


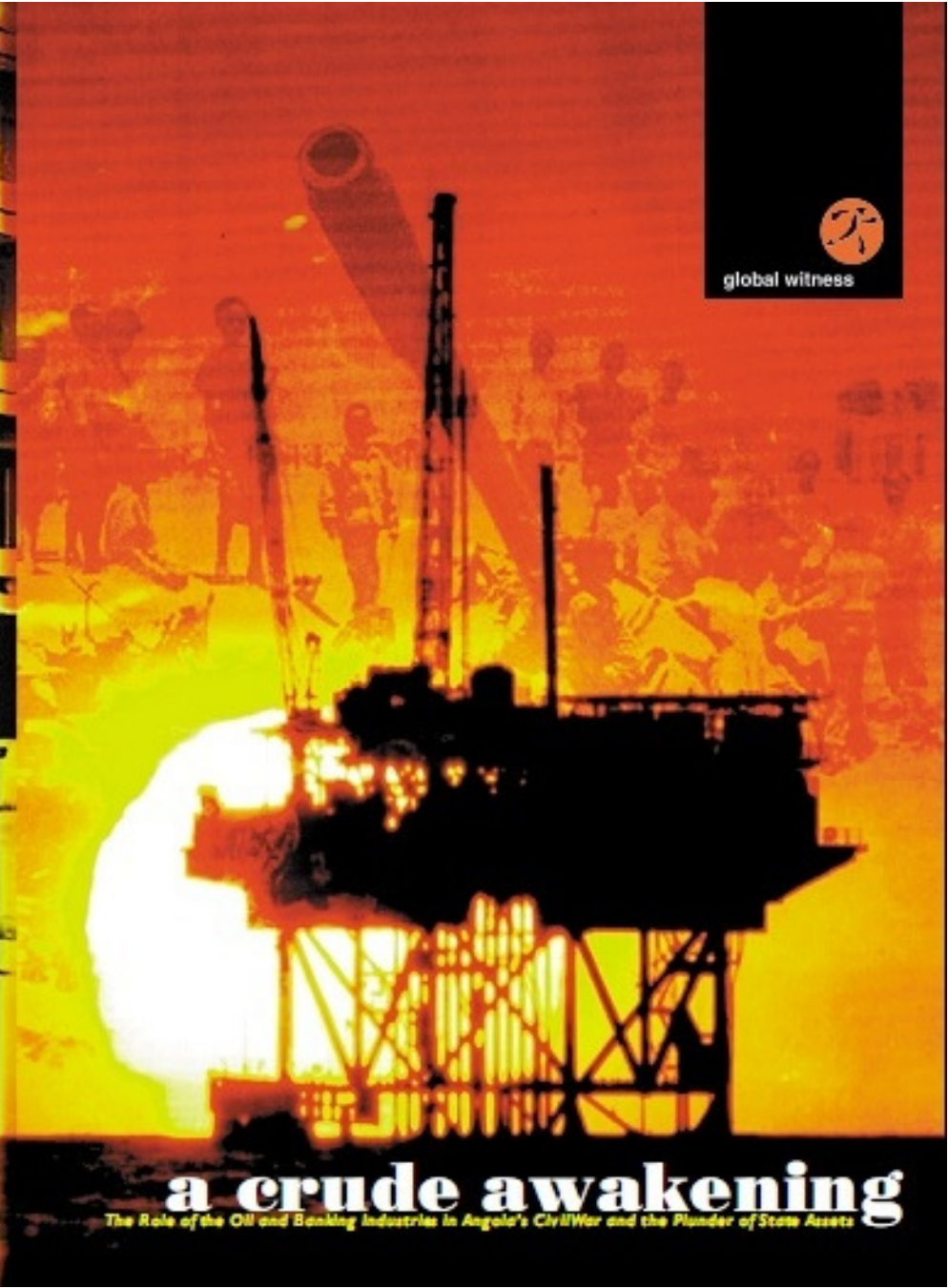


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*Dedicated to the inspiration of
Jeffrey Reynolds*



global witness

a crude awakening

The Role of the Oil and Banking Industries in Angola's Civil War and the Plunder of State Assets

