

# WBG Oil Gas and Mining Policy and Operations Unit (COCPO)

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## Mining Learning event - March 15-18, 2010

### Good practice: mining sector transparency

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## EITI's role in transparency: the global narrative so far

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- Strong demand / rapid growth in EITI – active TA in 30+ countries  
→ WB support is keeping up with demand – though is stretched
- Strong prioritization of EITI by countries and donors esp. in-country  
→ 13 donors / \$30m cum. funds now, from 1 launch donor in 2004
- 2/3 of these EITI countries are mining countries (or mostly mining)
- EITI has begun to show results in addressing mining concerns:
  - EITI disclosures (revenues data in public domain for first time)
  - smooth EITI reconciliation work generally – few technical issues
  - multi-stakeholder approaches are working – and building trust
- But - longer-term outcomes from EITI are still a work-in-progress

## Ghana and Liberia as case studies: each validated as best practice in many areas (Validator's conclusions)

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- Ghana validation report issued based on two EITI reporting cycles so far
  - ✓ Has a well-established EITI process -- strong government commitment
  - ✓ Very active civil society role - and media focus - on progress of EITI
- Ghana EITI Reports and communications cycle were innovative too:
  - ✓ Strong focus on sub-national distribution - included in scope of EITI
  - ✓ EITI scope included verifying revenues to gold production and world prices
  - ✓ EITI Reports noted that delay in payments to districts – and funds not always used for sustainable development activities in mining communities
  - ✓ EITI Reports noted that revenue administration weak: lack capacity to assess company costs and tax payments (over-reliance on self-assessment)
- In Liberia, strong effort to communicate EITI Reports and findings widely
- In each country, policy goal to expand EITI (oil+ gas revenues; forestry)

# Mining sector-specific themes/lessons emerging from EITI implementation

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- Technical reporting of mining and tax revenues easier than in many oil and gas countries (e.g. no complex production-sharing or NOC issues)
- Often more detailed EITI reporting quality (more disaggregated data)
- Often mining companies are pressing for country to adopt EITI
- But -- unique issues still remain for mining transparency and EITI
  - ✓ sub-national payments treated in different ways by EITI countries
  - ✓ optimal ways to bring in ASM sector into EITI fold (CAR; SL; DRC)
  - ✓ figuring out how many mining companies to include (KZ)
  - ✓ where relevant, ways to tie-in to other initiatives (esp. Kimberley)
- Also - sense that mining EITI still not meeting “real” concerns, e.g.:
  - ✓ fairness of benefit-sharing of specific mining operations. / regions
  - ✓ whether income tax payments are complete – what they should be

## Caveat: longer-term EITI outcomes are still further away

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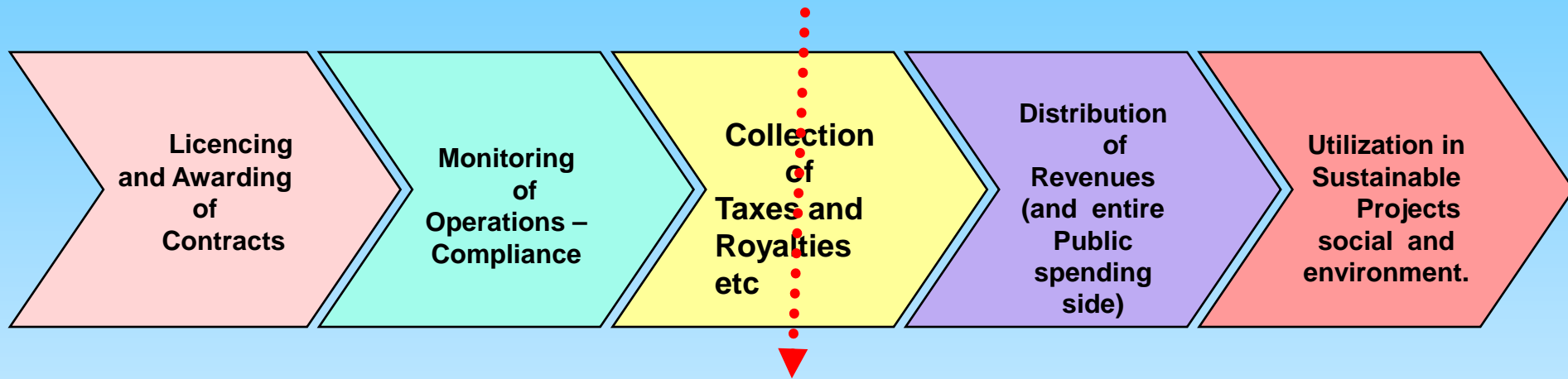
For example stronger CSOs or by measured changes in indicators:

