

The Extractive Industries Transparency Initiative (EITI)

Multi-Donor Trust Fund (MDTF)

Management Committee Meeting

Discussion of MDTF Progress

November 13-14, 2007

Paris, France



Background material for meeting included

- **Work program – Revised as of June 30, 2007**
- **Summary tables to highlight financial progress and changes since our June meeting**
- **EITI work program country portfolio summary as of October 31, 2007**
- **EITI Country Status Report – Q4, 2007, and more detailed reports for:**
 - ✓ Chad
 - ✓ DRC
 - ✓ Mauritania
 - ✓ Timor Leste
- **A table comparing/analysing some of the EITI reports produced**
- **List of World Bank Oil Gas and Mining operations in Africa FY04-07**



Purpose

- Review progress since our last meeting in June 2007, and over the past year since meeting in October 2006
- Closer look at progress in recipient countries
- Mention some of the global activities which have taken place
- Review funding needs in light of changes to the Work Program which was approved in June 2007
- Lessons learned
- Challenges moving ahead



EITI Summary Progress Chart to September 30, 2007:

- 47 engaged as candidates or in discussion
- 28 have made a public declaration of commitment
- 8 have produced one or more reports
- 19 where WB has had discussions on EITI
- 13 resource rich countries yet to be engaged
- 15 countries reach Candidate Status
- 9 countries in process of reaching Candidate Status
- 0 countries validated



Key indicators of Progress to date:

- The MDTF has grown from supporting a hand-full of countries in 2004 to supporting implementation in 40 countries
- It is engaged in discussion with another 9 who are considering joining
- From two donors originally to present eight
- Discussions with other donors ongoing
- Trust Fund has been extended until 31 December 2010
- All Grant Agreements have been extended
- Continued growing interest within the WB, among donors, companies and CSO
- Continued demand from recipients



Progress Indicators (continued)

- A number of Global Events have taken place
 - ✓ the intent to proactively disseminate knowledge and best practice
 - ✓ anchored by the MDTF-supported publication “Implementing the EITI: Applying early lessons from the field”
 - ✓ Global events include:
 - major regional EITI event in Gabon
 - East Asia-specific EITI learning event
 - ✓ More global events planned
- Lessons from these events are being recorded for future use and will be shared also with interested donors
- The website has been turned over to the Secretariat
- A soft launch of the website has taken place, official launch in the near future?



Recap of how the MDTF Works

- Grant Agreement (GA) between the WB and an Implementing Country (IC)
- GA supports the country in implementing EITI activities
- GA is based upon a Grant Proposal from an IC
- EITI GAs are typically executed by the recipient
- Based upon the provisions of the Administration Agreements between the Donors and the WB
- The GA includes provisions on
 - Activities eligible for funding including consultant services, (including audits), training, workshops, study tours, works, goods, operating costs (including financing of countries' EITI secretariats).
 - Recipient's obligations for procurement, contract administration, financial management & auditing, and progress reporting (using WB fiduciary systems)
 - Disclosure of information



SUMMARY – STATUS OF RECIPIENT-EXECUTED GRANTS (as of November 5, 2007)

<i>Country</i>	<i>Grant No.</i>	<i>Closing Date</i>	<i>Grant Amount</i>	<i>Disbursed</i>	<i>Balance</i>	<i>% Disbursed</i>
Nigeria	TF056072	03/28/2008	\$2,220,000.00	\$1,721,548.14	\$ 498,451.86	77.5%
Guinea	TF056637	09/20/2009	\$ 569,000.00	\$ 161,044.61	\$ 407,955.39	28.3%
Ghana	TF057337	12/31/2008	\$ 249,000.00	\$ 112,850.85	\$ 136,149.15	45.3%
Mongolia	TF058156	12/31/2008	\$ 304,394.00	\$ 75,035.35	\$ 229,358.65	24.7%
Mauritania	TF056657	06/30/2008	\$ 240,000.00	\$ 169,437.14	\$ 70,562.86	70.6%
Cameroon	TF056698	06/30/2008	\$ 130,000.00	\$ 87,736.22	\$ 42,263.78	67.5%
Peru	TF057870	06/30/2008	\$ 300,000.00	\$ -	\$ 300,000.00	0.0%
TOTAL			\$4,012,394.00	\$2,327,652.31	\$1,684,741.69	58.0%

- Disbursements still slower than anticipated
- Partly due internal clearance processes which still varies for every country, and
- lack of available manpower and time



