



EITI FACT SHEET

25 NOVEMBER 2010

The EITI sets a global standard for managing revenues from natural resources

EITI implementation leads to a wide range of benefits

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 global standard that promotes revenue transparency. It has a robust yet flexible methodology for monitoring and reconciling company payments and government revenues at the country level. The process is overseen by participants from the government, companies and national civil society. The EITI Board and the International Secretariat are the guardians of the EITI methodology internationally.

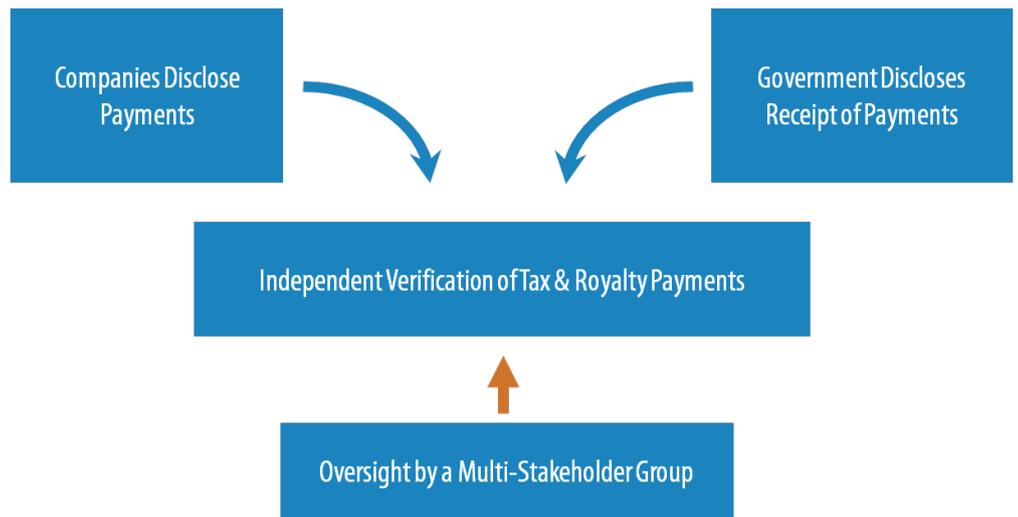
Governments benefit from implementing a standardised and internationally recognised procedure for transparency in natural resource management. In many countries, revenues from oil, gas and mining create political and economic distortions and high expectations. The commitment to reconcile company payments and government revenues via a multi-stakeholder process signals a commitment to good governance, improves international credibility, and affirms that the government is committed to fighting corruption.

Companies benefit from the improved investment climate, engaging in a constructive way with citizens and civil society, and a level playing field as all companies are required to disclose the same information.

Citizens and civil society benefit from the increased transparency by being able to hold their government and companies to account when the tax payments are disclosed.

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

EITI requires companies to publish what they pay, and governments to publish what they receive



Implementation of the EITI is assured by independent 'Validation'

- SIGN UP**
- 1 Issue government announcement
 - 2 Commit to work with stakeholders
 - 3 Appoint implementation leader
 - 4 Compose, agree and publish fully costed workplan

To become an **EITI Candidate**, a country must meet four sign up indicators (see below), including the development of a work plan documenting how the country intends to achieve EITI Compliance. The plan must be discussed with and agreed to by key stakeholders.

EITI CANDIDATE

- PREPARATION**
- 5 Establish a multi-stakeholder working group
 - 6 Engage civil society
 - 7 Engage companies
 - 8 Remove obstacles to implementation
 - 9 Agree reporting templates
 - 10 Approve independent EITI administrator
 - 11 Ensure full participation from companies
 - 12 Ensure that company accounts are properly audited
 - 13 Ensure that government accounts are properly audited

To achieve **EITI Compliant** status – or to extend Candidate status beyond 2 years – a country must complete the standard's quality assurance process - **EITI Validation**. It provides an independent assessment of the progress achieved and identifies what measures are needed to strengthen the EITI process. The Validation is carried out by an independent Validator selected by the Multi-stakeholder Group, using the methodology set out in the **EITI Rules**.

- DISCLOSURE**
- 14 Disclose to the administrator payments by companies to government
 - 15 Disclose to the administrator revenues received by the government
 - 16 Ensure that payment and revenue figures are reconciled
 - 17 Identify discrepancies and recommend improvements

If the EITI International Board considers a country to have met all the indicators in the Validation grid, the country will be recognised as **EITI Compliant**. If a country has made good progress, but does not meet all of EITI requirements, the country may apply to retain its Candidate status for a limited period. Where validation shows that no meaningful progress has been achieved, the Board will revoke the country's Candidate status.

- DISSEMINATION**
- 18 Make EITI report publicly available

- MONITORING & EVALUATION**
- 19 Examine companies implementation support
 - 20 Review actions taken on lessons learned

Country undertakes external validation

VALIDATION

EITI COMPLIANT

Azerbaijan, Liberia and Mongolia were the first countries to complete EITI Validation. Many other countries are currently preparing to complete EITI Validation.

