

The role of civil society in
Extractive Industries Transparency Initiative
processes

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The role of civil society in Extractive Industries Transparency Initiative processes

1. The EITI process
2. The role of civil society
3. Lessons learned and benefits of civil society involvement





EITI is a process where

1. Governments publish revenues from all extractive industries companies, including state-owned enterprises
2. Companies publish their payments to the governments
3. The numbers are verified through an independent audit
4. Payments and revenues are reconciled by an administrator
5. Civil society is actively engaged in the whole process
6. The government develops a financially sustainable work plan





Elements of the EITI process



- | | |
|-------------------------------------|--|
| Sign-up | <ul style="list-style-type: none">• Government makes public statement• Stakeholders identified• Initiating conference held |
| Set-up | <ul style="list-style-type: none">• Multi-stakeholder committee formed• Basic procedures and workplan developed |
| Develop the process | <ul style="list-style-type: none">• Secure financing and if needed technical assistance• Select independent administrator to reconcile figures to international audit standards |
| Disclosure
Publication | <ul style="list-style-type: none">• Design reporting template• Companies and government submit data• Ensure data is to international standards |
| Dissemination
Discussion | <ul style="list-style-type: none">• EITI report published, identifying any discrepancies• Administrator makes recommendations• Stakeholders review data |
| Review | <ul style="list-style-type: none">• Review process/workplan and make improvements• Regular reporting continues |





Stakeholders in the country



Civil society

Community-based organizations, local NGOs, media, trade unions, academic/research institutions, faith-based organizations

Private sector

Domestic and international, private and state-owned companies, investors, business associations

Public institutions

In the *executive*, agencies responsible for: management of natural resources, revenue collection and management, economic development, private-sector regulation, public administration. In the *legislature*, budget/resource committees, regional/local government. *Supreme audit institutions*.



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What is “civil society”?



- Every country is unique, and outside interests cannot decide what is civil society.
- Examples: Community-based organizations, local NGOs, media, trade unions, professional associations, academic/research institutions, faith-based organizations
- For EITI purposes, examples of civil society contributions are:

Representation	Organizations that represent communities particularly affected by extractive industries
Oversight	Organizations that focus on public spending
Education	Organizations that are able to effectively educate and communicate transparency principles and create understanding for public revenue management
Dialogue	Organizations that can be efficient interlocutors between companies, government, and people
Legitimacy	Organizations that enjoy a high degree of respect and are known for integrity





What is “civil society”?



- One mechanism for mapping civil society is a formal assessment
 - Such an assessment looks at which civil society organizations exist, how they interact with government, and any areas of shortcomings.
 - Examples of persons consulted during prior assessments are central, local, and regional government officials, donors, local civil society organizations, private sector, parliamentarians, research institutes, media, United Nations agencies, faith-based organizations, rural development committees, participants in governance projects, village authorities, and trade unions.
- Possible evaluation criteria for how to include Civil Society Organizations are:
 - Stakeholder - affected or benefits by the outcome of the EITI
 - Credibility - acceptability to stakeholders and government
 - Competence - or the ability to participate in capacity building
 - Solid local knowledge - which is a key part of their contribution
 - Representation - community ties, accountability to members, and gender sensitivity. CSOs are normally not elected.
 - Governance - sound management, transparency, financial accountability, efficiency





What is “participation”?



- There are many levels of civil society involvement (see table)
- An EITI process must find the appropriate level of real, effective, and constructive involvement of civil society

8	Community control	Degrees of community power
7	Delegated power	
6	Partnership	
5	Placation	Degrees of tokenism
4	Consultation	
3	Informing	
2	Intervention	Non-participation
1	Manipulation	

Remember:
Local and central government is elected

Public understanding helps public debate which creates informed choices



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What is “participation”?

- Mechanisms for civil society engagement that have been used in other fields than EITI in the past include:
 - Have Civil Society representation on steering or implementation committees
 - Create joint task forces or agencies with government/industry
 - Creating Civil Society liaison or information offices
 - Hiring Civil Society researchers for project-related tasks
 - Create joint capacity building seminars with government officials
 - Organizing conferences, workshops, or roundtables
 - Interviews, surveys, and focus groups
 - Call for written comments
 - Issue papers
 - Electronic discussions
 - Public hearings





The role of civil society in the EITI process



Sign-up

(Element of process in black...)