NIGERIA - Signed February 2006

Closing Date: March 28, 2008

Grant Amount \$ 2,220,000.00

<i>Category</i>	<i>Allocated</i>	<i>Disbursed</i>	<i>Balance</i>	<i>% Disbursed</i>
Goods	\$ 290,000.00	\$ 219,025.07	\$ 70,974.93	75.5%
Consultant Services	\$ 625,000.00	\$ 533,203.07	\$ 91,796.93	85.3%
Training & Workshops	\$ 1,260,000.00	\$ 708,970.41	\$ 551,029.59	56.3%
Operating Costs	\$ 45,000.00	\$ 10,349.59	\$ 34,650.41	23.0%
NEITI Special Acct.	\$ -	\$ 250,000.00	\$ (250,000.00)	
TOTAL	\$ 2,220,000.00	\$1,721,548.14	\$ 498,451.86	77.5%

- Progressing smoothly
- Grant will be used by closing date
- The Government has made a request for a second phase



GUINEA - Signed May 2006

Closing Date: September 20, 2009

Grant Amount \$ 569,000.00

Category	Allocated	Disbursed	Balance	% Disbursed
Goods	\$ 25,000.00	\$ 19,022.91	\$ 5,977.09	76.1%
Consultant Services, Audit	\$ 324,000.00	\$ 54,046.44	\$269,953.56	16.7%
Training & Workshops	\$ 120,000.00	\$ 13,254.79	\$106,745.21	11.0%
Operating Costs	\$ 100,000.00	\$ 22,720.47	\$ 77,279.53	22.7%
Special Acct.	\$ -	\$ 52,000.00	\$ (52,000.00)	
TOTAL	\$ 569,000.00	\$161,044.61	\$407,955.39	28.3%

- Limited use explained by dysfunctional secretariat which is unable to process activities in line with fiduciary requirements
- Progress limited to taking place just before or during visits by Task Manager
- Use of counterpart funds cause of great concern
- 2nd report clear improvement from 1st report



GHANA - Signed October 2006

Closing Date: December 31, 2008

Grant Amount \$ 249,000.00

<i>Category</i>	<i>Allocated</i>	<i>Disbursed</i>	<i>Balance</i>	<i>% Disbursed</i>
Goods	\$ 31,000.00	\$ 28,596.30	\$ 2,403.70	92.2%
Consultant Services	\$ 72,000.00	\$ -	\$ 72,000.00	0.0%
Training & Workshops	\$ 126,000.00	\$ 34,254.55	\$ 91,745.45	27.2%
Operating Costs	\$ 20,000.00	\$ -	\$ 20,000.00	0.0%
Special Acct.	\$ -	\$ 50,000.00	\$ (50,000.00)	
TOTAL	\$ 249,000.00	\$112,850.85	\$136,149.15	45.3%

- Discovery of oil definitely an issue - Decision by GOG about how to proceed June 2008
 - Disbursements slow due i.a. to inability to recruit some of the needed support (Secr./ regional)
- The Government has already indicated request for additional funds to speed up reporting
- Inability to secure access by auditors to all relevant data is a concern



MONGOLIA - Signed April 2007

Closing Date: December 31, 2008

Grant Amount \$ 304,394.00

<i>Category</i>	<i>Allocated</i>	<i>Disbursed</i>	<i>Balance</i>	<i>% Disbursed</i>
Goods	\$ 15,306.00	\$13,017.21	\$ 2,288.79	85.0%
Consultant Services	\$ 168,000.00	\$ 5,050.00	\$162,950.00	3.0%
Training & Workshops	\$ 79,248.00	\$ 5,268.37	\$ 73,979.63	6.6%
Operating Costs	\$ 41,840.00	\$ 1,699.77	\$ 40,140.23	4.1%
Designated Acct.	\$ -	\$50,000.00	\$ (50,000.00)	
TOTAL	\$ 304,394.00	\$75,035.35	\$229,358.65	24.7%

- Progressing well;
- First report to be expected end CY2007.



