

Decision reference: 2017-55/BM-38/BP-38-6-E

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News

The EITI Board concludes that Iraq’s “potential has yet to be fulfilled” in oil and mining sector

More government involvement is needed to extend transparency in the governance of the oil and mining sector.

26 October 2017 - At its meeting in Manila, the Philippines, the EITI Board today commended Iraq’s efforts to bring transparency to its oil exports and encouraged the Government of Iraq to make progress on a number of other aspects of the sector. While recognising the difficulties under which Iraq was implementing the EITI, the EITI Board concluded that additional work was needed to demonstrate adequate progress across the sector in implementing its Standard. As a result, the EITI Board concluded that Iraq had made inadequate progress overall. Iraq will have 18 months to carry out corrective actions and will be temporarily suspended in the meantime.

Iraq - “potential has yet to be fulfilled”

Efforts to bring transparency to the state’s oil exports, which account for over 90% of budget revenue, have made Iraq a frontrunner in shaping the EITI Standard globally. Iraq was the first country in the EITI to reconcile oil sales on a cargo-by-cargo basis and remains one of the few EITI countries to do so. Iraq’s publication of information on physical crude oil flows in the domestic market, including supplies to refineries and power generators, is unique in the region. Continued efforts are particularly noteworthy given the security situation in the country over the last decade and the broader political and regional circumstances.

In making its decision, the EITI Board noted that the Iraqi Federal Government will need to lead efforts to extend the transparency that it has brought to its oil sales to the rest of the sector. “Although there is strong potential for the EITI to have a positive impact in the governance of Iraq’s oil and gas sector”, the Board concluded, “this potential has yet to be fulfilled”.

Referring to Iraq’s Validation, Fredrik Reinfeldt, Chair of the EITI, said:

“Iraq has, in many ways, been a regional pioneer in implementing the EITI Standard. We have seen some progress, although there are still challenges that remain to be addressed. Government engagement will be necessary to generate reform and open up the sector.”

Moving beyond reconciliation of oil sales

The initial findings and stakeholder consultations that underpin the EITI Board’s decision show that Iraq has struggled to move beyond the reconciliation of oil sales to explain the broader picture in which these payments are made.

According to EITI Regional Director Pablo Valverde, “*The EITI has provided a platform for discussions among stakeholders that does not otherwise exist in Iraq, and has generated important debates. It is now time for the EITI in Iraq to build on the progress done on oil sales transparency to bring clarity to the whole of the sector.*”

Scorecard

Notes

- [The EITI](#) is a coalition of governments, companies, civil society groups, investors and international organisations.
- EITI is chaired by [Fredrik Reinfeldt](#). Mr Reinfeldt was the Prime Minister of Sweden (2006-2014).
- **53 countries** are members of the EITI.
- **Validation** is the EITI's independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard.
- The **Board decision** in full, including corrective actions and impact of the EITI in the country, can be found here: eiti.org/validation/iraq/2017
- The reports giving an extensive review of Iraq's extractive sector can be found here: eiti.org/document/validation-of-iraq-2017-documentation
- See here for a [full explanation of the various levels of progress under the EITI Standard](#).
- To learn more about Iraq, visit eiti.org/iraq or their national [EITI page](#)

Scorecard

EITI Requirements		Level of Progress					
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond	
MSG oversight	Government engagement (#1.1) 		Inadequate				
	Industry engagement (#1.2) 		Inadequate				
	Civil society engagement (#1.3) 				Satisfactory		
	MSG governance (#1.4) 		Inadequate				
	Workplan (#1.5) 			Meaningful			
Licenses and contracts	Legal framework (#2.1) 		Inadequate				
	License allocations (#2.2) 		Inadequate				
	License register (#2.3) 		Inadequate				
	Policy on contract disclosure (#2.4) 		Inadequate				
	Beneficial ownership (#2.5) 		No Progress				
	State participation (#2.6) 			Inadequate			

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Monitoring production	Exploration data (#3.1)				Meaningful	
	Production data (#3.2)			Meaningful		
	Export data (#3.3)				Satisfactory	
Revenue collection	Comprehensiveness (#4.1)		Inadequate			
	In-kind revenues (#4.2)					Beyond
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)			Meaningful		
	Direct subnational payments (#4.6)	No Progress				
	Disaggregation (#4.7)			Meaningful		
	Data timeliness (#4.8)				Satisfactory	
	Data quality (#4.9)		Inadequate			
Revenue allocation	Distribution of revenues (#5.1)		Inadequate			
	Subnational transfers (#5.2)		Inadequate			
	Revenue management and expenditures (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1)		Inadequate			
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)			Meaningful		
Outcomes and impact	Debate público (#7.1)			Meaningful		
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)			Meaningful		
	Outcomes and impact of implementation (#7.4)		Inadequate			
Overall Progress			Inadequate			

No progress. All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.

Inadequate progress. Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.

Meaningful progress. Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.

 **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.

 **Beyond.** The country has gone beyond the requirements.

 This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.

 The MSG has demonstrated that this requirement is not applicable in the country.