December 1999





How EITI works



COMPANIES

disclose payments



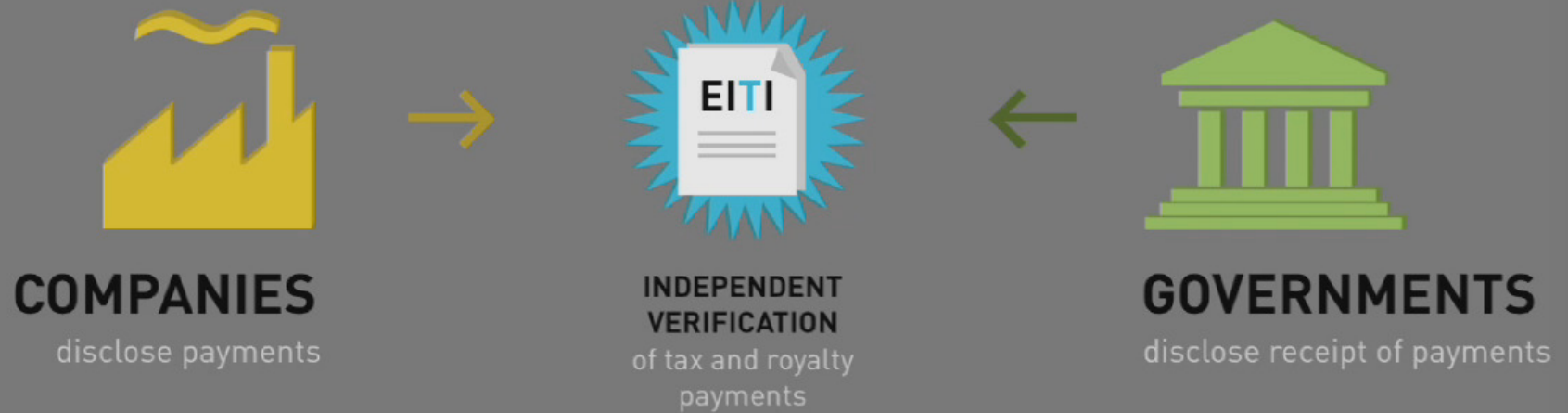


How EITI works



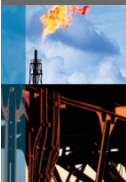
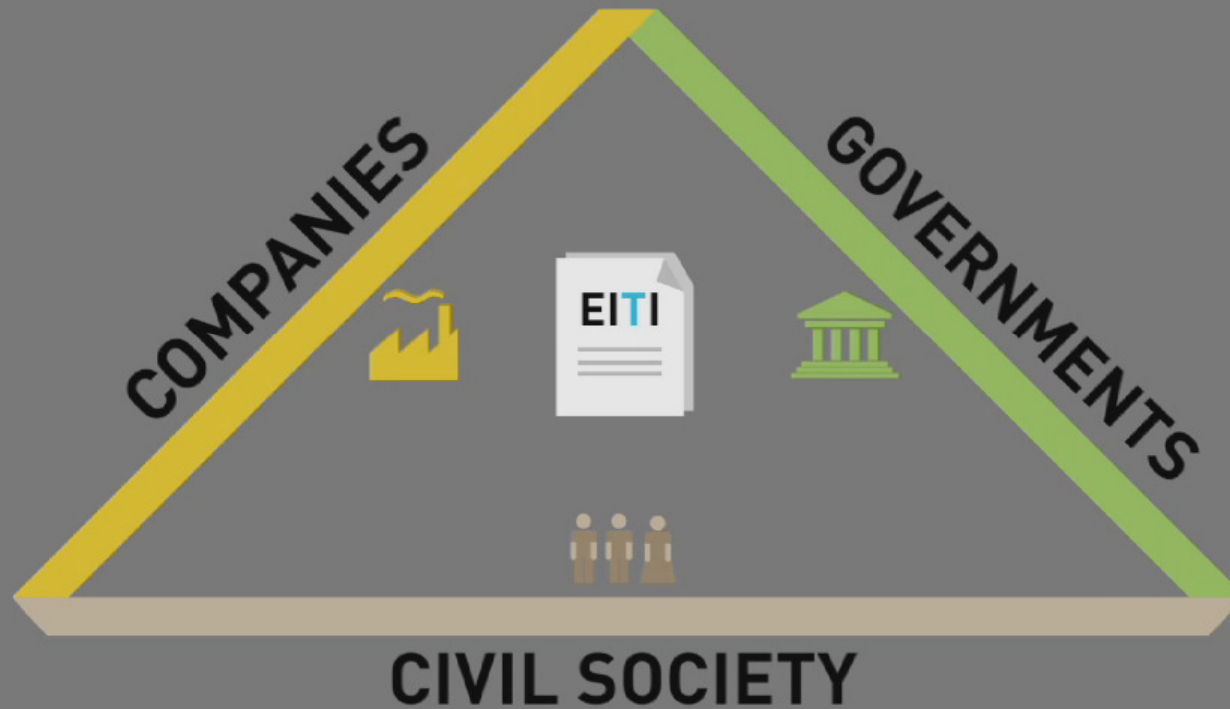