MAURITANIA - Signed June 2006

Closing Date: June 30, 2008

Grant Amount \$ 240,000.00

Category	Allocated	Disbursed	Balance	% Disbursed
Consultant/Audit	\$ 130,000.00	\$136,981.77	\$ (6,981.77)	105.4%
Training & Workshops	\$ 70,000.00	\$ 3,184.14	\$ 66,815.86	4.5%
Goods	\$ 10,000.00	\$ 7,834.13	\$ 2,165.87	78.3%
Operating Costs	\$ 30,000.00	\$ 437.10	\$ 29,562.90	1.5%
Special Acct.	\$ -	\$ 21,000.00	\$ (21,000.00)	
TOTAL	\$ 240,000.00	\$169,437.14	\$ 70,562.86	70.6%

- Dissemination of reports could perhaps have been better
- CSO not very involved
- Government has made a request for additional funding of \$120,000



CAMEROON - Signed September 2006

Closing Date: June 30, 2008

Grant Amount \$ 130,000.00

<i>Category</i>	<i>Allocated</i>	<i>Disbursed</i>	<i>Balance</i>	<i>% Disbursed</i>
CS Serv. Workshp Training	\$ 90,000.00	\$38,173.14	\$ 51,826.86	42.4%
Prod. & Print EITI Report	\$ 20,000.00	\$ -	\$ 20,000.00	0.0%
Operating Costs Ad Hoc Comm.	\$ 20,000.00	\$ -	\$ 20,000.00	0.0%
EITI Project PIU		\$49,563.08	\$(49,563.08)	
TOTAL	\$ 130,000.00	\$87,736.22	\$ 42,263.78	67.5%

- Civil Society participation somewhat of an issue
- No additional funding to be required



PERU - Signed July 2007

Closing Date: June 30, 2008

Grant Amount \$ 300,000.00

<i>Category</i>	<i>Allocated</i>	<i>Disbursed</i>	<i>Balance</i>	<i>% Disbursed</i>
Consultant Services	\$ 200,000.00	\$ -	\$200,000.00	0.0%
Training & Workshops	\$ 50,000.00	\$ -	\$ 50,000.00	0.0%
Goods	\$ 50,000.00	\$ -	\$ 50,000.00	0.0%
Operating Costs		\$ -	\$ -	
Special Accts.		\$ -	\$ -	
TOTAL	\$ 300,000.00	\$ -	\$300,000.00	0.0%

- No disbursements due to failure by recipient to meet requirements of Financial Assessment
- Preparations for implementation otherwise in place and ready to commence immediately



Focus on country implementation has been affected by other factors In this period

- The pre-validation exercise since early Summer has needed intensive work in EITI team as a priority
- The priority continues for the 9 countries incomplete
- MOU and lengthy preparation needed for extension of TF Administration Agreements took quite some time
- This resulted in extensions of Grant Agreements to countries being delayed – slowing progress in countries
- Transition support for newly-established EITI Secretariat



How much has been contributed to the MDTF so far?

- MDTF donors have committed USD 13.3 million so far, of which USD 11.0 had been received by September 30, 2007 and USD 2.3 is callable (Belgian funds received)
- The World Bank Group has provided USD 2.6 million through its own budget processes and USD 1.1 million through the Development Grant Facility
- Details by donor country on next slide



