TOWARDS MAINSTREAMING ACTION PLAN

Agreed by the EITI Board on 25 October 2016 (Ref 2016-17/BM-35/BP-35-4-C)
1. **Summary**

EITI Mainstreaming is about encouraging and recognising countries that make transparency an integral feature of their governance and management of the extractive industries. EITI implementing countries are increasingly making the information required by the EITI Standard available through government and corporate reporting systems (databases, websites, annual reports, portals etc). This helps to ensure that this data is timely, reliable and accessible. In 2016 the EITI Standard was revised to encourage these efforts. This action plan outlines activities to be undertaken by the EITI International Secretariat, working together with supporting organisations, to accelerate the trend toward mainstreaming.

2. **Background**

EITI reporting has been effective in introducing and promoting greater transparency in resource rich countries, especially in countries where the extractive industries have previously been characterised by opacity and secrecy. The EITI process builds trust and confidence. The time-lag in reporting (i.e., the requirement for 2014 data to be published by end 2016) has helped to reduce concerns about commercial sensitivity.

However, as transparency has become the norm, the EITI data collection process can become cumbersome, expensive and in some cases possibly redundant. The implementation of the EU Transparency and Accounting Directives and Dodd Frank 1504 open up opportunities to align reporting, and to cross-reference information to ensure that data is compressive and reliable.
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It is increasingly accepted that stakeholders should not have to rely on a separate EITI Reporting process to provide transparency, and that the two-year lag in reporting significantly reduces the usefulness of EITI data. EITI stakeholders have come to expect that the latest information should be routinely available.

In 2016 the EITI Standard was revised to encourage “mainstreamed” EITI implementation. The 2016 EITI Standard “encourages countries to build on their existing reporting systems and practices for EITI data collection, rather than burdening themselves by duplicating the process through EITI reporting”, to “make EITI data more timely, reliable and accessible, and the EITI process more cost effective and efficient” (2016 EITI Standard, p8). There are a number of provisions that support this transition:

1. The 2016 EITI Standard often uses the formulation: “implementing countries must disclose”, rather than “the EITI Report must include”. This provides flexibility on how information is disclosed.

2. The definition of the term “EITI Report” also highlights the scope to draw on and cross-reference publicly available information:

   “The term ‘EITI Report’ in the context of a disclosure mechanism is used as shorthand for the information and data that should be disclosed in accordance with the EITI Standard. The data can be disclosed in the form of an EITI Report, or constitute publicly available information and data gathered or cross-referenced as part of the EITI process” (2016 EITI Standard, p12).

3. The EITI open data policy encourages EITI Implementing countries to orient government systems towards open data by default, so that the latest information is readily available:

   “Open data promotes accountability and good governance, enhances public debate, and helps to combat corruption. Providing access to government data can empower individuals, the media, civil society, and business to make better informed choices about the services they receive and the standards they should expect. Open data, can also be a valuable tool for government in improving policy making and sector management”. (2016 EITI Standard, p45)

4. Where countries have made substantial progress in making the information required by the EITI Standard routinely available through government and corporate reporting systems, the 2016 EITI Standard provides MSGs with an option to seek EITI Board approval to use an “agreed upon procedure for mainstreamed disclosures” (available here).

   All EITI implementing countries are required to make an assessment of “whether the company payments and government revenues are subject to credible, independent audit, applying international auditing standards” (Requirement 4.9a). Where this assessment concludes that there is: (i) routine disclosure of the data required by the EITI Standard in requisite detail, and (ii) that the financial data is subject to credible, independent audit, applying international standards, the multi-stakeholder group may seek Board approval to mainstream EITI implementation in accordance with the ‘Agreed upon procedure for mainstreamed disclosures’. Without such prior approval, conventional EITI reporting is required.
The procedure does not alter the EITI’s disclosure requirements. It requires the same information, in the same amount of detail, as conventional EITI reporting. However, it potentially allows implementing countries to dispense with dedicated EITI Reporting procedures that have become redundant.

5. Finally, the revised Validation systems has a number of features that supports mainstreaming. Validation documents “Efforts to go beyond the EITI Requirements”, including efforts by the multi-stakeholder group to address ‘encouraged’ or ‘recommended’ aspects of the EITI Standard. (2016 EITI Standard, p33). Validation Reports also addresses “conclusions, lessons learnt and recommendations for increasing the wider impact of the EITI process, including any opportunities and recommendations for embedding the EITI in government systems” (Validation Guide, page 15).

