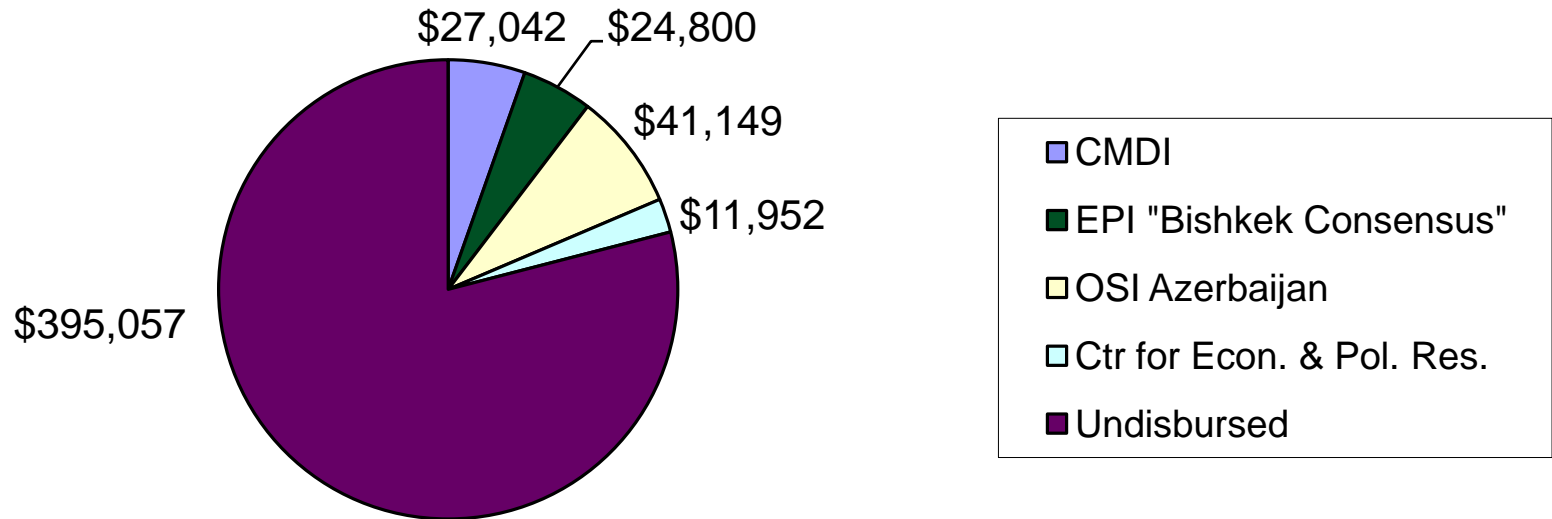


Purpose of DGF under the EITI

- Three-year window (FY 2005 – FY 2007)
- Small grants for CSO participation
- Increase awareness
- Improve understanding
- Strengthen capacity



EITI DGF FY 2005

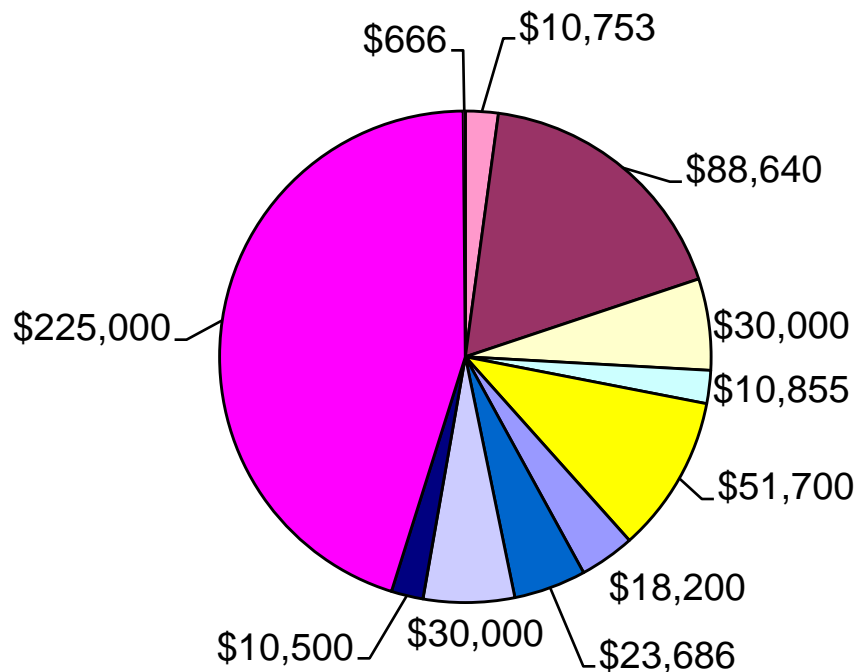


RWI Engagement

- Difficulty identifying suitable recipients in Africa
- Difficulty administering outside FSU
- RWI involved in implementation in FSU
- Discussion showed they had strong internal control mechanisms and extensive outreach

