



BOARD CHARTER

Ethiopian Extractive Industries Transparency

Initiative Multi-Stakeholders Board (EMSB)

April, 2017

Addis Ababa, Ethiopia

BOARD CHARTER

Ethiopian Extractive Industries Transparency Initiative Multi-Stakeholders Board (EMSB)

Preamble

The Ethiopian Extractive Industries Transparency Initiative (EEITI) is an initiative aims at improving transparency in the transactions between governments and companies operating in the extractive industry. It ensures the contribution of the revenues from the extractive sector to sustainable development and poverty reduction. The full publication and verification of company payments and government receipts helps stakeholders (including; extractive industry companies, ChSs and other interested actors) in order to tackle issues such as systemic corruption, poor governance, poverty and conflict. This initiative with such principles and standards is governed by the Multi-Stakeholder Board (MSB); as the apex responsible body in managing the EEITI implementation in the Country.

The responsibility the Board includes:

- Ensuring that there is sustained political commitment from the government for the initiative and mobilizing resources to sustain its activities and goals;
- Setting the strategic direction required to effectively implementing the initiative;
- Leading, assessing and removing barriers to its implementation;

- Following up and acting upon the recommendations of the independent administrator from previous reporting periods; and
- Setting the scope of the EEITI process.

This charter is prepared to elaborate, elucidate and amend the broad responsibilities and memorandum of understanding signed by the National Steering Committee during the launching of the initiative held on 29th July, 2009 aiming at setting specific principles, standards and guidelines that govern the activities and functioning of the body. The charter therefore, attempts to provide clarity on key governance issues that impact on the effectiveness of the Board and state the roles and responsibilities of the respective organs and key functionaries which are important actors within the EEITI implementation process.

The charter uses the minimum requirement of the Global EITI principles, standards and guidelines for ensuring efficient oversight of the EITI process in member countries. The provisions, therefore, are based on the fundamental principles of promoting accountability, transparency, responsibility, fairness, discipline, independence and social responsibility in the extractive industry.

1. Structure and Composition of the Multi-Stakeholders Board (MSB)

- 1.1. The board was established following the political commitment of the Government to launch the initiative.
- 1.2. The board is supported by an EEITI Secretariat which will be responsible for handling the day-to-day activities related to EEITI.
- 1.3. The members of the board should be represented from three broad categories of stakeholders: government, extractive industry and charities and society(ChSs)

- 1.4. The board shall have a total membership of not less than 15 which will be divided among the 3 categories of stakeholders fairly.
- 1.5. The board shall be permanently chaired by the Minister or State Minister of the Ministry of Mines, Petroleum and Natural Gas (MoMPNG).
- 1.6. The board chair or vice chair will give attention to its composition towards ensuring the collective skills, experience, diversity and mix of personalities appropriate to the strategic direction of EEITI and necessary to secure its sound performance in EEITI implementation.
- 1.7. The head of the EEITI Secretariat shall serve as secretary of the board. In the absence of the head, a senior staff from the EEITI Secretariat shall serve as interim secretary.

2. Nominations and Terms of Membership

- 2.1. Nomination and designation of Board members shall be the exclusive right of each constituency group or Organizations who are members of EEITI;
- 2.2. Senior expertise/officials from the relative Federal Government organizations shall be represented within the Board up their relevancy of the organization. Currently the following organizations are represented: - ERCA, MoFED, General Auditor and National Bank and MMPNG.
- 2.3. Members from companies and charities and society(ChSs) shall be represented in the Board through a process of conference that is independently initiated by their respective constituencies. The secretariat will follow up & facilitate for implementation.

- 2.4. In cases where companies and ChSs fail to designate their representatives as specified in 2.3 above within 6 months of being notified by the EEITI Secretariat, the Board shall organize such a forum to facilitate the election of representatives. In this case, the role of the Board shall be limited to organizing the forum and observing the proceedings.
- 2.5. Members of the Board represented by the relative organizations from tripartite groups shall have tenure of 3 years. They can, however, be re-designated by their constituency.