3. Examples of EITI mainstreaming

In some implementing countries, disclosures required by the EITI Standard are already routinely published and a dedicated EITI data collection procedure is not needed. In other cases, the data is routinely collected by government agencies, but not made publically available in the detail required by the EITI Standard. EITI implementation has been a catalyst to make this data publically accessible. In other cases, the EITI has helped to catalyse the consolidation or development of new information systems. While there may be national, in particular pertaining to intellectual property, personally-identifiable and commercially sensitive information which must be observed, in many cases there are no major practical barriers to releasing this data under an open license that allows stakeholders to freely obtain and easily re-use it.

The following examples from EITI implementing countries highlight the trend toward mainstreamed EITI implementation:

- In Kazakhstan, the government has requested that companies file their EITI reports as part of other mandatory reporting for subsoil license holders using an existing online platform in the Ministry Energy. The system is being further improved to reconcile data automatically. This system enabled Kazakhstan to become the first country to publish a 2014 EITI Report (Read more here)

- In Timor Leste, the government launched the Timor-Leste Transparency Model in 2011 which includes transparency in government decision making, budgeting, petroleum fund management, revenues and expenditures. Much of this information has been available in the Timor-Leste Transparency Portal. Government agencies make EITI data available on their websites on a routine basis. ANPM for example publishes all relevant laws and regulations and PSCs as well as production data and revenue data (on a quarterly basis) on its website. Financial data is also available from the Petroleum Fund website, the Transparency Portal and Timor GAP’s website. In 2015, the government committed to further entrenching and mainstreaming transparency in government systems.
• In the **United States**, as part of its commitment to implement the EITI, the US Department of Interior (DOI) has produced an interactive data portal, which allows the public to study the use of natural resources on federal lands. It includes detailed information on taxes collected from the oil, gas, coal, wind and geothermal industries and how these revenues are put to use. While the EITI Reports covers data from over a year ago, the portal allows for much more recent DOI revenue data. (Read more [here](#)).

• In **Norway**, the government maintains a website called Norwegian Petroleum with “Everything you need to know about Norwegian petroleum activities”. The portal provides up-to-date aggregate revenue data, and detailed information on licensing and other aspects of regulatory oversight.

• In addition to its annual reports, the Ministry of Finance in the **Democratic Republic of Congo** releases quarterly figures on production and exports, and taxes and revenue. In October 2015, the Government of the DRC, in collaboration with UNEP and the World Bank launched a pilot project, MAP-X, with the aim of embedding EITI reporting in government systems. The first phase of this project includes an assessment of government systems or “data readiness score card”, which evaluates the extent to which EITI data is machine readable, interoperable, publicly accessible, regularly updated and reliable.

• In **Mongolia**, government agencies disclose information required under the EITI Standard on a routine basis. The Ministry of Finance (Budget Department) maintains a standalone website\(^1\) that publishes information on aggregate corporate income tax and royalty revenues on a quarterly basis. The Ministry of Finance also maintains an e-report website\(^2\) as well as a transparency section on its website\(^3\). Since Q2 2013, the Mineral Resources Authority of Mongolia (MRAM) has published monthly reports on aggregate production per commodity, exports and revenues. In 2014 they moved to reporting on a weekly basis at regular press briefings.

Where countries make this transition, EITI Reporting is cheaper and more effective. The requisite data is already available (often online), following agreed templates and data formats, with details on the associated auditing and assurance work. It enables the EITI multi-stakeholder group to shift their focus from collecting data toward verifying that it is complete and accurate and encouraging stakeholders to make effective use of this information.

Some stakeholders have expressed concern that the trend toward mainstreaming may undermine MSG oversight of EITI implementation. The experience to date is that mainstreaming allows the MSG to refocus its activities, with less focus on collecting information, and giving more attention to analysis, information gaps and examining opportunities to improve tax policy, auditing procedures and other legal and administrative reforms.

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\(^2\) [http://119.40.100.204/EReport/](http://119.40.100.204/EReport/), only in Mongolian.  
\(^3\) [https://www.mof.gov.mn/%D1%88%D0%B8%D0%B9%D1%8D%D0%B0-%D0%B4%D0%B0%D0%BD%D1%81%D1%88%D0%BD%D0%BD%D1%8D/?lang=en](https://www.mof.gov.mn/%D1%88%D0%B8%D0%B9%D1%8D%D0%B0-%D0%B4%D0%B0%D0%BD%D1%81%D1%88%D0%BD%D0%BD%D1%8D/?lang=en)
4. Action plan for promoting mainstreaming

The action plan outlined below has four elements. The first section focuses on efforts to raise awareness and developing the business case for mainstreaming. The second section focuses on targeted support to implementing countries that have agreed to prioritise mainstreaming. The third section focuses on “practical tools for mainstreaming”, including guidance and providing access to technical expertise. The final section focuses on policy development, including opportunities to refine the EITI Standard and Validation procedures to ensure that efforts to mainstream EITI implementation are appropriately incentivised and recognised.

