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PRESS RELEASE

IRAQ COMPACT ANNUAL REVIEW CONFERENCE

IRAQ JOINS THE EITI

Statement made by Jonas Moberg, Head of the International Secretariat, on behalf of the Extractive Industries Transparency Initiative (EITI), at the Iraq Compact Review Conference, welcoming Iraq's commitment to implement the Extractive Industries Transparency Initiative:

*There could be no better illustration of Iraq's concrete efforts to build a new administration based on good governance than its **commitment to implement the Extractive Industries Transparency Initiative (EITI)** announced in April 2008. The EITI will be an important tool in driving the recovery of the nation by ensuring that its abundant oil and gas wealth can be managed for the benefit of its citizens and sustained peace.*

*The EITI is a coalition of supporting organisations including the Governments of the **US, UK, and Norway** and the **World Bank**; implementing countries, including **Yemen and Nigeria**; supporting companies such as **ExxonMobil, Chevron, BP and Shell**; and over 300 civil society organisations including **Oxfam and Transparency International**. On behalf of this broad and active coalition, I applaud **the leadership of the Government and of Deputy Prime Minister Dr Barham A Salih in committing to implement the EITI.***

There are currently 23 EITI Candidate Countries implementing what is becoming the global standard for transparent governance of extractive resources. The EITI is a nationally driven process for companies to disclose what they pay in taxes and other payments to Government, and for Government to disclose the receipt of payments from companies. An independent reconciliation is then undertaken, overseen by a multi-stakeholder group of government, civil society and the operating companies. The EITI Reports are then made publically available. The EITI thereby promotes transparency between companies and government, and accountability between government and its citizens.

Iraq's commitment to the EITI is a clear and practical illustration of the spirit of the Compact between Iraq and the international community. We now call upon the international community to provide Iraq with technical support to help implement the initiative.

Iraq is the single largest country in terms of proven oil reserves (11% of world's resources) to commit to the EITI. Oil production is at a critical stage in Iraq, with the drafting of oil legislation for the regulation of foreign investment which will be followed by a series of contract awards. I hope that the EITI will sit within this regulatory framework. The next steps in the EITI implementation process include consultations with local stakeholders, the appointment of a senior official to lead the implementation, and the development of a workplan for the full implementation.

I would like to conclude by echoing Dr Barham's words on announcing his Government's commitment 'Iraq is in the midst of a historic campaign of revival and reconstruction after decades of tyranny, mismanagement and war. The vast oil wealth that the country was blessed with is a key asset as it embarks on this journey. In order for the people of Iraq to enjoy the full benefit of this wealth rather than it becoming a curse as happened so many times in the past, oil and gas need to be managed in an efficient and responsible way.'

In building a unified society with nationwide confidence in the government and its management of what is after all every Iraqi's oil riches, the commitment to an internationally anchored, transparent and consultative process should be welcomed and supported by everyone.

Jonas Moberg

Head of the EITI International Secretariat

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EITI Secretariat

Ruseløkkveien 26

0251 Oslo

Norway

Tel. +47 22 24 21 05

Fax. + 47 22 24 21 15

During the Conference, +47 95 81 77 62

About The EITI

The EITI sets a global standard for companies to publish what they pay and for governments to disclose what they receive

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 coalition of governments, companies, civil society groups, investors and international organizations. It has developed a robust yet flexible methodology that ensures a global standard is maintained throughout the different implementing countries. The EITI Board and the international Secretariat are the guardians of that methodology. Implementation itself, however, is the responsibility of individual countries. The EITI, in a nutshell, is a globally developed standard that promotes revenue transparency at the local level.

Benefits of the EITI

Citizens of resource-rich countries are the primary beneficiaries of the EITI. Knowing what governments receive, and what companies pay, is a critical first step to holding decision-makers accountable for the use of those revenues.

Investment climate in resource rich countries improves by implementing the EITI. The multi-stakeholder nature of the process and the commitment of the Government to strengthening transparency and accountability over natural resource provide clear signals to investors about how extractive industries revenue flows are managed.

Companies and investors can help mitigate investment risk: corruption creates political instability, which in turn threatens investments which are often, capital intensive and long-term in nature.

Civil society can benefit from an increased amount of information in the public domain about revenues governments manage on behalf of citizens, thereby increasing accountability and improving transparency.

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

The EITI values and process

The EITI has been built over an extended period of consultations and advocacy with all relevant stakeholders. The consensual view has been captured in a series of shared principles and agreed criteria that form the core values behind the EITI. In brief, they are:

- The conviction that natural resources wealth should lead to growth and poverty reduction.
- The commitment to transparency as a tool to achieve the former. Transparency should apply to all parties involved in the process and be based in disclosing information in a thorough and comprehensible manner.
- The process to promote and achieve transparency should always respect the sovereignty of countries and existing contracts and laws.
- The process to promote and achieve transparency needs to involve all relevant stakeholders.

Detailed information about the EITI **Principles** and **Criteria** can be found here: www.eitransparency.org/eiti/principles and www.eitransparency.org/eiti/criteria

Implementation of the EITI

The Board has agreed that 23 countries are considered candidate countries and can proceed to implementation. Azerbaijan, Gabon, Kazakhstan, Nigeria and Yemen are amongst the group of implementing countries.

Supporters of the EITI

Most of the worlds largest oil, gas and mining companies support EITI - both through their country operations in implementing countries and internationally. Civil society groups have played a critical role - directly and through the Publish What You Pay campaign, which has about 300 NGO supporters. Governments such as the US, UK, Norway and international institutions, such as the World Bank, have also supported the initiative with financial, technical and policy support. A full list of organisations involved in EITI is available online: www.eitransparency.org/supporters.

Want to know more?

EITI Secretariat

Ruseløkkveien 26

0251 Oslo, Norway

Tel. +47 22 24 21 05

Fax. + 47 22 24 21 15

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secretariat@eitransparency.org

www.eitransparency.org

