

Publish What You Pay Coalition Spotlight

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The Coalition of Azerbaijan Non-Government Organizations “For Improving Transparency in Extractive Industries,” the PWYP-affiliated national coalition in Azerbaijan

In Azerbaijan, the extractive sector, mainly oil and gas, accounts for 54% of GDP, and has provided the country with stable GDP growth in recent years. Perhaps it is no surprise then that Azerbaijan was among the pioneering countries to implement the Extractive Industries Transparency Initiative (EITI). Azerbaijan soon became an EITI “poster child,” producing regular EITI reconciliation reports and being granted compliant status at the EITI international conference held in Doha in February 2009. However, these successes were somewhat overshadowed by the delays it faced in fulfilling important conditions set by the EITI Board in granting Azerbaijan its compliant status. One of these conditions was the timely establishment of a multi-stakeholder group (MSG) to formalise civil society participation in Azerbaijan’s EITI process, a crucial element of the EITI framework.

Established in 2004, the *Coalition of Azerbaijan Non-Government Organizations “For Improving Transparency in Extractive Industries”* has long been recognized as a legitimate partner with other stakeholders in the EITI process but a formal framework did not exist until the first official MSG meeting took place in January 2010. When Azerbaijan joined the EITI in 2003, the establishment of an MSG was not a formal criterion for EITI ‘compliance’ since the detailed EITI methodology and assurance mechanism were only developed several years later. The Coalition had relied upon a simple memorandum of understanding (MOU) between the government, civil society and companies engaged in the EITI process in Azerbaijan. This memorandum, signed in 2004, ultimately proved to be limiting in scope and led to delays in the establishment of an MSG in later years. As a matter of fact, without regular MSG meetings to oversee EITI implementation in a comprehensive way and monitor progress against an agreed work plan, civil society did not feel that it was able to participate on equal terms in the EITI decision making processes. The MSG was finally established in 2010 following lengthy negotiations between the government and civil society on issues such as frequency of meetings, chairmanship and the scope of the MSG.

Civil society in Azerbaijan is represented on the MSG by three members and one alternate. These individuals were all chosen for their expertise on extractive issues and were selected using the Coalition’s internal procedures. The Coalition has 140 members with varying missions including the protection of human and democratic rights, economic and financial analysis and environmental protection. The Coalition has a Council which defines the strategy, activity and direction of the coalition and is the Coalition’s governing arm. The Council’s eleven members serve a two-year term and are elected by and answerable to the Coalition’s General Assembly which meets every six months. The Council is also mandated to negotiate with local and foreign organisations and has signature rights on behalf of the Coalition.

The formal establishment of the MSG marks a turning point in EITI implementation in Azerbaijan. Although some informal meetings had been organized between civil society and companies (with BP for example, one of the main foreign oil majors active in Azerbaijan) and between civil society and public authorities in the past, the MSG as a forum is enabling more focused and strategic discussions about the EITI, including about the future direction of the initiative in Azerbaijan. It is

also encouraging stronger and smoother relations between the various actors, which are crucial for the sustainability of the EITI and related initiatives in the country.

The civil society representatives on the MSG reported that the symbolic first meeting in January 2010 was a promising start, and they found the respectful atmosphere of dialogue refreshing. Participants agreed upon the EITI work plan including specific proposals put forth by civil society, and they openly discussed previously controversial subjects such as making improvements to the reporting templates and moving towards disaggregated reporting on a company-by-company basis. There was also agreement to improve public campaigning to raise awareness about the EITI at the national level, for example through the medium of television which informs much of the population.

Civil society's struggle for gaining a greater voice in Azerbaijan is not without peril. During the second half of 2009, the Coalition joined a large and diverse civil society effort that successfully campaigned against the adoption of legislative measures which would have severely curtailed the activities of civil society organisations in Azerbaijan¹. Nevertheless, independent groups report facing increasingly bureaucratic obstacles aimed at restricting their capacity to act as the watch dogs of public authorities.

As it continues to move forward, members of the Coalition remain vigilant and hopeful that their achievements related to the establishment of the EITI MSG will serve as a springboard to foster local capacity to acquire the necessary skills for translating greater transparency into accountability. One tangible objective of the Coalition is to embed the EITI into national legislation, as has been done in other countries. A critical role is also being played by members of the Coalition which are part of the National Budget Group, an expert alliance established to provide civic oversight of the state's spending policies and revenue management.

The Coalition has also forged closer links with other transparency and accountability coalitions in the Central Asia and Caucasus region and regularly participates in regional exchanges. Last but not least, the Coalition is eager to reinforce its ties with international civil society groups, via the PWYP coalition and other global networks, which have provided important support in the past and whose contribution and engagement will be even more vital in the future.

The PWYP international team thanks Fidan Bagirova (Open Society Institute Assistance Foundation/OSI-AF Azerbaijan), Ingilab Ahmadov (Public Finance Monitoring Center, and a civil society representative on the EITI Board) and Gubad Ibadoglu (Economic Research Center) who kindly agreed to be interviewed for this article.

View the Coalition's website at: www.eiti-az.org

May 2010

Publish What You Pay Spotlights on National Coalitions are written by the PWYP international office and are based on interviews with national coordinators and key members of national coalitions. They aim to provide greater coverage and an improved understanding of national coalitions and their work on campaigning for greater transparency and accountability in the extractive industries.

¹ EURASIANET.org: *Azerbaijan Abandons Controversial NGO Amendments*, June 30, 2009.
<http://www.eurasianet.org/departments/insightb/articles/eav070109a.shtml>