

The EITI sets a global standard for companies to publish what they pay and for governments to disclose what they receive

Three and a half billion people live in countries rich in oil, gas and minerals. With good governance the exploitation of these resources can generate large revenues to foster economic growth and reduce poverty. However when governance is weak, such resources endowments may result in poverty, corruption, and conflict. The Extractive Industries Transparency Initiative (EITI) aims to strengthen governance by improving transparency and accountability in the extractives sector.



The EITI is a coalition of governments, companies, civil society, investors and international organizations. It has developed a robust yet flexible methodology for monitoring and reconciling company payments and government revenues. The EITI Board and the international Secretariat are the guardians of the EITI process. Implementation takes place at the country level, in a process that emphasizes multi-stakeholder participation. The EITI is a globally developed standard that promotes revenue transparency at the local level.

Benefits of the EITI

Governments benefit from implementing a standardised and internationally recognised procedure for transparency in natural resource management. With soaring revenues from oil, gas and minerals, expectations from citizens are on the rise. Implementing EITI builds governance capacity, improves international credibility, and affirms that the government is committed to fighting corruption.

The investment climate is enhanced by implementing the EITI. The commitment to reconcile company payments and government revenues via a multi-stakeholder process signals a commitment to good governance.

Companies benefit from the improved investment climate that follows from transparency and good governance.

Energy security is enhanced by a more transparent and level playing field. Energy net importing countries gain from increased stability in supplier countries. This enhanced playing field encourages long-term investment in production – and thus facilitating supply stability.

The EITI Principles

The EITI has been built over an extended period of consultations and advocacy with stakeholders. The consensual view has been captured in a series of shared Principles and Criteria, which can be found on the EITI website. In summary, they are:

- Natural resources wealth should lead to growth and poverty reduction.
- Transparency is essential in order to achieve this.
- All parties must be involved in the process of creating transparency.
- The process to create transparency should always respect the sovereignty of countries and existing contracts and laws.

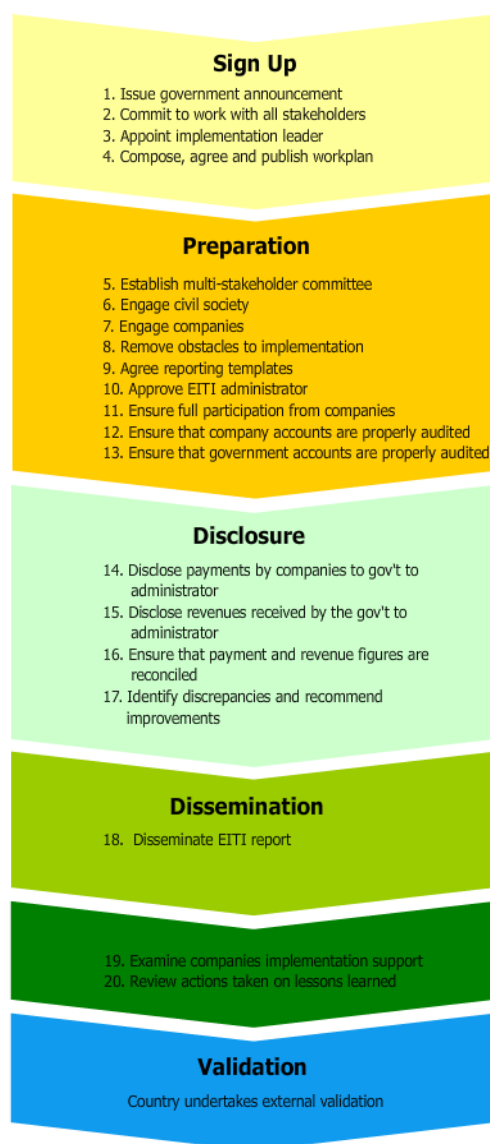
How the EITI is implemented

To become an EITI Candidate, an implementing country must meet the four Sign Up indicators. Once these have been met, EITI implementation involves a range of activities to strengthen resource revenue transparency. These activities are documented in country workplans. The development of a workplan – discussed with and agreed by stakeholders – is one of EITI’s four sign up indicators.

To achieve and maintain **Compliant** status – or to maintain **Candidate** status – a country must complete an **EITI Validation** at minimum every 2 years. Validation is an essential element of the EITI as an international standard. It provides an independent assessment of the progress achieved by implementing countries on their progress on EITI and what measures they should take to make better and faster progress. This assessment is carried out by an independent validator chosen by the implementing country, using the methodology outset in the **EITI Validation Guide**. The EITI Board oversees the Validation process and reviews the Validation Reports.

