



Jamaa Resource Initiatives

Promoting the Spirit of Ubuntu

What needs to change for the EITI remains relevant? Submission by nascent PWYP Kenya

EITI is 10 years since inception. There is thus need for thorough reflection on how far the initiative has succeeded in realizing its goals and the challenges it has faced. This should also include how EITI has dealt with the challenges. The recent review on EITI rules, strengthened by their transition from indicators to requirements is a right direction towards this. It's a common knowledge that EITI was a direct response to a great activism by Publish What You Pay and other civil society groups for transparency and accountability in natural resource-related payments and receipts. There are already identified key changes to the criteria of EITI for the initiative to remain relevant and become increasingly responsive to national aspirations. There has been urgent need to combat resource curse and ensure that resource exploitation contributes to economic growth and poverty reduction. EITI could improve and become more responsive to the needs and aspirations of the citizens in individual countries in the following ways:

1. Entrench financial transparency in the Oil Gas and Extractive industries

There is need to encourage complimentary financial sector reforms and legislations such as Dodd-Frank 1504 in the United States. In order to track whether countries are receiving what they are owed by companies and whether these amounts are fair, the information that should be required from the companies are:

a) Profits, production volumes and sales, b) Intra-group trade between subsidiaries and the parent company c) Assets and staffing information,

2. Transparency and accountability.

Transparency alone is not enough to reverse the resource curse. There is a crucial need to go beyond transparency and ensure that EITI disclosures lead to improvements in the financial management of extractive revenues by: a) Encouraging citizen engagement to promote the accountability of governments in their use of revenues derived from extractive industries; b) Ensuring budget monitoring and the tracking of public expenditures; c) Having the African states, regional and sub-regional bodies adopt minimum standards for a responsible, sustainable and transparent management of extractive industries.

3. Extract for Development and not for revenue

What has gravitated the resource curse is the fact that extractions has always been for revenue. This has led to corruption and thus the thinking of resource Curse. As such Extraction should be for development. The African Mining Vision should also be domesticated by all resource rich governments

Conclusion

The Nascent yet to be launched PWYP Kenya believes that to fulfill its objectives, the EITI should:

- Encourage member countries to give EITI a firm legal basis on the national level and encourage non candidate states to embrace EITI.
- Broaden the scope of EITI report to cover: Profits, production volumes and sales, Intra-group trade between subsidiaries and the parent company, , Licensing, In-kind payments, .
- Contract transparency should be included
- There is need to encourage extraction for development and discourage extraction for revenue.

Best

A handwritten signature in black ink, appearing to read 'Maurice Ouma Odhiambo', written over a light-colored rectangular background.

Maurice Ouma Odhiambo

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