33 countries are already well underway in implementing the EITI

Around 50 of the largest oil, gas and mining companies are committed to the EITI

A broad coalition of governments, Civil Society, International Organisations supports the EITI

EITI's governance structure reflects its multi-stakeholder nature

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Five countries, Azerbaijan, Ghana, Liberia, Mongolia, and Timor-Leste, are now EITI Compliant Countries. 28 other countries have achieved EITI Candidate status: Afghanistan, Albania, Burkina Faso, Cameroon, Central African Republic, Chad, Democratic Republic of Congo, Republic of Congo, Côte d'Ivoire, Gabon, Guinea, Indonesia, Iraq, Kazakhstan, Kyrgyzstan, Mali, Mauritania, Madagascar, Mozambique, Niger, Nigeria, Norway, Peru, Sierra Leone, Tanzania, Togo, Yemen, and Zambia.

23 of these countries have disclosed their payments and revenues in an EITI Report. Several other countries have signalled their intent to implement the EITI, and are working towards meeting the sign up indicator requirements.

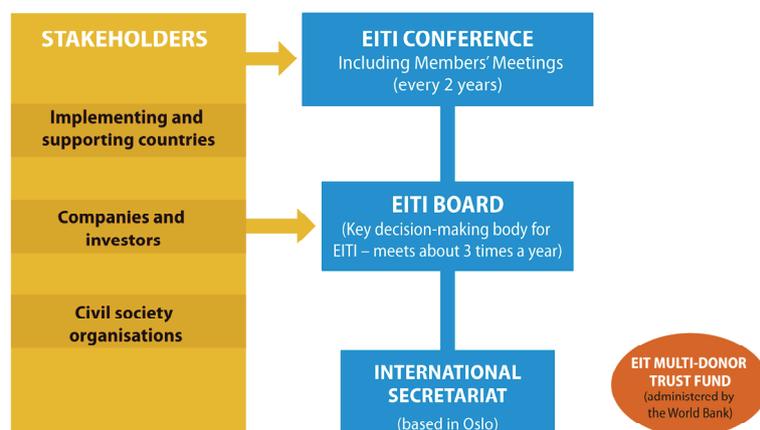
Around 50 of the world's largest oil, gas and mining companies support and actively participate in the EITI process - through their country operations in implementing countries, international-level commitments, and industry associations. Also, the EITI has won the support of over 80 global investment institutions that collectively manage over \$16 trillion.

Civil Society Organisations participate in the EITI directly and through the Publish What You Pay campaign, which is supported by over 300 NGOs worldwide.

International Organisations supporting the EITI include the World Bank, IMF, African Development Bank, Asian Development Bank, the Inter-American Development Bank, the European Bank for Reconstruction and Development, and the European Investment Bank. These organisations provide technical and financial support to implementing countries, and support EITI outreach.

A number of governments including Australia, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, the Netherlands, Norway, Spain, Sweden, Switzerland, 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. The EITI has also been endorsed by the UN, G8, G20, AU, the International Organisation of the Francophonie and EU.

The EITI is overseen by the EITI International Board, chaired by Dr Peter Eigen, founder and former chairman of Transparency International. The Board consists of representatives from EITI implementing country governments, extractive companies, civil society groups, investors, and supporting country governments. The highest governing body is the Members' Meeting at the EITI Global Conference. The last conference in Doha in February 2009 was attended by over 500 people including Heads of States, CEOs and civil society leaders. The next Global Conference will take place in Paris 2-3 March 2011.





Welcome to the EITI Global Conference, 2-3 March Paris

How can governments become involved?

At the 5th EITI Global Conference in Paris 2-3 March 2011, leaders from governments, companies and civil society organisations will meet to share how EITI has created a platform for dialogue, built trust, improved governance and enhanced the business environment in EITI countries. Together hundreds of EITI stakeholders will meet to address challenges of the futures and shape the next stage of the EITI story. Please visit www.eitiparis.org to learn more and to register to the conference.

There are two ways a government can take part in the EITI. Countries with significant extractive industry sectors can commit to implement the EITI. In addition, any country can become a EITI Supporting Country by formally endorsing the EITI, and by providing political, financial and technical support. In both cases, governments should begin with a clear statement of their commitment to become an implementing or supporting country. Visit www.eiti.org/supporters/countries, or contact the EITI International Secretariat for further advice.

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

How can companies become involved?

In short, all companies operating in the relevant sectors in countries implementing EITI have to disclose material payments made to the government.

In addition, any company can become an EITI Supporting Company at the international level by expressing its support to the EITI and contributing to country implementation where appropriate. This does not require any reporting or disclosure in addition to the requirements for all companies operating in the extractive sector in EITI implementing countries. Companies are also asked to make an annual contribution to the management of the EITI. The EITI Secretariat should be contacted about becoming a supporter.

An **EITI Business Guide** is available on the website that provides guidance on how companies can support revenue transparency and implementation of the EITI.

How can organisations become involved?

If your organisation wishes to state its support for the initiative, a public statement of policy is recommended. One way to demonstrate support is to create a page 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?

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