If the Board considers a country to have met all of the indicators, the country will be recognised as EITI Compliant. Where the validation report shows that a country has made progress but does not meet all the EITI Criteria, the country will remain a Candidate. Where validation shows that no meaningful progress has been achieved, the Board may revoke the country’s Candidate status.

To date, no countries have completed EITI Validation, although preparations are well advanced in several EITI Candidate countries.



Countries implementing the EITI

The Board has agreed that 15 countries are considered Candidate Countries and can proceed to implementation. These countries will now have two years to establish themselves as fully compliant. These are Azerbaijan, Cameroon, Gabon, Ghana, Guinea, Kazakhstan, Kyrgyzstan, Liberia, Mali, Mauritania, Mongolia, Niger, Nigeria, Peru and Yemen. Furthermore, 7 of those countries have already published audited reports.

For a further group of 9 countries, the Board has agreed that additional information was required by the end of 2007 before a decision about candidate status can be considered. These were: Chad, Democratic Republic of Congo, Equatorial Guinea, Madagascar, Republic of Congo, Sao Tome and Principe, Sierra Leone, Trinidad and Tobago, and Timor-Leste.

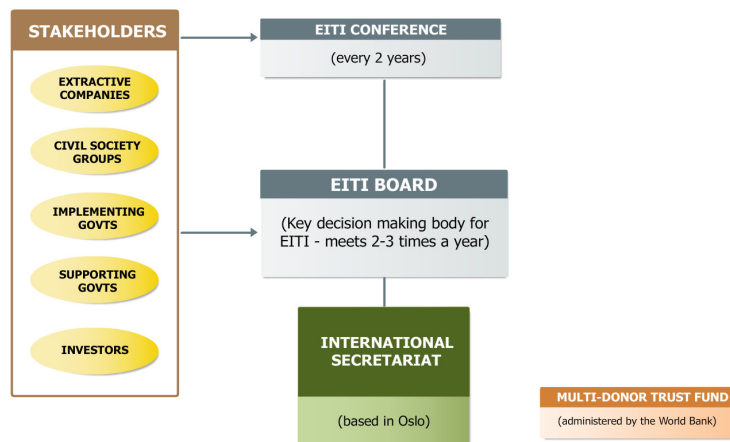
Supporters of the EITI

A number of governments including Australia, Belgium, Canada, France, Germany, Italy, the Netherlands, Norway, the United Kingdom and the United States support the EITI. These governments provide political leadership in promoting the Initiative. Many also contribute financially to the international management of the EITI, and support implementation through direct bilateral support to EITI implementing countries or through a multi donor trust fund managed by the World Bank. International Organisations supporting the EITI include the World Bank, IMF, African Development Bank and the European Bank for Reconstruction and Development, which also provide technical and financial support to implementing countries. The EITI has also repeatedly been endorsed by the G8, G20, AU and EU.

Many of the world's largest oil, gas and mining companies operating in Africa support the EITI - both through their country operations in implementing countries and internationally. Civil Society groups have supported the EITI directly and through the Publish What You Pay campaign, which is supported by over 300 NGOs worldwide. The list of the companies and organisations involved in EITI can be found on the EITI website.

Governance structure of the EITI

The 2006 International EITI Conference in Oslo established a Board to oversee EITI. The Board is chaired by Dr. Peter Eigen, founder and former chairman of Transparency International, and consists of a number of representatives from EITI implementing country governments, private sector, civil society groups, investors, and supporting country governments.



How can countries become involved?

The EITI Validation Guide and Source Book provide guidance to governments that wish to become involved in the initiative. These can be found on the EITI website. The Secretariat can be contacted for further advice.

Technical assistance is available from the World Bank administered Multi-Donor Trust Fund, and also from several other development agencies.

How can my company become involved?

All companies operating in the relevant sectors in countries implementing EITI have to disclose material payments to the government.

Transnational companies can make international commitments to support EITI by providing a clear endorsement of EITI on their website. They should also fill in an international level self assessment Company Form. The international Company Form should be completed by each company and this should be sent to the EITI Secretariat who will publish it on the EITI website.

How can my organisation become involved?

If your organisation wishes to state their support for the initiative, a public statement of policy is recommended. One way to demonstrate support is to create a space on your organisation's website and submit the link to the EITI Secretariat for posting on the EITI website. For other means of supporting the EITI, please contact the Secretariat.

Want to know more?

If you want to know more about the EITI you can:

Contact us

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