3. Replacement of Board Members before Term of Service

- 3.1. A board member can be recalled by her/his constituency or may withdraw his/her membership for any reason/s before his/her term expires. Consequently, the replacement of the Board member shall be as per the respective charters/procedures of the constituency.
- 3.2. Each constituency shall file the charter/procedures that it intends to use for designating its Board members including recalling and/or replacement. . The charter/procedures, together with the relevant minutes, shall be deposited at the EEITI Secretariat for reference.
- 3.3. A member who cannot discharge his/her responsibility for various reasons (death, incapacity etc) or has missed more than three (3) consecutive Board meetings without acceptable reasons the champion provide written warning. If the members keep on missing one meeting the board shall be replaced by the relevant constituency after an official communication from the Chairperson and the Board secretary.

4. Rights of the Board

- 4.1. Independently and freely deliberate on issues relevant to its activities in accordance with the spirit of the EEITI principles and standards.
- 4.2. Develop its own governance and operating rules which will allow it to win the trust and commitment of the different stakeholders both within and outside the MSB.
- 4.3. Evaluate performance/progress of the agreed work plan, show directions and make necessary decisions up on issues related EEITI implementation process.
- 4.4. Invite external stakeholders and staff of the EEITI Secretariat, as it deems fit, to attend the MSB meetings.
- 4.5. Delegate some of its responsibilities to the EEITI Secretariat or to its own committees or sub committees.
- 4.6. Seek outside professional opinion when needed and invite such professionals to attend its meetings.

5. Responsibilities of the Board

5.1. The board shall be responsible for the following activities:

- 5.1.1 Formulate organizational policies, programs and strategies to promote the effective implementation of the EEITI objectives.
- 5.1.2 Approve work plan and progress reports.
- 5.1.3 The Board shall have the responsibility to ensure that the EEITI Secretariat is adequately resourced and staffed.
- 5.1.4 The Board shall be ultimately responsible for the effective and timely delivery of the required outputs and reports which will ensure that Ethiopia will remain an EITI

compliant country and will supervise the performance of the EEITI Secretariat to this effect.

5.1.5 The Board is established in order to ensure that the country implements shall the EEITI and gains EITI-compliance in a timely and effective manner.

5.1.6 The Board is responsible for ensuring that the views of key stakeholders are taken in to account in the direction and conduct of implementing EEITI.

5.1.7 The Board is responsible for endorsing an EEITI work programme, scope of EEITI, actions, sequencing, time table, responsible parties, costs, communications and funding sources.

5.1.8 The Board will endorsing a fully coasted work plan containing measurable targets and a time table for implementation which incorporates an assessment of capacity restraints.

5.1.9 Approve a communications plan

5.1.10 Establish and support any sub-groups to examine specific issues, which may include preparation of reporting templates and preparation of contextual information for the annual EEITI reconciliation.

5.1.11 Agree on the level of threshold payment or “materiality” of company payment for the purpose of the EEITI report.

5.1.12 Define and assess the scope of the EEITI;

5.1.13 Agree on the contextual information to be included within the annual report.

5.1.14 Develop the Term of Reference for and endorse an Independent Administrator to undertake the annual reconciliation;

5.1.15 Develop and agree on the format of the EEITI Report.

5.1.16 Approve and publish an Annual Activity Report

5.2. The following responsibilities shall be the exclusive domain of the Board itself and shall not be delegated to the Secretariat:

5.2.1 Setting the level of material payments for disclosure under the EEITI process.

5.2.2 Forming Committees or Sub Committees and approves the terms of reference for such Committees.

5.2.3 Approving EEITI's operational policies and procedures and ensure that it fits with the international requirements.

5.2.4 Approving or amending EEITI's operational plans as well as annual budget and minutes.

5.2.5 Approving the appointment or recruiting of temporary supporting senior staff members.

5.2.6 Selecting and appointing the Independent Administrator.

5.2.7 Approval of the minutes of the Board meetings.

6. Rights of the Board Members

Board Members shall have the right to:

