



**PUBLISH WHAT
YOU PAY**

**To: EITI International Board
Chair Mr Fredrik Reinfeldt**

From: Publish What You Pay Global Council

26 February 2019

Dear Mr Reinfeldt and members of the EITI International Board

Greetings from the new PWYP Global Council; welcoming the nomination of Ms Helen Clark; key opportunities to reform the Standard

With this letter the PWYP Global Council members, newly elected at the recent PWYP Global Assembly (Dakar, 29-31 January 2019), would like to thank Mr Reinfeldt and the current EITI Board for your work to improve natural resource governance around the world. Since the election of the current International Board and adoption of the EITI Standard in 2016, there has been notable progress “from reports to reforms”: addressing the anti-corruption agenda (the inclusion of beneficial ownership information and encouraging contract transparency); building relevance for local communities (social expenditures and project level reporting); safeguarding inclusiveness and citizen participation (the Civil Society Protocol); and exploring systematic disclosures – to name a few.

We were delighted to welcome the EITI Executive Director, Mr Mark Robinson, as our guest at the PWYP Global Assembly in Dakar, where we discussed where civil society currently stands in relation to the EITI’s implementation and our future policy priorities (see the [PWYP GA 2019 Communique](#)). We greatly appreciated the positive spirit of [Mark’s recent blog](#) welcoming our future cooperation and engagement.

We would also like to warmly welcome the EITI’s new Chair nominee, former Prime Minister of New Zealand Ms Helen Clark, whose arrival coincides with the opportunity to enhance the Standard’s requirements. Helen’s proven commitment to transparency provides a solid foundation for her new role, and we look forward to collaborating with her to make the EITI and the Standard even stronger.

To help ensure the EITI remains a robust and meaningful global standard, we would like to highlight four key policy points that we believe the EITI Board should attend to at its next meeting and over the coming months. We believe that the EITI Standard must evolve to stay relevant and that the 2019 revision of the Standard presents an important opportunity for the Board to strengthen the Standard as the global benchmark for transparency in the extractive

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sector. Areas of particular need and opportunity are: the promotion of gender equity; making contract disclosure a requirement; introduction of an environmental reporting requirement; and a requirement to disclose commodity trading payments on a sale-by-sale basis.

We therefore urge and encourage EITI Board members to commit to and progress these reforms when they meet in Kiev this week, ahead of the EITI Global Conference in June 2019:

Promotion of gender equity

Many recent studies show that women are more likely than men to experience the negative impacts of extraction and less likely to benefit. Gender-neutral policies in the sector have left women disadvantaged. For extractives to benefit everyone, the EITI Standard needs to ensure that natural resources are governed with gender equity as a positive goal. Yet few country reports currently refer to gender, and women lack equal voice in the EITI. Most national multi-stakeholder groups (MSGs) have fewer than 25 per cent female members. Several have no women at all. As leading extractive companies start to embrace gender inclusion, the EITI needs to catch up. The Standard should be revised to catalyse more equal participation of women at every level of the extraction process:

- Gender should be reflected in data disclosure. Employment data should be disaggregated by gender, and the information required on national budget processes should include gender-responsive budgeting and allocations.
- To address the challenges women face accessing data and information, the Standard should require that EITI reports are presented with women's information needs in mind, and outreach events should be socially inclusive. MSGs should be required to discuss outreach to women and to document such discussion.
- Revision of the Standard should include measures to improve MSG gender balance.

Require contract transparency

Contracts and licences span the entire scope of the EITI, from exploration and production rights, to taxes and transfers, infrastructure and social spending. Government publication of these documents is rapidly becoming a global norm, supported by companies and the international community. Already 31 of 51 EITI implementing countries have disclosed contracts and 24 have laws requiring disclosure. Contract transparency is also required and/or endorsed by many international bodies, including the International Finance Corporation, IMF, UN and OECD. At least 18 leading extractive industry companies have made statements supporting the practice, including seven of the 10 companies represented on the EITI Board. Failure to reflect these trends will reduce the Standard's credibility as the benchmark for extractive industry transparency. The EITI should strengthen the Standard by requiring publication of all contracts and licences which define the terms of extraction.

Environmental reporting

If extraction is to truly benefit citizens, social and environmental costs should be understood and approved. Environmental regulations and reporting practices in the extractive sector are currently inconsistent and inadequate. Many are being weakened by governments seeking greater profit from extraction, to offset lower commodity prices or to meet development targets. In response, there is increasing public demand for information on the environmental impacts of extractive activities. The EITI Standard currently lacks requirements for the environmental impacts of extraction to be published. It should be revised to require environmental reporting, so

that information on the environmental effects of extraction is made public. This would also reinforce EITI practice. The Standard already requires disclosure of social payments, but without reporting of environmental impacts the full social costs of extraction can never be known. At least 28 of the EITI's 51 member countries already report environmental and social information voluntarily. So that citizens can judge accurately whether a project is truly beneficial, the Standard should require universal and consistent environmental reporting.

Require disclosure of commodity trading payments

EITI reporting shows that many resource-rich countries collect payments-in-kind of oil, gas and minerals, valued at over US\$1 trillion since EITI reporting began. Sale of this production share by governments and state-owned enterprises to commodity trading companies, including mainstream extractive companies, is a critical source of income – constituting for example the largest national revenue source in Nigeria and Iraq. Such sales are prone to corruption and mismanagement, which makes it essential that the EITI Standard is revised to require commodity trading payment information to be disclosed on a sale-by-sale basis. Only with this level of transparency can civil society, parliamentarians and other oversight actors understand these transactions and query anomalies.

Revision of the EITI Standard in 2019 offers a key opportunity for governments, business and civil society to make it an even more powerful tool for building transparency and accountability in the extractive sector. By ensuring that the EITI promotes gender equity, requires contract publication, helps safeguard the environment through a reporting requirement, and requires disclosure of commodity trading payments, the Board can assist the EITI in truly realising its potential to enable all citizens to benefit from their countries' natural resources.

Thank you.

Yours sincerely

PWYP Global Council members:

Dupleix Kuenzob, PWYP Cameroon, Africa Steering Committee representative

Chenai Mukumba, PWYP Zambia, Anglophone Africa (Global Council Chair)

Chadwick Llanos, Bantay Kita / PWYP Philippines, Asia-Pacific

Aigul Sultanova, Kyrgyz Republic, Eurasia

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