How EITI works





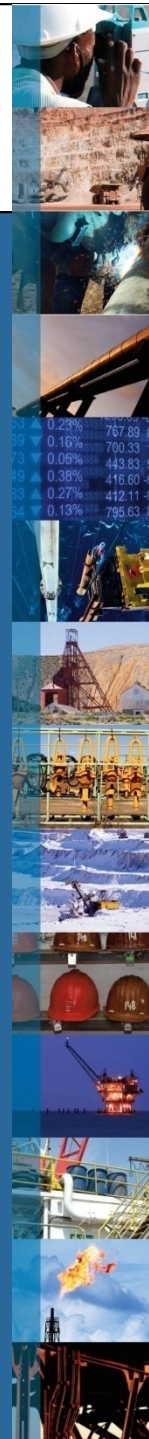
How **EITI** works



The EITI Report: Nigeria 2005

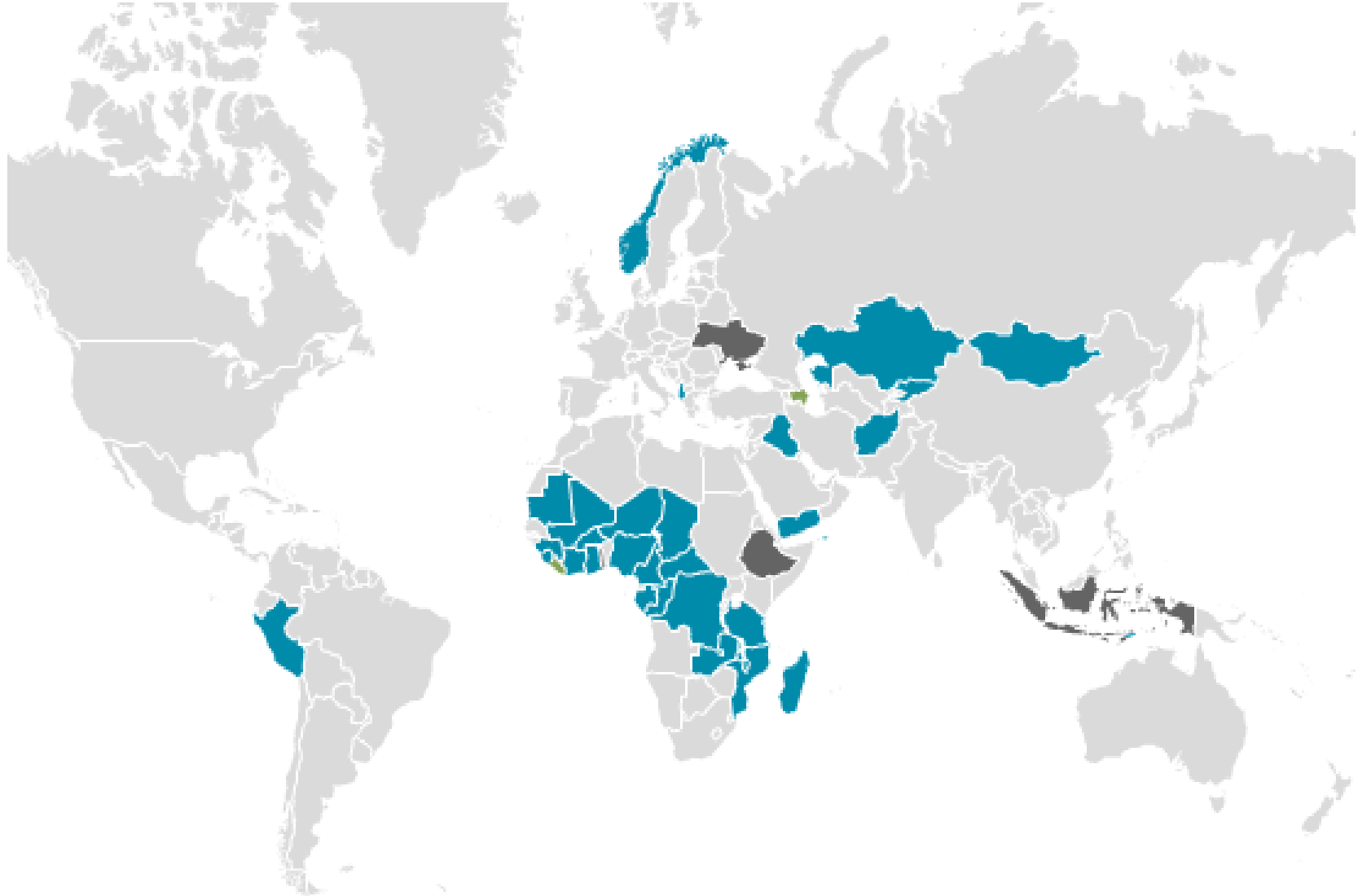
Petroleum Profit Tax-IOC Owned Companies		Reported by companies	Reported by CBN	Difference
	Co Ref	US\$ 000	US\$ 000	US\$ 000
Chevron Nigeria Limited	C15 - CNL	1,284,425	1,284,887	(462)
ConocoPhillips	C82 - Phil	302,800	263,341	39,459
Elf Petroleum Nigeria Limited	C25 - EPNL	2,136,121	1,903,050	233,071
Mobil Producing Nigeria Limited	C41 - MPNU	2,717,631	2,717,631	-
Nigeria Agip Oil Co. Limited	C49 - NAOC	947,823	988,634	(40,811)
Pan Ocean Oil Corporation	C58 - PAN	34,061	33,132	929
Shell Petroleum Development Co. Limited	C87 - SPDC	3,105,136	3,105,142	(6)
Addax Petroleum Development Co.	C01 - ADDX		7,350	(7,350)
Total		10,527,997	10,303,167	224,830