- governance or anti-corruption ratings (TI Index, CPIA rating, etc)
- sovereign and corporate ratings (affecting foreign and domestic investment through lower risks)
- measures of effective mining contract compliance
- measures of effective mining tax administration and collection of tax revenues, mining royalties etc.
- measures of tangible change in perceptions on local benefits

*..... en route ultimately to measurable changes / improvements in:*

- ✓ effective institutions which manage mineral resources; and
- ✓ effective mining sector policies and governance which bring in investment and create sustainable mining which benefits all

# By design, EITI is narrowly-focused: But given the transparency storyline so far, what happens next?



**“base” EITI is focused here**

- EITI compliance is an important national goal in itself - and many countries are reaching compliance stage and are seeing benefits .....
- Some countries are then seeking to go “beyond EITI” - as are CSOs
- COCPO has to meet these broader demands flexibly ( i.e. the “++” agenda - but not as a uniform model/template for COCPO response)

### EITI technical assistance work program - Country Portfolio Summary

Also showing MDTFs' FY10-11 work program including countries. EITI implementation stage and validation status shown in shaded columns <sup>1/</sup>

As of February 28, 2010

Countries which have adopted EITI (or have endorsed EITI publicly) ..... of which:			Interested countries – in dialogue		
EITI-compliant <sup>1/</sup>	EITI candidate <sup>1/</sup>				
Implementing EITI (Validated as compliant - and issued EITI Reports) (2 countries)	Implementing EITI (to stage of having issued one or more EITI Reports) (19 countries)	EITI implementation in progress (to produce and issue first EITI Report) (11 countries)	Endorsed EITI (with some making progress towards candidate status) (9 countries)	Pipeline countries included in COCPO - MDTF work program (6 countries)	Other countries that WBG or donors are in contact with (7 countries)
<i>Azerbaijan</i>	Cameroon *	Sierra Leone *	<i>Botswana</i>	Angola	Sudan
Liberia *	<i>Gabon</i>	Madagascar *	Chad	Rwanda (1/10)	Uganda
	Ghana *	Sao Tome e Principe *	Togo +	Senegal (2/10)	
	Guinea * <b>2/</b>	Yemen *	Ethiopia +		
	Kazakhstan *			Cambodia	Lao PDR
	Kyrgyz Republic *	Tanzania	Indonesia +	Solomon Islands	Philippines
	Mauritania *		Papua New Guinea		Vietnam
	Mongolia *	Candidacy gained May 2009:		Tajikistan (12/09)	
	Nigeria *	Albania *	<i>Ukraine</i>		Bulgaria
		Burkina Faso *			
	Central African Rep *	Mozambique	Colombia +		
	<i>Rep of Congo</i>	Zambia *	<i>Trinidad and Tobago</i>		Egypt
	Peru *				
	Timor Leste *	Recent candidacy (Feb 2010):			
	Mali (draft) *	Afghanistan +			
	Niger (draft) *	Iraq +			
	Equatorial Guinea (draft) *				
	Cote d'Ivoire (draft) *				
	DR Congo (draft) *				
	<i>Norway</i>				
<b>By WBG Region:</b>					
AFR - 1 country	AFR - 13 countries	AFR - 7 countries	AFR - 4 countries	AFR - 3 countries	AFR - 2 countries
EAP -	EAP - 2	EAP -	EAP - 2	EAP - 2	EAP - 3
ECA - 1 country	ECA - 2	ECA - 1	ECA - 1	ECA - 1	ECA - 1
LAC -	LAC - 1	LAC -	LAC - 2		MNA - 1
MNA -	OECD - 1	MNA - 2			
SAR -		SAR - 1			

1/ = by decision of EITI Board, as reflected on International EITI web site. Candidate countries expected to start/complete validation process (for EITI-compliant status) within two years.

2/ = Guinea has undertaken voluntary suspension from EITI candidacy effective December 18, 2009 under EITI Board rules. EITI status is now "EITI candidate country – suspended"

MDTF grant status to country (countries in italics are shown for completeness - no EITI MDTF-related technical assistance (but other WBG units do engage with country including on EITI)

\* = EITI MDTFs grant to country in place and under execution

\*\* = EITI MDTFs grant to country in process through WB Legal Dept. etc – i.e. request for TF grant received and trust fund agreement in progress (to be signed in next 1-2 months)

+ = Pipeline – working towards EITI candidacy – MDTF grant proposal activities will then be agreed (i.e. MDTF trust fund grant agreement not likely for next 3-4 months)

++ = EITI MDTF grant unlikely for the present (EITI implementation funded mainly by Government and/or via other World Bank and/or bilateral donor projects or project components)