(...Possible actions and instruments in blue)

Set-up

Identify all stakeholders, including civil society, whose engagement is necessary for the successful implementation of EITI

Develop the process

Conference, formal stakeholder assessment, outreach through umbrella NGOs/industry associations

Disclosure
Publication

The government's commitment to EITI must be made clear in a way that reaches civil society in the country

Dissemination
Discussion

Conference, media, outreach

Review



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The role of civil society in the EITI process



Sign-up

Ensure awareness of EITI process

Following up awareness of EITI decision

Set-up

The individual in charge of EITI implementation must be trusted, and the individual's staff must be accessible to civil society

Develop the process

Consult with civil society in selection, ensure sufficient staff capacity

Disclosure Publication

Institutionalize civil society participation

Direct participation in implementation committees, regular consultation events, plans for regular capacity building, outreach to all stakeholders identified at Sign-up, plan long-term capacity strategies (accountability in school curriculum)

Dissemination Discussion

Ensure that participation is representative of stakeholder interest, that civil society participation is efficient, high-level, and consistent

Review

Lay out role of civil society and capacity building in government's workplan



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The role of civil society in the EITI process



Sign-up

Designing reporting template

Set-up

Most EITI stakeholders must be content with the process. Individuals or organizations preparing the templates must be trusted by most of civil society and most of civil society must understand the templates

Develop the process

Appoint an administrator

Must be considered to be trusted and impartial by most EITI stakeholders. Ensure no conflict of interests.

Disclosure
Publication

Identify and address capacity needs of key EITI stakeholders prior to implementation

Dissemination
Discussion

Possible areas for capacity building: networking, logistics, technical, communication, consensus building skills. Report in an easily understandable manner.

Review



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The role of civil society in the EITI process



Sign-up

With appropriate preparation, civil society can engage in questions such as: which revenue streams will be disclosed, by whom, and how?

Set-up

- Work with civil society in order to ensure that information is comprehensible and accessible to society as a whole, and that the EITI report addresses civil society's concerns.

Develop the process

- Work with civil society to define the reporting standards (such as factual, non interpretive and simple reporting)

Disclosure Publication

- Ensure that reporting is credible and that the disclosure goes through an impartial and trusted person or entity

Dissemination Discussion

Review





The role of civil society in the EITI process



Sign-up

Ensure active dissemination of information

Options: TV, debates, radio, national eiti website, booklets, and seminars.

Set-up

Integrate into greater fiscal transparency initiatives.

Develop the process

Actively engage civil society in a public discussion of reporting results. Use feedback to allow government to demonstrate accountability. Broaden process to include other stakeholders.

**Disclosure
Publication**

**Dissemination
Discussion**

Review



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The role of civil society in the EITI process



Sign-up

The key stakeholders must set the terms for the review

Set-up

This is an opportunity for civil society to work with government

Integrate with other countries' experiences

Develop the process

Civil society interacts with civil society in other countries

Feedback through review is crucial for sustainability

Disclosure Publication

Accountability and responsiveness on part of the government and the EITI process ensures continued support and legitimacy

Dissemination Discussion

Review



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Lessons learned in EITI processes



Remember the objective of the EITI process

If stakeholders press for release of all information, regardless of relevance to the EITI process, the process stalls (even if c.s. has no formal veto power)

Don't use the EITI process as a general political opposition to the government or to donors, and don't start with an attitude of conflict

The point is to have civil society, companies, and government work together. If the process is used for other political purposes, it will never work

Be constructive

Stakeholders have to suggest improvements not only criticize

Define relevant stakeholders

Every country is unique, but identifying which parts of civil society that are relevant to the EITI process helps maintain focus

Prepare well and don't rush to implementation

It pays to take the time to include all relevant stakeholders and to reach a consensus *before* the implementation phase

No unfunded mandates

Without identified funding sources EITI has a good chance of stalling



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Benefits of Civil Society Involvement



Working with civil society:

- Increases success rates of initiative
- Creates commitment to the initiative and improves sustainability
 - Increases quality of the process
 - Provides early warning when process loses sight of objectives
 - Mitigates conflicts and avoids potential conflicts
- Creates common base of understanding and networks that can be used in the future





Benefits of Civil Society Involvement



- Civil society is important in fulfilling other stakeholders' expectations from the EITI process

Stakeholder	Incentive	Contribution from Civil Society
Implementing government	Improve accountability	Ultimate check on accountability
	Prevent rent seeking	Negative social sanctioning of rent seeking
	Reduce conflict	Engage in cooperation rather than conflict
	Political integrity	Build trust in political institutions
	Build trust in institutions	Trusts, uses, and accepts institutions
	Generate knowledge	Disseminate knowledge widely
	Manage expectations	Disseminate informed expectations
Companies	Reduce cost of capital	Political stability originates in civil society
	Prevent corruption	Anti-corruption must be founded in c.s.
	Manage operational risk	Participation from c.s. reduces risk
	Employee satisfaction	Employees take part in civil society
Investors	Mitigate risk	Political stability originates in civil society
Industry associations	Improve corporate governance	Create general understanding of transparency and accountability principles





Benefits of Civil Society Involvement