6.1. Speak freely on transparency and natural resource governance issues;

6.2. Table agenda items for discussion at Board meetings;

6.3. Request that their position/stand be officially recorded on Board minutes

7. Responsibilities of the Board Chairperson

- 7.1. The chairperson shall be responsible for maintaining a smooth and cordial working relationship among members of the Board and the three categories of stakeholders and use his/her position to resolve obstacles facing the EEITI.
- 7.2. The chairperson, in consultation with the secretary, shall be responsible for;
 - 7.2.1 Drawing the agenda of the MSB meetings,
 - 7.2.2 Leading and facilitating such meetings,
 - 7.2.3 Reviewing the draft MSB minutes and
 - 7.2.4 Make sure approve the minutes at the next meeting of the MSB.
 - 7.2.5 The Chairperson is responsible for ensuring the integrity and effectiveness of the governance process of EEITI and;
 - 7.2.6 The Chairperson shall also ensure that the members of the Board are properly briefed on issues arising at Board meetings and that all available information on an issue is before them;
 - 7.2.7 The Chairperson is responsible for maintaining regular dialogue with the EEITI Secretary over all operational, financial and administrative matters of the Secretariat.
- 7.3. The chairperson, through the EEITI secretary, shall call all meetings in accordance with Section 13 of this charter.
- 7.4. In cases where the chairperson finds it difficult to lead MSB meetings or is unable to attend a scheduled MSB meeting, the vice chairperson shall take the responsibility.

7.5. In case both the chairperson and the vice chair-person finds it difficult to lead MSB meetings or is unable to attend a scheduled meeting, temporary chair shall be appointed from among the members of the MSB members.

8. Responsibilities of the MSB Vice-Chairperson

8.1. The state Minister shall be the Vice-chairperson of the MSB.

8.2. When the chairperson is absent due to several reasons, the Vice-chairperson shall be responsible to take care of all responsibilities of the chairperson.

8.3. The State Minister shall support the responsibility of under article 7 of this charter.

9. Responsibilities of Board Members

9.1. Members shall attend Board meetings regularly and actively engage in discussions concerning the EITI implementation.

9.2. Members shall read all background materials sent to them and prepare adequately for Board meetings.

9.3. Board members are representatives of their wider constituencies and must consult them regularly to ensure they continue to reflect the views of their constituency.

9.4. Members shall respect the Codes of Conduct listed under Section 13 of this charter and any additions that may be approved by the MSB from time to time.

10. Board Committees

10.1. The Board may form sub-groups or committees as needed to handle or oversee specific aspects of its work. The committees can be permanent or temporary basis.

10.2. The Board shall draw and approve the terms of reference of each sub-group it creates;

11. Technical Committee

11.1. The members of the technical committee shall include representatives as practically possible and represent the three categories of stakeholders within the Board (government, companies and ChSs) and from outside, as needed by the Board.

11.2. The members of the technical committee shall work with the EEITI secretariat for successful implementation of EEITI objectives and Board work-plan.

11.3. Duties and responsibilities of the technical committee;

11.3.1 Advise the board in the implementation of the EEITI process,

11.3.2 Facilitate Board and stakeholders engagement

11.3.3 Support implementation of EEITI activities, and

11.3.4 Consider other matters referred to it by the MSB.

11.4 The Board shall be select the activities which are delegated to the technical committee

12. Duties and Responsibilities of the EEITI Secretariat

12.1 The EEITI Secretary shall be responsible for ensuring that the rules, procedures, plans and programs of the Board are properly executed.

12.2 The EEITI Secretary shall be accountable to the Board.

12.3 Support the Board in the development of EEITI strategic plan, policy, integrated work-plans and performance indicators;

12.4 Ensure that effective channel of communication with key stakeholders exist and are used.

12.5 Promote EEITI through media (electronic, printing etc).

12.6 The EEITI secretary shall protect office any practice that cause or permit any practice, activities or decision that is contrary to commonly accepted good administrative or governance practice or professional ethics;

12.7 The EEITI Secretariat is established to ensure the effective performance and fulfillment of EEITI's primary mission, objectives and functions as enumerated in this charter.

12.8 The EEITI Secretariat acts, on behalf of and at the direction of the Board, in managing the day-to-day operations of the EEITI, subject to, the Board's delegation of authority to the EEITI Secretariat as set out in this charter.

