

# COMMODITY TRADING TRANSPARENCY STOCKTAKE

---



## Table of Contents

|   |    |
|---|----|
| Summary .....   | 2  |
| 1 Introduction .....  | 3  |
| 2 Background .....  | 4  |
| 3 Analysis of findings from transparency mapping.....       | 5  |
| (1) What oil is being sold.....                             | 5  |
| (2) Who are the buying companies?.....                      | 9  |
| (3) What return did the country receive from the sale ..... | 12 |
| 4 Implications and next steps.....                          | 20 |

## Summary

This paper is a stocktake of commodity trading transparency in select EITI implementing countries, aiming to shed light on the extent to which the level of transparency about the first sales have improved as a result of the EITI's increased focus on commodity trading transparency.

# 1 Introduction

In many resource-rich countries, payments by companies to the government for rights to extract resources happen in-kind, through physical transfers of oil, gas and minerals, rather than transfers of money. Physical revenues can also occur because the state or a state-owned enterprise (SOE) owns shares in a producing license. The state or the SOE then sells these physical resources, often to trading companies or domestic refineries.

In order for governments implementing the EITI to fully account for all revenues received from natural resources, it is therefore necessary to know how much revenue the state or SOE gets from the sales of these resources as well as whether these sale proceeds are transferred to the budget. The results of such disclosures often also raise questions about who are buying the oil, the processes by which sales contracts are allocated and the content of the contracts.

The EITI's experience with promoting commodity trading transparency so far is that the systems and transactions are often complex, sometimes purposefully opaque. It requires significant political sponsorship and tailor-made reporting frameworks to bring about the transparency necessary to hold governments to account for how they manage the sale of the country's resources. One of the objectives of the EITI commodity trading working group is to contribute with such leadership and technical know-how, including by issuing guidance and supporting countries with opening up their systems.

This paper is a stocktake of commodity trading transparency in select EITI implementing countries, aiming to shed light on the extent to which the level of transparency about the first sales have improved as a result of the EITI's increased focus on commodity trading transparency. Key findings include:

- Disclosure of commodity trading data is becoming significantly more granular. This is particularly true for the countries that have made use of the template developed by the working group on commodity trading.
- The engagement of traders in the EITI reporting process remains low. The targeted effort on commodity trading has so far not contributed to outreach to traders at the local level, nor has it increased reconciliation of data from the state-owned companies and commodity traders.
- Equity oil remains a challenging area. EITI reports often do not clearly distinguish between the types of oil collected by SOEs and whether the revenues from oil sales include both equity oil and other oil collected in-kind. Although the findings from this review show that some state-owned companies do disclose their sales of equity oil, Validation has also show that several countries decide not to include these flows in their EITI reporting.
- It is not always clear **what is considered "first-trade"**. In some countries, including Indonesia, the regulator appoints the SOE and/or private contractors to sell the oil. It has been argued that it is the government that is the seller and the SOE and the private contractors the first buyers. The refineries and traders buying oil from the SOE and the private contractors have been considered **"second buyers"**. Further clarity on this issue could be useful.
- Commodity trading data exist, but is not always disclosed. The findings from this review show that sometimes the firms hired to collect and produce the EITI reports, collate significantly more data about the commodity trading transactions than what is actually disclosed in the EITI Reports

in the end.

- Information about the buyer selection process is becoming more transparent. A handful of the countries have provided at least some contextual information on the process and criteria underpinning the allocation of trading contracts. There appears to be demands in some countries, in particular among civil society in for example Chad and Ghana, for disclosure of more comprehensive information on the process for selecting buyers.
- Countries are increasingly shedding light on the value of **“unconventional sales”** such as e.g. swaps or purchases of crude oil and petroleum products. Although much remains to be done, some good practice is starting to emerge, for example in Chad and Indonesia as a result of this effort.

Implications and next steps are set out in section 4 below.

## 2 Background

The EITI Standard requires countries to report on the sale of the state’s share of production or other revenues collected in kind. Requirement 4.2 states: “Where the sale of the state’s share of production or other revenues collected in kind is material, the government, including state-owned enterprises, are required to disclose the volumes sold and revenues received. The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams (4.7). Reporting could also break down disclosures by the type of product, price, market and sale volume. Where practically feasible, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling the volumes sold and revenues received by including the buying companies in the reporting process.”