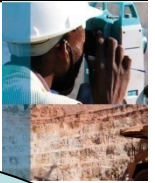
In total, US\$5 billion mismatch!





30+ Implementing countries





The EITI Board

**Supporting countries
and organisations**

including the World Bank, AfDB and ADB

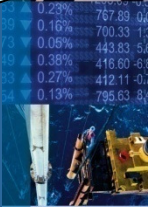
**EITI
International Secretariat**

**EITI Implementing
countries
31 countries**

Supporting companies
48, including most of the world's largest

Civil society organisations
hundreds, often through Publish What You Pay

**Supporting
institutional investors**
US\$16 trillion in assets





Lessons for REDD 1 & 2



1) Follow the money

Need to follow the money in REDD as well as the carbon

US\$ billions may be transferred to some of the world's most corrupt countries.

2) Civil society needs a seat at the table

Different parties sometimes sit down together for the first time in implementing countries

→ Bumpy ride but building trust and understanding is key output of EITI so far

Laws that restrict NGO participation problematic

Need to build civil society's capacity to engage and defend their space.

CS is a diverse group...

→ For REDD, should law enforcement too?



Lessons for REDD 3



3) Credible minimum standards and their verification are vital

EITI was initially a set of vague principles and some countries were not serious

→ This damaged brand and undermined others reporting properly

So a balance of country ownership and international standards was found

→ It is optional to take part but it is not optional to follow rules if you do

EITI developed **minimum criteria, process standards** and an **independent validation** system

→ Just kicked out first countries (Equatorial Guinea and Sao Tome)



Lessons for REDD 3 (cont)



Actually three levels of verification in EITI:

1. To become an EITI candidate, you need to:

- identify an EITI champion
- build stakeholder coalition (MSWG)
- sign off on a credible plan

2. Then, MSWG oversees and sign off on report by independent auditor

3. Whole process validated and country becomes EITI compliant

- Country chooses from list of internationally approved validators. Validation report first signed off nationally and then approved by international board.

Amongst strongest advocates of process have been compliant countries



Lessons for REDD 4



Lots of implementing countries going through validation at the moment
→ Crunch time for enforcement EITI rules

Allowing free participation of civil society and for civil society to choose their own representatives is a key criterion of assessment

→ Country ownership important but balance of power in REDD will be skewed towards international actors because of where the money is coming from

4) Creating an enabling environment

IFC and EBRD standards require companies to publish what they pay
Home/supporter governments should encourage their companies to take part in EITI and disclosure laws can help too

→ For REDD, laws outlawing import of illegal timber relevant etc.



Lessons for REDD 5



5) Coordination

Keeping national and international process moving forwards and all the stakeholders aligned is a huge job

EITI international board provides overall steer to Secretariat

→ Formal reporting structure developed to follow progress in countries and early warning of problems

Building stakeholder groups takes a lot of time

→ Initial conditions and early support very important

→ Often, one donor has paired off with one implementing country

Donor government coordination challenges too.

→ Don't leave it to development wonks!



Lessons for REDD 6



6) Establishing a global norm?

Initiative needs to go beyond small countries that the World Bank/donors can push around

EITI now has Iraq, Kazakstan and Indonesia in but no China, Saudi Arabia and Russia

→ REDD will be a global norm once countries like Brazil, Malaysia and Indonesia take part.

Might be better to shape standards with others first though



Lessons for REDD 7



7) Political will

Political will is needed always and everywhere

Multistakeholder approaches are hugely conceptually popular but can be like cats in a bag → needs a strong steer to get results

Donor governments soon get bored and see the problem as solved
Lower calibre people involved etc without decision making authority involved → UK, US in EITI

Amazing what can be done despite minimal capacity if political will is there → Liberia an example to all in EITI

Thank you and good luck!