12.9 Pursuant to this charter the EEITI Secretariat shall be headed by a Director.

12.10 The staff members of the EEITI Secretariat shall have direct responsibility and accountability to the Director who, as the EEITI Secretariat head, shall be accountable for their performance.

12.11 In addition to the above listed duties and responsibilities the EEITI Secretariat shall perform the following functions:

12.11.1 Obtain and circulate information that will facilitate the achievement of the objectives of the EEITI as may be directed by the MSB and the latest requirements and guidelines from the International EITI Secretariat;

12.11.2 Develop and maintain an up-to-date database of companies participating in the EEITI system and design a system that will assist in capturing the information that needs to be supplied by participating companies (both private and SoEs) and government for successfully implementing the reconciliation process;

12.11.3 Prepare the annual budget of the EEITI showing the recurrent costs for the following financial year and present the budget for approval by the Board and upon approval defend the budget at the appropriate forum;

12.11.4 Collect and account for the funds the EEITI obtains from various sources, keep books of accounts and records, and ensure the annual auditing of the accounts; quarterly reports ;

12.11.5 Monitor the development of the objectives of EEITI on a continuous basis;

12.11.6 Implement the strategies and policies developed and approved by the Board;

12.11.7 Administer the EEITI budget and technical and human resources;

12.11.8 Establish best management practices and functional standards, including recommending EEITI's operational policies and procedures;

12.11.9 Within the general framework of the Ethiopian government public financial management system, ensure the implementation of sound systems of financial management and internal control within the EEITI Secretariat and across the EEITI implementation;

12.11.10 Ensure the effective, efficient, economic and transparent use of financial and other resources;

12.11.11 Ensure the appoint of all middle and lower level permanent staff based on the staffing plan and human resource strategy approved by the Board;

12.11.12 Prepare and submit regular quarterly and financial Vs budget and performance detailed reports to the Board on the state of affairs of the EEITI implementation. The secretariat also presenting the details of expenses incurred to EEITI implementation activities such as workshops, meetings, outreach, etc to the Board within two weeks once the payment is made;

12.11.13 Enter into contracts on behalf of EEITI, subject to the Board's approval and delegation of authority;

12.11.14 Perform any other relevant duties as assigned by the MSB for effective execution of EEITI from time to time.

13 Code of Conduct of the Board Members

13.1 The Board members must act with fidelity, honesty, integrity in all dealings on behalf of EEITI and shall always act in its best interest.

13.2 The Board members ensure that they have sufficient time available to devote to their duties as MSB members.

13.3 The conduct of Board members shall be consistent with their duties and responsibilities to the EEITI.

13.4 A Board member who has direct or indirect personal or private business interest of himself, a spouse, partner or close family member in any matter being discussed by the Board must disclose the nature of his/her interest to the Board and withdraw from the meeting when the matter is discussed (unless the Board decides otherwise).

13.5 In the event that any member assumes a position or duty incompatible with the independence and objectivity of his/her membership and function in the Board, he/she shall immediately notify the remaining members of the Board through the Chairperson. The Board shall deliberate and decide on the continuity membership of the concerned individual.

13.6 A Board member who changes his/her affiliation to a constituency for any reason including a change of employment shall disclose the matter to the Board through the

Chairperson. The Chairperson shall present the matter to the Board and contact the concerned constituency to name a replacement.

13.7 Communication of Board members with the staff of the EEITI Secretariat should, as far as possible, be directed through the Director or his/her nominated deputy (in his/her absence).

13.8 Members shall refrain from using company data and other third party information acquired by virtue of their position within the Board for personal gain or to the disadvantage of those who supplied the information.

13.9 Members shall act with a positive attitude and demonstrate respect for other members by acting in a professional and courteous manner.

13.10 Members shall not use their position to seek and advance their personal interest to gain individual and institutional advantage using their position as member of the Board.

14. Observers

14.1 Pursuant to this charter interested citizens, companies, ChSs, representatives from national and foreign agencies, shall have the right to participate at Board meetings and discussions.

14.2 Applications to appear as an observer shall be submitted to the Board in writing by the concerned individual or organization at least 10 days in advance of the intended date of attendance through the secretariat.

