

28 March 2014

Secretary Sally Jewell
Department of the Interior
1849 C Street, Northwest
Washington, DC 20240
United States of America

UNITED STATES OF AMERICA DESIGNATED AS EITI CANDIDATE COUNTRY

Dear Madam Secretary,

I am pleased to inform you that the EITI Board, during its meeting on 19 March October in Oslo, Norway, designated the United States of America as an EITI Candidate country. The Board has asked me to congratulate you and your government for your sustained commitment to, and support of, the process leading up to the Candidature application. I encourage you to continue this support, so that the EITI process in the US can come to its full potential as a tool to improve the management of natural resources, increase accountability, and help in ensuring that the US's natural resource wealth benefits all its citizens.

The decision of the EITI Board reads as follows:

The EITI Board admits the United States of America as an EITI Candidate country on 19 March 2014. In accordance with the EITI Standard and associated transitional arrangements, the United States of America is required to publish its first EITI Report within two years of becoming a Candidate (by 19 March 2016). Validation will commence within three years of becoming a Candidate (by 19 March 2017). In accordance with requirement 1.6c, the MSG is required to publish an annual activity report for 2014 by 1 July 2015.

The Board congratulates the USEITI Multi-Stakeholder Group for achieving this milestone, and for the openness and transparency demonstrated during the preparation of the application.

The Board recommends that the USEITI Multi-Stakeholder Group updates its workplan to link the EITI implementation objectives to the national priorities for the extractive industries (requirement 1.4a).

The Board accepted the USEITI Multi-Stakeholder Group request for adapted implementation with respect to sub-national payments (Requirement 4.2d) for the first and second EITI Report in accordance with the approach and timetable outlined in the USEITI workplan. The EITI Standard requires that "the EITI Report must provide a comprehensive reconciliation of government revenues and company payments ... in accordance with the agreed scope", i.e., a comprehensive reconciliation of company payments to sub-national government entities and the receipt of these payments where these are material. The EITI Standard allows for adapted implementation "where the country faces exceptional circumstances that necessitate deviation from the implementation requirements" (Requirement 1.5).

The Board agreed that the documentation provided by the USEITI Multi-Stakeholder Group regarding the complexity of payments to sub-national government entities sufficiently demonstrated the exceptional circumstances of US implementation with respect to sub-national payments, and the significant practical barriers to securing the participation of sub-national government entities. The Board agreed that the two-phase approach set out in the candidature application provides a credible basis for ensuring that the EITI process is sufficiently inclusive, and that the EITI Report is comprehensive, reliable and will contribute to public debate. The Board requested that the MSG takes

steps to ensure that the proposed narrative reports include an assessment of the comprehensiveness of the information, particularly with respect to payments to sub-national government entities. As per requirement 5.3d, the reports should identify any “any gaps or weaknesses in reporting . . . and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report”. The Board requested that USEITI Multi-Stakeholder Group documents the effectiveness of this approach for the first and second EITI Reports.

We encourage your country to make wide use of the EITI process and the data that it provides to strengthen governance reform and the fight against corruption. We also hope the process will support your government’s efforts to develop the oil, gas and mining sectors.

Most respectfully,

A handwritten signature in blue ink that reads "Clare Short". The signature is written in a cursive, flowing style.

Rt Hon Clare Short
Chair
Extractive Industries Transparency Initiative