

February 7 2007



EITI Board Circular No. 2

Dear Board member,

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As you may know, Ben Mellor has now moved on to new responsibilities within DFID. I want to express our thanks and appreciation for the very important contribution he has made during his time as the Head of the Secretariat. Until the new Secretariat is established in Oslo, Mary Hunt will act as the Head of the Secretariat.

1. Multi-Donor Trust Fund - Donor Meeting in Paris

On January 31 the World Bank hosted a meeting for current and potential donors to the Multi-Donor Trust Fund. The interest in the EITI was considerable. Australia, Belgium, Canada, Italy and the European Commission all confirmed a willingness to support the EITI, and Belgium made a pledge to provide funding (amount to be confirmed). Canada is expected to follow suit over the next couple of weeks. Under the World Bank's leadership, progress with the implementation is being made in a growing number of countries and I attach the Bank's latest update.

2. Transition update

Terms of Reference for the Head of the Secretariat have been approved by the Selection Committee and Tormod Endresen confirms that the post will be advertised in mid-February in the Economist and the Financial Times. We aim to have interviewed candidates before our Board Meeting in April.

The workplan (April 2007-December 2007), and budget are being finalized by the Secretariat and will soon be circulated to the Finance Sub-Committee and the Board.

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3. Other updates

G20

Paul Mitchell has the following important update to make regarding support from the G20: "The G20 met in Melbourne last November and one of the key themes was resource security. Concurrent with the G20, an Energy and Minerals Business Council (EMBC) meeting was held at the request of the host government and it was chaired by BHP Billiton CEO Chip Goodyear. Two items from the communiqués at these meetings are relevant. The EMBC encouraged G20 governments and industry to adopt EITI, and the G20 "noted the benefits of" EITI and encouraged governments and industry to support the initiative."

Given that G20 includes important EITI-targets such as Russia, China and South Africa, I believe that this is a small but politically significant step from which we need to ensure that we draw the maximum benefit. I suggest that we revisit this issue at our planned discussion about G8 engagement at our forthcoming board meeting.

Latin America

Recognizing that one of EITI's priorities is to make progress with important emerging markets and to include countries from regions which are currently under-represented, I am planning to visit Latin America in late March for meetings in Brazil, Peru and Columbia. The Secretariat is currently consulting and preparing for these visits.

In the last week of January our Board members Karin Lissakers and Carlos Monge visited Ecuador at the invitation of the Minister for Energy and Mining Acosta. The Minister has requested the assistance of the Revenue Watch Institute (RWI) in assessing and improving the quality and public availability of data on Ecuador's petroleum sector and in establishing a civil society monitoring mechanism. Agreement was reached on a work programme for cooperation between RWI and the ministry. The work programme includes RWI helping the government assess whether it should participate in the EITI. (see www.revenuewatch.org for details.)

4. China engagement working group

Given the importance of EITI making progress with engaging the Chinese Government and companies in the initiative, I would like to convene an informal working group to discuss and plan engagement alternatives (I do not foresee that this working group would have any kind of decision-making

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mandate from the Board). I invite any board member with a particular interest in China to join this group. My successor at TI, Huguette Labelle, and Chris Patten – both with extensive experience and networks relating China, have also offered to support any EITI/China initiative.

Last week the President of the African Development Bank, Mr. Donald Kaberuka, invited me to participate at the AfDB Annual Meeting in Shanghai in order to conduct an EITI session at that occasion. Please let me know if anyone of you will be in the area at that time to participate.

5. Africa – Natural Resources

Last week I attended the “Big Table” Meeting in Addis Ababa on Managing Africa’s Natural Resources for Growth and Poverty Reduction, organized by the UN Economic Commission for Africa and the AfDB. Paul Mitchell also attended, among a number of Mining Ministers and other important personalities in our field. EITI played an important role and a number of participants reaffirmed their commitment to promote EITI in their home countries (Ghana, Liberia, Kenya, Sudan). In an impromptu meeting with Prime Minister of Ethiopia he showed great interest for his country to join – early on, before present prospecting efforts for oil and gas lead to concrete operations.

6. Next Board meeting

Further to the last Circular, the Secretariat and our German hosts can confirm that the meeting will begin with a dinner on 10 April, followed by our Board meeting on 11 April. We are also currently in collaboration with the German Ministry of Foreign Affairs planning an EITI/G8 outreach meeting, possibly with focus on China for the morning of April 12. The Secretariat will be in contact in due course with more information.

Best regards

A handwritten signature in black ink, appearing to read "Peter Eigen". The signature is fluid and cursive, with a large, stylized initial "P" and "E".

Peter Eigen, Chairman