14.3 The application shall specify whether the applicant's interest is to simply observe the proceedings of the meeting when a specific agenda is being discussed.

14.4 The application shall be used as a basis for scheduling the attendance of the observer when the issue of interest is part of the agenda of the Board. The Board may set the maximum number of observers that will be allowed to attend a Board meeting at a time.

14.5 Observers attending Board meetings shall not have a voting right.

14.6 The Board shall provide a formal justification if an application to appear as an observer is rejected for any reason.

15. Frequency and Notice of Board Meetings

15.1 The Board shall meet once first week of every quarter for its regular meeting. Extra ordinary meetings may be called as needed by the Chairperson of the Board.

15.2 As much as practically possible, regular meetings of the Board shall be planned at the beginning of the fiscal year and the date of the next meeting shall be reconfirmed at the meeting just concluded. The Secretary shall send out a reminder at least seven days before the scheduled regular meeting date.

15.3 A final call to a regular meeting shall be made at least one week before the meeting and should be communicated to members through a written memo, fax, e-mail, telephone etc. The final call for meeting shall specify the date and time of the meeting, the venue as well as the agenda items to be discussed at the meeting.

15.4 The Chair of the Board shall follow up the final call for the regular meeting and obtain individual confirmation of attendance of members through the secretariat. In cases when a quorum is unlikely to be met, the secretary shall communicate the matter to the Chairperson and arrange an alternative date for the meeting.

15.5 Call for meetings may be accompanied by relevant background documents that will allow members to prepare for the meeting and have an informed discussion on agenda items.

15.6 Calls for extra-ordinary meetings shall be sent out to all Board members through an appropriate media (memo, e-mail, fax etc) by the Secretary and the meeting date shall be arranged after telephone consultations with members, unless the date was fixed during the previous meeting of the Board.

15.7 For urgent matters where decision is needed, the necessary information may be circulated through e-mail or fax so that decisions can be made electronically. In such cases, each member shall be required to reply to the e-mail or fax and state his/her position on the issue or give a vote. The decisions made in this way shall be formally recorded in the minutes of the next Board meeting.

15.8 2/3 of the total number of the Board may request for urgent meeting.

15.9 The Secretary shall have the responsibility to arrange the venue of the meeting and required facilities.

16. Decision – Making

16.1 A minimum of fifty plus one percent of the total Board members with at least one from each stakeholder presence at a meeting shall constitute a quorum of the Board.

16.2 If a quorum cannot be achieved at a meeting the Secretary of the Board, in consultation with the Chairpersons, shall arrange an alternative meeting date. The meeting date shall be set at the earliest possible date after consultation with Board members.

16.3 The members' meeting shall make every effort to adopt resolutions by consensus. However, if a vote is required, resolutions shall be adopted by an absolute majority (considering both those

present and absent from the meeting). An absolute majority vote constitutes at least two third (2/3) majority votes for or against a motion.

16.4 If an absolute majority cannot be attained during a meeting, the voting shall be postponed for some other time until more members can attend the meeting and express their position on the agenda. In the interim, the Chairpersons shall make all possible effort to narrow the difference and obtain a consensus.

16.5 The Board may delegate the Chairperson/s, sub-committee and the EEITI Secretariat to make decisions on specific matters without a meeting. Such decisions shall be reported by the Chairperson at the next Board meeting and duly recorded in the minutes.

17. Record-Keeping

17.1 The deliberations at all Board meetings shall be dully recorded in the minutes prepared by the Board Secretary.

17.2 The minutes shall contain the main points of discussion, any material and/or departing views of individual Board members and the outcome of the discussion;

17.3 A draft copy of the minutes and the action plans arising out of any Board meeting shall be circulated to all members by the Board Secretary within 10 days of the conclusion of the particular meeting.

17.4 Members shall have one week to send their comments. No comment within this period shall be considered as approval of the draft minutes as they are.

17.5 The final version of the minutes incorporating comments from members, if any, shall be reviewed by the Chairperson and presented for approval at the next meeting.

17.6 A copy of the final version of the minutes shall be sent to each member within 7 days following the deadline for comments from Board members.

17.7 The approved and signed minutes of the Board shall be maintained at the office of the Chairperson and Vice chairperson the EEITI Secretariat.

