



Ministry of Foreign Affairs of the
Republic of Azerbaijan

Extractive Industries Transparency Initiative in Azerbaijan

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What is EITI?

► EITI is:

For foreign and national extractive industries
companies

“Publish what you pay”

For host governments of the extractive industries

“Publish what you receive”



EITI in Azerbaijan

- ▶ Azerbaijan joined EITI in 2003
- ▶ EITI Secretariat of Azerbaijan is hosted by SOFAZ
- ▶ First ever EITI Report published (March, 2005)
- ▶ Azerbaijan regularly discloses EITI reports (15 reports published)
- ▶ All extractive industries companies are engaged in EITI implementation
- ▶ Civil Societies are actively involved in EITI
- ▶ Azerbaijan is EITI International Board member



SOFAZ tools for transparency

- ▶ **Disclosure tools**
 - ▶ Quarterly and annual reports
 - ▶ Regular press conferences
 - ▶ Regularly updated website
 - ▶ Active participation in international initiatives
 - ▶ Extractive Industries Transparency Initiative (EITI)
 - ▶ International Forum of Sovereign Wealth Funds (IFSWF)



Achievements & accomplishments

- ▶ 2007 UN Public Service Award in the category of "Improving transparency, accountability and responsiveness in the Public Service"
- ▶ The UN General Assembly Resolution on EITI adopted by consensus, 11 September, 2008
- ▶ First EITI Compliant Country, 2009 Doha, Qatar
- ▶ "2009 EITI Award" for Azerbaijan's commitment to EITI principles and criteria and achievements in EITI Implementation



Impact of EITI implementation on SOFAZ

- ▶ Building trust (internationally and domestically)
- ▶ Stronger perception of legitimacy of the financial institution
- ▶ Full accountability to the owners of SOFAZ – current and future generations of Azerbaijan
 - ▶ **Accountability to the legislature**
 - ▶ **Accountability to the public**



International recognition of success

- ▶ Improved perception of investment climate in Azerbaijan
- ▶ Azerbaijan appeared in the top tier of Revenue Transparency Index
- ▶ Fitch upgrades Azerbaijan's sovereign rating to investment grade
- ▶ SOFAZ ranks among most transparent sovereign wealth funds in the world.



Lessons learned

- ▶ Disclosure enhances transparency and accountability both in the public and corporate sectors
- ▶ Transparency in revenue management can help country build strong net creditor position and have a positive macroeconomic effect
- ▶ EITI improves government engagement with civil society.
- ▶ Success requires political will



Suggestions for follow up

- ▶ Build trust in the goals and objectives of EITI
- ▶ Continue to encourage the EITI implementation through dialogue with all relevant stakeholders- governments, companies and civil society
- ▶ Promote experience sharing



▶ *Thank you*