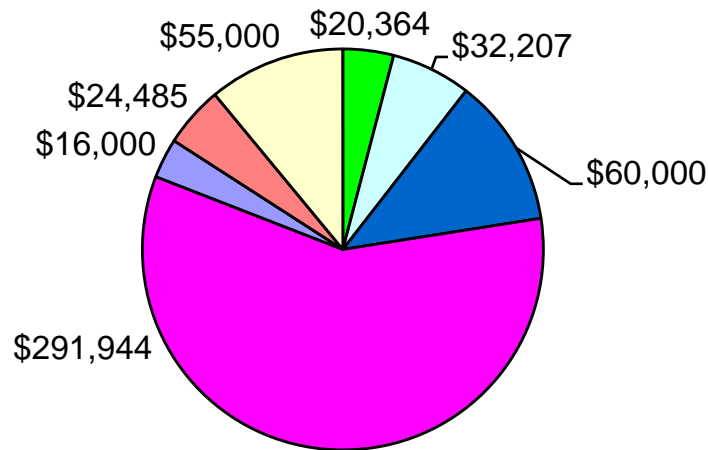


EITI DGF FY 2006



EITI DGF FY 2007

EITI DGF 2007 Disbursements



Key Stats

24 different recipient organisations in:

- 14 different countries
- 13 are now EITI candidate countries
- 9 have produced EITI reports
- 1 is now EITI compliant



Regional Breakdown

- **Africa:** \$474,237 (31.6%)
- **East Asia Pacific:** \$114,485 (7.6%)
- **Europe / Central Asia:** \$462,530 (30.8%)



Types of Activities Funded

- Training
- Communications activities
- Consulting and working with communities outside of the capital city
- Helping to build EITI coalitions
- Analyzing EITI reports



Thank you!

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Working with Civil Society in EITI Implementation

12 May 2009

Sefton Darby

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The role of civil society in the EITI

- Instrumental in building the demand for, and launching, EITI at the international level – Publish What You Pay Coalition.
- EITI Principles (2003) and Criteria (2005) establish civil society's key role in the EITI process.
- EITI Validation Framework (2006) has 20 indicators used to measure country progress on EITI and to determine whether a country is “EITI compliant” or not. Every country must undergo a validation process (carried out by an independent validator) within 2 years of joining the EITI.
- Ten of these indicators include a role for CSOs – so they should be managing the process not just being consulted.



Challenges for civil society engagement in EITI

- What is civil society and who defines it? How are civil society representatives for a national EITI steering group selected?
- Can civil society exercise a veto over elements of an EITI program? Can they in turn have their own proposals vetoed?
- How can civil society groups involved in the EITI be protected and their role in the process guaranteed?



Challenges cont'

- How can civil society be recognised as a legitimate partner and co-manager of the process by government officials and company representatives?
- Does local civil society consider EITI with its narrow focus (either “just” on transparency or just on oil and mining) to be a useful tool? Can they see a benefit to being involved?



Strengths of the DGF program of support for EITI

- It came relatively early in the international EITI process and was able to support CSOs and CSO EITI coalitions when they most needed it.
- Strong capacity building and training focus helped address knowledge gaps in the local CSO community – some CSOs often knew about anti-corruption / good governance, and others often knew about oil or mining, but very few knew about both.
- DGF support complemented Bank support to governments delivered through the EITI Multi-Donor Trust Fund.
- CSOs able to use DGF funds to leverage support from other donors who had not been funding EITI work.



Issues with the DGF program

- Until the partnership with Revenue Watch was formed there was significant under-spend (in 05/06) due to difficulties in identifying suitable recipients in Africa.
- Regional distribution – three countries in the ECA region received a disproportionate amount of funding (partly because they had well organised CSOs who were easy to partner with).
- Administration costs were very low – but only because the Bank (through EITI Trust Fund) and Revenue Watch and Publish What You Pay were able to dedicate significant staff resources to managing DGF funds even though that time was not charged to DGF.



Issues with the DGF program

- Given the relatively small size of the grants, monitoring and evaluation of individual recipients was difficult.
- Should have allowed for multi-year grants to recipients – very tight timetable for funds to be disbursed and accounted for within 10 months of a financial year meant that a lot of support was very “event focused” rather than helping ongoing processes.



Non-DGF support

- Some support for CSO capacity building in grants made to governments by the EITI trust fund. This can work well in countries where the relationship between civil society and government is good; is more difficult in countries where that relationship is strained.
- Non-financial support is key as well – WB has an important role to play in promoting the key role that civil society has to play in EITI – though this sometimes involves having difficult discussions with government counterparts.



Thoughts on CSO and Bank engagement

- CSOs aren't just looking for funds – they recognise the Bank's important role as advisors on EITI to government and want to meet with Bank staff and visiting missions.
- That said, with DGF funding finished and the EITI Trust fund concentrating on support to governments, there is now a gap in terms of Bank support to civil society groups involved in EITI.
- Finally, the Bank needs to think about “capacity building” being a two-way process – that Bank staff can learn from CSOs, not just CSOs learning from Bank support programs.



So beyond the rules, why does civil society matter?

- Very often they are trusted more than government, companies or donors are – a process without them can be suspect.
- They can legitimize information – whether we like it or not our reputations are often NOT defined by what we say about ourselves but by what others say about us.
- They can significantly contribute to the political sustainability of EITI – several cases where after a change of government local CSO coalitions have lobbied the new government to continue with EITI.
- Establishing a relationship between CSOs and government and industry is possibly the greatest development benefit in terms of reducing risk of unrest and helping govt and companies deliver programs more attuned to local needs.



Questions for this afternoon

- Does the World Bank have a role in working with and supporting civil society involved in EITI? Or should it stick to what it's good at – working with governments?
- If there is a role for the Bank, what is the most important thing that it can do – financial support or non-financial support?
- What could the Bank be better at doing in this area?



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Useful EITI resources at: www.sebstrategy.com/resources