17.8 The minute of the meetings of the Board shall be kept confidential and only parties with a legitimate interest shall be entitled to copies of the same to have sight thereof.

17.9 A summary of Board meetings and key decisions shall be posted on the EEITI website within 30 days of the meeting.

18. Sitting Allowances and Travel Costs

18.1 Serving on the Board and its sub committees shall be considered essentially as one of providing public/social service.

Sitting Allowance:

18.2 EEITI shall decide a reasonable sitting allowance to members of the Board and its sub committees cover the costs associated with other special assignments that members have been officially designated by the Board to undertake on behalf of the EEITI;

18.3 The amount of the sitting allowance for members of the Board shall be decided based on a study of current practices within the Country and other similar EITI implementing countries by the EEITI Secretariat. The sitting allowance may be revised once every 3 years (preferably by the outgoing Board);

Travel Cost and Accommodation

Accommodation:

18.4 When EEITI caters for their travel, Board members including sub committees of the Board shall be accommodated at four stars hotels. Accordingly, the EEITI Secretariat shall make accommodation arrangements for members as per the Art 16.2 of this charter; and

18.5 Where Board members and its sub committees make their own accommodation arrangements, they will be reimbursed by the EEITI Secretariat (in accordance to this chart's Art 16.1).

Per Diem:

18.6 When EEITI caters for the travel of Board member and its sub committees, EEITI will provide a daily subsistence allowance at the rate subject to Board decision in reference to financial rules and regulations of specific organization that provide the fund.

18.7 In situations where EEITI financially provides for the travel of Board members and its sub committees, such travel shall be subject to EEITI's MSB decision. In this case the EEITI Secretariat can only present proposal for Board's discussion and approval.

19. Communication

19.1 The Board shall agree and implement the robust, proactive communication strategy incorporating stakeholders outreach.

19.2 The communication strategy will ensure stakeholders are aware of the governments commitment to implement EEITI and will explain the central role ChS and company.

19.3 The strategy will consider way out to disseminate the public information that results from the EEITI process including EEITIE report.

19.4 Public engagement and contact with the media to promote EEITI must be authorized in advance by the Board. The EEIT Secretariat will keep a central record of events and publicity on the EEITI.

20. Capacity Building

20.1 The Board shall approve training scheme for individuals Board members as well as the general Board as it deems necessary

20.2 The Board shall approve the experience sharing participant nominees selected by the constituencies;

21. Recognition for Service

21.1 A Certificate of Appreciation shall be issued to members who complete at least one term of service at the Board in appreciation of their public/social service; the form and content of the Certificate of Appreciation shall be determined by the Board.

21.2 The certificate of appreciation shall be signed by the Chairperson

22. Amendment of the charter

22.1 The charter may be reviewed and revised by the Board as and when necessary to ensure that they remain relevant to the objectives of the EEITI and the activities of the Board. The review process may be initiated by the chairperson of the Board, the EEITI Secretariat or any member of the Board;

22.2 Any amendment to the Board Charter should be approved by at least two-third majority vote of the members of the Board present at a duly constituted meeting in the presence of at least one member from each constituency.

23. Effective Date

This Board Charter will be issued by the Board and shall become effective on 25th April, 2017.

S i g n a t o r i e s

Government Side

Mining Company Side

Charities & Societies Side

1. H.E Ato Motuma Mekassa
(Minister MMPNG)

Ato Abrham Tadesse
(A.P)

Ato Melaku Tadesse
(CCRDA)

2. Ato Abebe Senbete
(National B.)

Ato Dessu Antawi
(NMC)

W/rt Tsigereda Zewdu
(Youth Fed.)

3. Ato Mulay Weldu
(MoFEC)

Ato Habtu Hagos
(Afar Salt)

Ato Ketema Fufa
(ADBC)

4. Ato Tadilo Chekol
(OFAG)

Ato Akalu G/hiyot
(Muger C.)

Ato Eyassu Yimer
(T.E)

5. Ato Abebe G/Meskel

(ERCA)

Ato Henok Sefere

(Midroc G.)

Ato Anteneh Abrham

(E.J.U)