These activities will be reflected on the International Secretariat’s 2017 work plan. The EITI Board, through the Implementation Committee, will monitor progress and suggest further work as needed.

Action 1 – Awareness Raising

Mainstreaming implies a significant shift in conceptualising the objectives of EITI implementation, and re-thinking (and streamlining) the reporting obligations for companies and government agencies. The EITI needs to develop more examples of mainstreaming, highlighting the benefits and addressing perceived risks such as safeguarding data quality and ensuring effective MSG oversight.

There are two key challenges. The first is to secure political commitment and support from stakeholders in implementing countries. There is a need to develop the “business case” for mainstreaming, addressing all three stakeholder groups:

2. Industry. Mainstreaming embeds clear and consistent standards / Provides a level playing field / Reduces bureaucracy and compliance costs.
3. Civil Society. Mainstreaming improves governance / Promotes greater accountability / Provides more timely information.

In several countries, there is already broad stakeholder support for this work. The challenge is to mobilise the necessary technical and financial support to (re)develop reporting and disclosure procedures. In some cases, this will require substantial investments in improved regulations and administrative procedures and investments in IT systems. The costs and benefits of mainstreaming therefore need to be carefully evaluated.

The EITI International Secretariat does not provide direct financial support to implementing countries. It is therefore essential to mobilise support from donors and supporter organisations that are engaged in wider capacity building efforts. The World Bank is a key provider of technical and financial assistance. The Extractives Global Programmatic Support (EGPS) Multi-Donor Trust Fund brings support for strengthening governance and sustainability in the oil, gas and mining sectors into one
funding vehicle so that programs are more holistic in nature and have greater impact along the entire extractive industries value chain. The EGPS has already provided some funding for mainstreaming pilots⁴, and further collaboration with the World Bank is a high priority.

### Actions


1.2 – The International Secretariat to publish news items, case studies, fact sheets, training modules and other materials that stakeholders can use to promote mainstreaming, highlighting the benefits and addressing perceived risks such as safeguarding data quality and ensuring effective MSG oversight. (Timing: Q1-Q4 2017; cost: no additional cost. reorientation of existing staff time).

1.3 – The International Secretariat to provide guidance on assessing the costs and benefits of mainstreaming, contrasting “conventional” EITI Reporting and mainstreamed alternatives. (Timing: Q2 2017; cost: 2 weeks of staff time).

1.4 – The International Secretariat [and the World Bank] to convene a roundtable of supporter organisations to identify priorities for supporting implementing countries. (Timing: Q1 2017; cost: 1 week of staff time).

### Action 2- Targeted support to implementing countries

As indicated above, a number of MSGs have expressed strong support for mainstreaming. The EITI workplan can be focal point for this work. Each implementing country is required to agree a work plan that “sets EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries” (Requirement 1.5). Workplans can include prioritize mainstreaming, and include specific commitments from government agencies, SOEs and companies on their disclosure practices. The EITI Report and the MSG's Annual activity report (Requirement 7.4) can be used to publicise these efforts and document progress.

The first step for MSGs considering mainstreaming is a stock-taking exercise. All EITI implementing countries are required to make an assessment of whether company payments and government revenues are subject to credible, independent audit, applying international auditing standards (Requirement 4.9a). This work can be extended to consider existing disclosure practices, i.e., whether there is routine public disclosure of the data required by the EITI Standard in requisite detail. In some cases, the necessary data is already publically available, and the EITI can draw on these systems to compile annual reports. In other cases, only aggregate data is available, or there is no routine disclosure of the necessary data. Based on this assessment, the MSG can consider its options for collecting and collating the necessary information.

⁴ $150 000 in project support for 2016 - 2017
Mainstreaming typically requires that government agencies take the lead in opening up systems to public scrutiny. Linking the EITI to wider government reform efforts – such as commitments made as part of the Open Government Partnership – have helped some countries to make significant progress.

Several countries have expressed an interest in applying the “agreed upon procedure for mainstreamed disclosures” (requirement 4.9c). The eligibility criteria are demanding. Implementing countries need to demonstrate that they already have: “routine disclosure of the data required by the EITI Standard in requisite detail”. The procedure requires “the same information, in the same amount of detail”. There is a risk that this discourages MSGs from considering mainstreaming. It is likely that the Board will be asked to consider alternative approaches from MSGs which combine aspects of mainstreaming and conventional EITI reporting.

**Actions**

2.1 – The International Secretariat to emphasize mainstreaming in routine support to implementing countries, e.g., reviewing workplans, Independent Administrator terms of Reference, annual activity reports, etc., and in training and capacity building work with national secretariats and MSGs. (Timing: Q1-Q4 2017; cost: no additional cost. reorientation of existing staff time).