Contributions by Donor – at November 2007

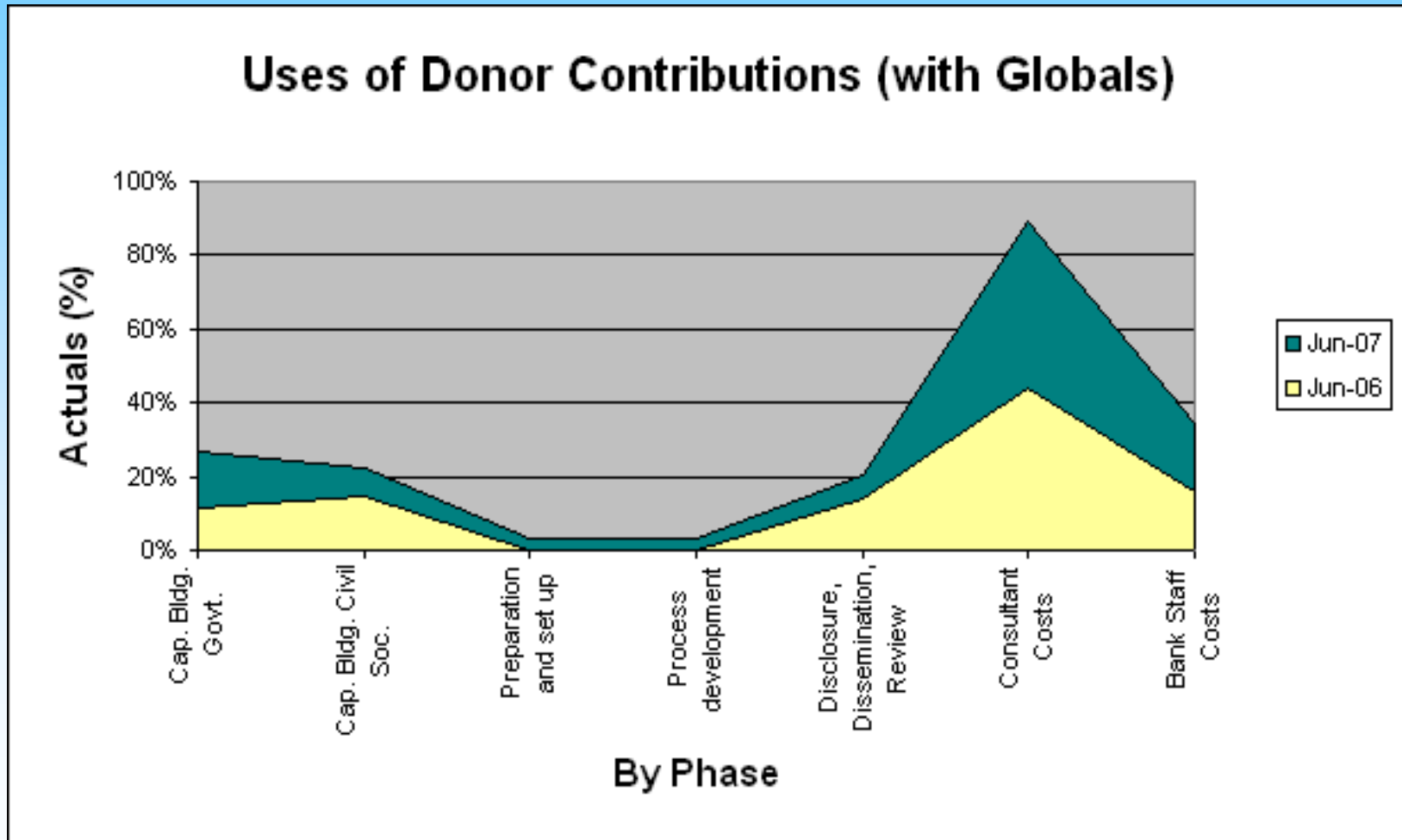
--US Dollars Millions --

	<u>Rec'd</u>	<u>Commit</u>	<u>Total</u>
<input type="checkbox"/> UK – DFID	6.5	0.0	6.5
<input type="checkbox"/> Norway	1.1	0.0	1.1
<input type="checkbox"/> The Netherlands	1.0	0.5	1.5
<input type="checkbox"/> Germany	0.6	0.7	1.3
<input type="checkbox"/> France	0.5	0.0	0.5
<input type="checkbox"/> Australia	0.6	0.0	0.6
<input type="checkbox"/> Canada	0.7	0.4	1.1
<input type="checkbox"/> Belgium	0.0	0.7	0.7
<input type="checkbox"/> Total	11.2	2.3	13.3

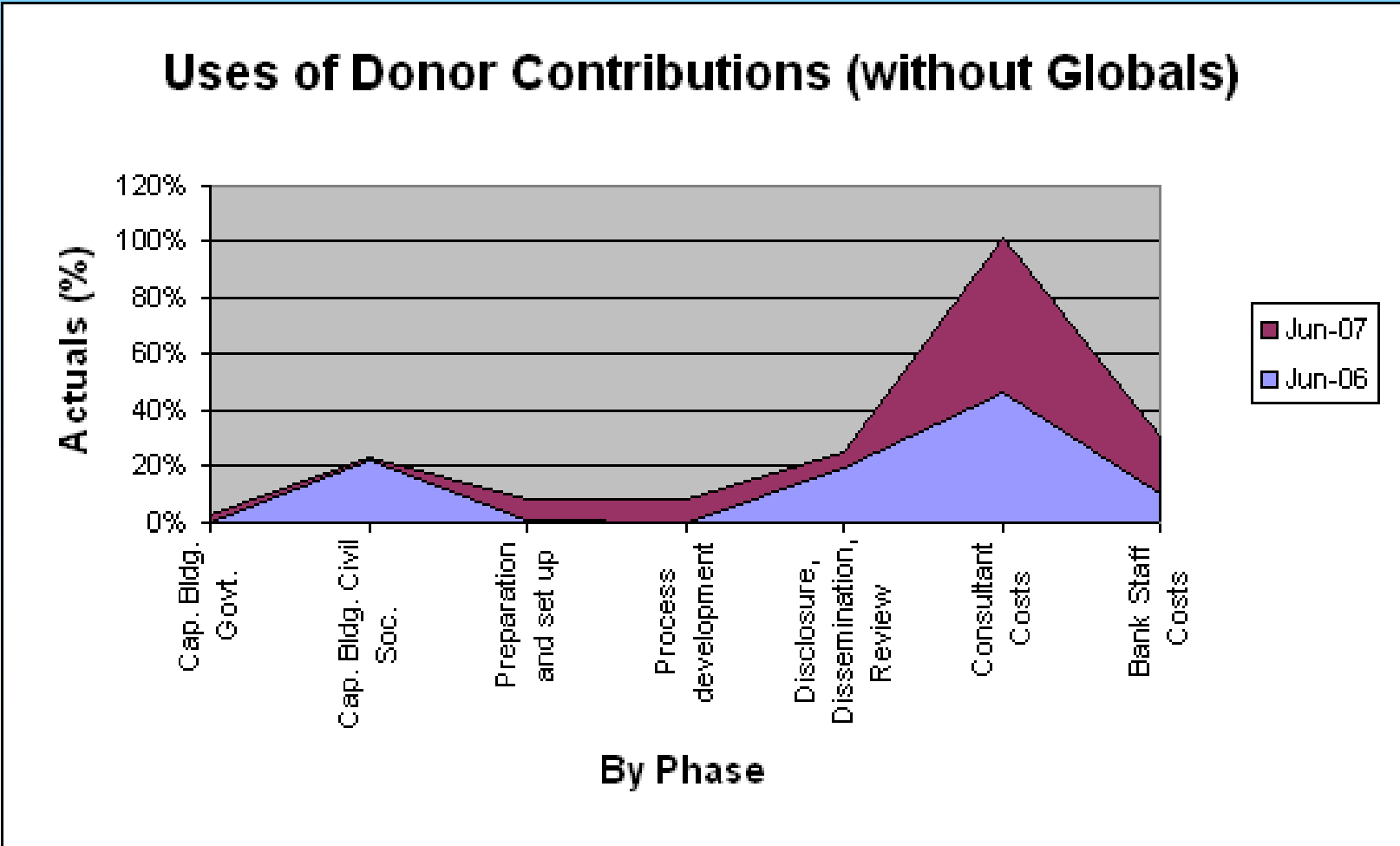
Note: agreement with EC being finalized



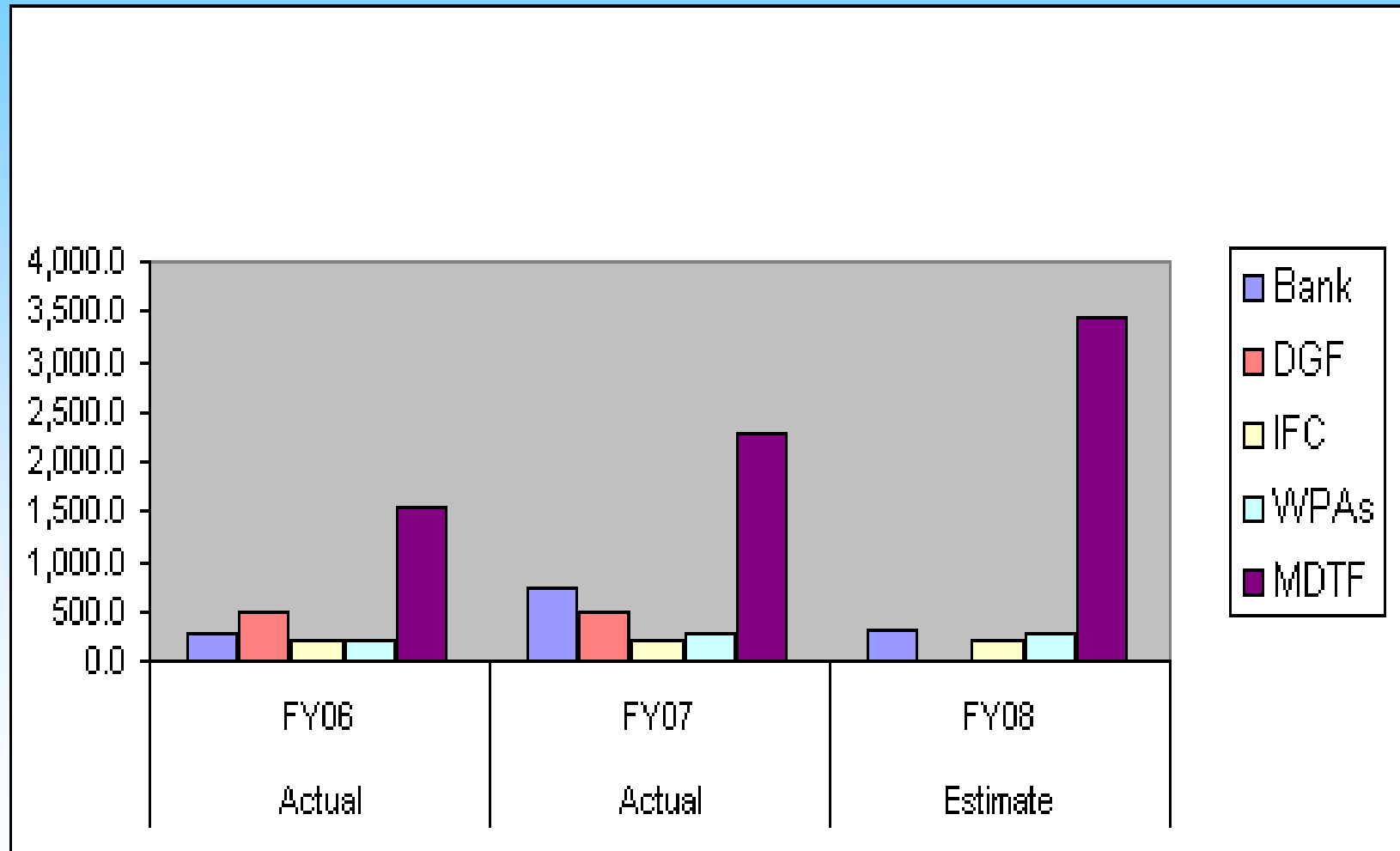
FY06-07 Actuals With Globals



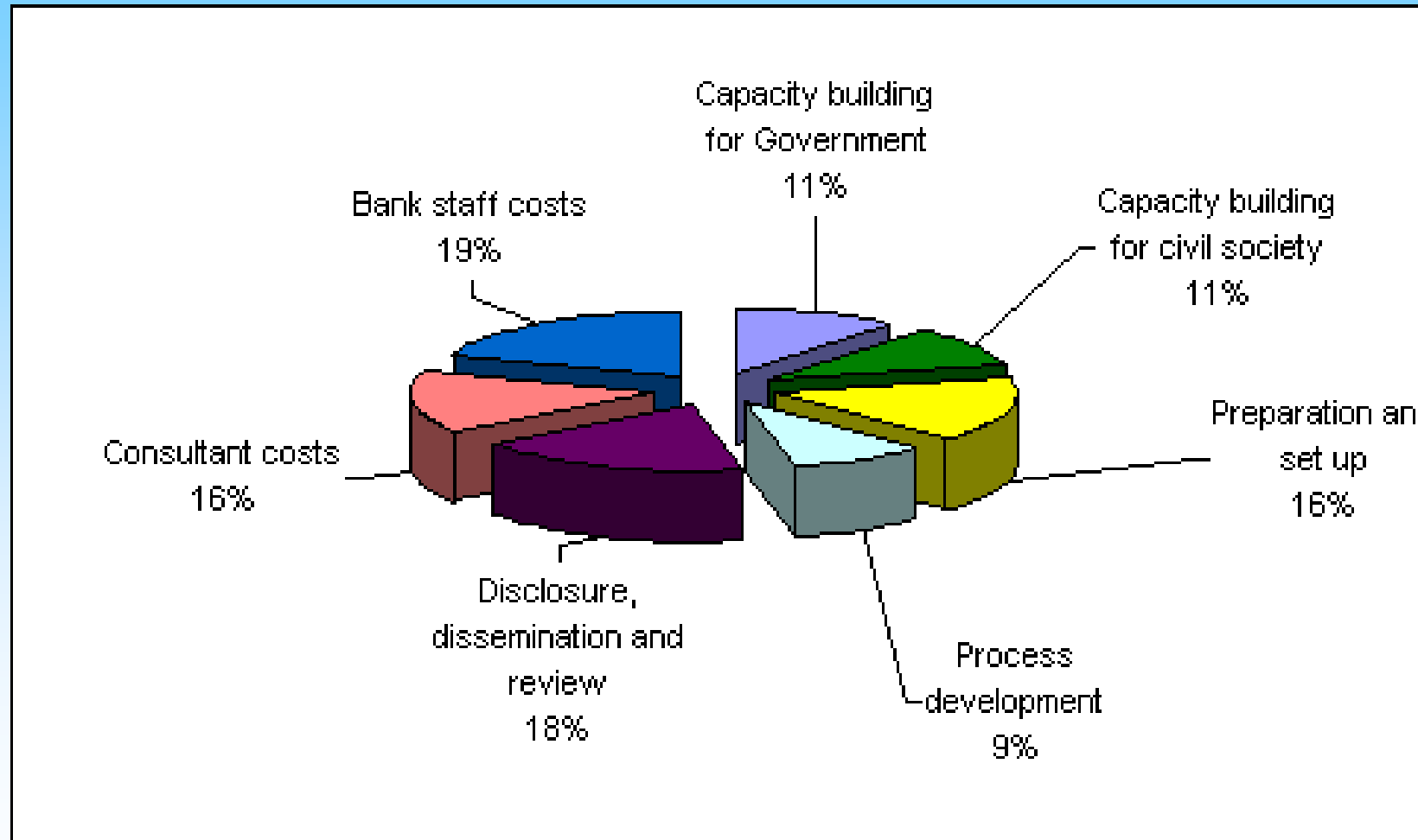
FY06-07 Actuals Without Globals



Actual Contributions – WBG and MDTF



Planned Disbursements by Phase FY08-09



What does the potential pipeline look like?

- Four countries are well advanced in working on Grant Agreements (GA) which should be in place by mid-CY2008: **DR Congo, Kyrgyz Republic, Yemen, and Timor Leste**
- Five countries likely to make substantial progress and possibly sign GAs by end-CY2008: **Liberia, Mali, Niger, Equatorial Guinea, and Sierra Leone**
- Another ten countries that are possibilities to sign GAs in 2009: **Burkina Faso, Central African Republic, Chad, Cote d'Ivoire, Mozambique, Sao Tome, Tanzania, Zambia, Cambodia, and Lao PDR**
- A possible outlier in size of grant, if it happens: **Indonesia(?)**



Outreach to new MDTF donors

- Donor interest in MDTF continues - team continues to provide information to new countries interested in MDTF