2.2 – The International Secretariat to work with selected implementing countries (and partner organisations active in those countries) to explore the potential for mainstreaming, with a focus on identifying low cost opportunities for government agencies, SOEs and companies to modify their disclosure practices. The findings – and any agreed commitments – to be reflected in revised EITI workplans. Subject to availability of funding, this could include workshops with MSGs. (Timing: Q1-Q4 2017; cost: no additional cost. reorientation of existing staff time. Workshops would require additional funding).

2.3 – The International Secretariat to work with selected implementing countries (including Colombia, Kazakhstan and Norway), to conduct *feasibility studies* and work toward adoption of the agreed upon procedure for mainstreamed disclosures. (Timing: Q4 2016-Q4 2017; cost: 8 weeks of staff time. EGPS funding available).

2.4 – The International Secretariat to highlight progress with mainstreaming in reporting to the EITI Board through the Implementation Progress Reports (Timing: Q1-Q4 2017; cost: no additional cost. reorientation of existing staff time).

**Action 3 – Practical tools for mainstreaming**

The Secretariat will develop guidance and disseminate best-practice examples that will assist implementing countries in exploring cost effective opportunities to promote mainstreaming.

A key focus here is to share emerging best practice on improving open data standards and access. The 2016 EITI Standard and open data policy envisage the adoption of “Board-approved EITI data standards” to improve the standardization, accessibility and usefulness of EITI data. To further progress this work, the EITI International Secretariat has supported a project financed by the World Bank to
survey EITI reporting standards and accessibility strategies. The Scoping Study for EITI Data Reporting and Access Standards was published in February 2016, and is currently being updated to reflect the changes to the 2016 EITI Standard.

Promoting the adoption of these data standards will require substantial technical and financial assistance. While the adoption of open data standards reinforces the trend toward EITI mainstreaming and can help reduce the cost of EITI reporting, there may be considerable up-front costs in building or modifying information systems. The World Bank has indicated that it may be able to support pilot projects in implementing countries that wish to adopt these standards.

**Actions**

3.1 – The International Secretariat to develop a “Guidance note on EITI mainstreaming” for consideration by the Implementation Committee (Timing: Q4 2016; cost: 1 week of staff time).

3.2 – The International Secretariat to update the guidance note on drafting an EITI workplan to address priorities and opportunities to work towards mainstream EITI implementation. (Timing: Q1 2017; cost: no additional cost. reorientation of existing staff time).

3.3 – The International Secretariat to develop a simplified template for undertaking a “pre-feasibility” study of the potential for EITI mainstreaming to inform MSG discussions on this issue. (Timing: Q1 2017; cost: 1 week of staff time).

3.4 – The International Secretariat to suggest amendments to the Standard Terms of Reference for an EITI scoping study and the ToRs for Independent Administrator to address mainstreaming in scoping work and to encourage the Independent Administrator to make recommendations regarding the scope for mainstreaming. (Timing: Q1 2017; cost: no additional cost. reorientation of existing staff time).

3.5 – The International Secretariat to document and disseminate best-practice examples of IT systems that support mainstreaming and open data, with a focus on open source tools and applications that can be modified and adopted by other implementing countries. (Timing: Q1-Q4 2017; cost: 4 weeks of staff time).

3.6 – The International Secretariat to document and disseminate best-practice examples of effective utilisation of EITI data (Timing: Q1-Q4 2017; cost: 4 weeks of staff time).

**Action 4 – Policy Development**

The changes to the 2016 EITI Standard provide significant encouragement to mainstream EITI implementation. Further efforts will likely be needed, in particular as implementation of the EU Transparency and Accounting Directives and Dodd Frank 1504 lead to more project-level reporting. The findings from the first round of Validations in 2016 provide an opportunity to assess progress.

**Actions**

4.1 – The International Secretariat to prepare a Board Paper for the first Board meeting in 2017 assessing progress with mainstreaming as documented in the 2016 Validations. (Timing: Q1 2017; cost:
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1 week of staff time).

4.2 – Based on the findings from the work in Colombia, Kazakhstan and Norway, the Board to consider possible amendments to the template ToRs for feasibility studies and the agreed upon procedure for mainstreamed disclosures. (Timing: Q3 2017; cost: 1 week of staff time).

5. Resource Implications

The action plan outlined above focuses on realigning existing support to implementing countries and encouraging implementing countries to take the lead in establishing cost effective work plans to address mainstreaming. In some cases, it is expected that implementing countries will request technical and financial assistance to support this work. The International Secretariat will support national secretariats in mobilising funding for this work.