- TF agreement is to be concluded shortly with the EC
- Other indications of interest include from: Japan, Switzerland, Austria, Finland, Italy, Spain, Ireland
- The key is not just financial support but also political support
- Parallel EITI Secretariat / Board funding needs require good liaison



Issues arising

- Counterpart funds and their use by national EITI Secretariats is an emerging cause of concern
- Concerns currently in Guinea and possibly DRC
- In Guinea indications of possible improper use of government counterpart funds (e.g. payments to secretariat members; travel costs, attendance fees etc.) – although signed-off internally
- Not a unique situation in PIUs but is a reputational issues for EITI - even only government counterpart funds are affected currently
- Issue is being monitored closely and solutions being discussed (tighter supervision; audits of counterpart funds; etc.) – but additional steps may be needed



What are the key challenges going forward?

- Building and sustaining the necessary skills and capabilities to support implementing countries in the face of rapidly growing demand and more complex newly established EITI governance structure while staying “lean and friendly”
- Existing lean WB EITI MDTF Team consisting of:
 - 3 Staff: Program Manager (part time) and Operations Officer (full time); Website coordinator (part time)
 - 2 Consultants at HQ and 5 country specialists (1 part time)
 - Supported by (i) WB administration assistants, procurement, disbursement, resource management, and fiduciary specialists; and (ii) WB country staff and project teams
- How to deal with countries where other sectors are included in EI, e.g. Liberia (forestry)?
- Ensure adequate and smooth collaboration with Secretariat and Board
- Competition for time of counterparts and issues
- Ensuring continued political buy in
- Ensuring adequate funds
- Finding legal ways for the Bank to deal with issues such as ‘misuse’ of counterpart funding
- Rolling out of training on how to implement EITI