The EITI’s early experience with implementing these requirements was that while it was relatively easy to obtain disclosures of the volumes of in-kind payments received by SOEs, it was more challenging to get SOEs to disclose the volumes that they were selling on behalf of the state, to whom and the revenues received. This is one of the reasons why the Board decided to establish a targeted effort on commodity trading in October 2015. In June 2017, the working group overseeing the targeted effort published a guidance note and a model reporting template to support countries with improving disclosures. Several countries, including Albania, Cameroon, Chad, Cote d’Ivoire, Ghana, Indonesia, Mauritania and Nigeria, are participating in the targeted effort. This review shows that countries that have made use of the template has achieved a greater level of transparency in commodity trading than others.

### Methodology

This paper reviews progress with commodity trading transparency in 14 countries, notably Albania, Cameroon, Chad, Côte d’Ivoire, Ghana, Indonesia, Iraq, Kazakhstan, Mauritania, Mongolia, Mozambique, Norway, Nigeria, Republic of Congo and Tajikistan<sup>1</sup>. The scope thus covers (1) all countries that are part of

---

<sup>1</sup> Tajikistan was subsequently disregarded as research showed that the gold produced by the SOE Toloy Tochik is transferred in-kind and retained by the Central Bank. Thus, there is no sale of this commodity.

the commodity trading effort as well as (2) any country that has been validated against the 2016 EITI Standard and where the requirement on commodity trading transparency has raised issues<sup>2</sup>. Countries that are not part of the targeted efforts and that have not yet been validated, are not covered by the current review but might be added depending on the findings from Validation<sup>3</sup>. In order to carry out a consistent mapping of the level of transparency in each country, the International Secretariat applied an adapted version of the reporting template developed by the working group as a checklist. The mapping **focused mainly on disclosures of standard “first trades”, but also took note of any contextual disclosures** as well as any disclosures of non-conventional sales.

### 3 Analysis of findings from transparency mapping

In accordance with the guidance note on transparency in first trades, the disclosures aim to ensure greater accountability in oil trading by tackling three questions: (1) What oil is being sold; (2) Who are the buying companies; and (3) What return did the country receive from the sale.

#### *(1) What oil is being sold*

This section mapped how countries have disclosed the name of the selling entity (as required by the EITI Standard), typically an SOE, as well as other relevant information such as oil grade/quality, date of sale, type of state-owned oil sold and invoice number. Table 1 provides an overview of the findings from each country.

A key finding from this part of the mapping is that the disclosures have become considerably more granular in the majority of the countries. Three countries – Albania, Iraq and Mozambique – have disaggregated the sales data by month, with a further four countries - notably Cameroon, Chad and Mauritania – having provided sales data by each date of sale<sup>4</sup>. It should be noted that most of the disclosures are for financial year 2015. **In some countries, including Ghana and Côte d’Ivoire, granular data** has been collated but has not yet been published for various reasons. In a couple of countries, notably Iraq and the Republic of Congo, transparency in commodity trading unfortunately seem to be regressing with fewer details disclosed than what was common a couple of years ago.

Another key finding seems to be that an increasing number of countries – including Albania, Cameroon, Chad, Mauritania and the Republic of Congo - appears to disclose some information about the revenues that they receive from the sale of the oil they collect in-kind as an equity holder.

---

<sup>2</sup> The validations of Kazakhstan, Mongolia and Norway showed that although neither the State nor the SOEs collect any payments in-kind in a capacity as fiscal agent, the SOEs all sell equity oil pursuant to their ownership share in projects. Given that many other SOEs disclose the sale of both equity oil and oil collected as a fiscal agent on behalf of the state, it seems timely to resume the discussions about whether requiring all SOEs to disclose details about the sales of their equity oil would put the SOE at a competitive disadvantage compared to private companies producing and selling oil.

<sup>3</sup> It is anticipated that it would be relevant to include Colombia, Myanmar and Trinidad and Tobago to the scope.

<sup>4</sup> Côte d’Ivoire and Ghana have also collated the data at this level of detail, but as of 2 January 2018 it was not yet in the public domain.

Equity oil can be production from 100% SOE-owned domestic fields, oil that the SOE collects as a non-operator participant in a joint venture commensurate with its ownership share, or profit oil/cost oil from the SOE's own shares in a production sharing agreement (distinct from the profit oil that the government collects under a PSA). This revenue has not typically been covered by the EITI previously, given that this is not revenue that the NOC collects on behalf of the state and transfers to treasury<sup>5</sup>. Rather, it is revenue that the SOE gets from its own investments in a field and that is typically retained by the SOE to cover costs and investments.

It should be noted that even where such disclosures appear to be taking place, it is almost always impossible to establish exactly what type of oil is collected and sold as EITI reports typically do not provide sufficiently detailed disclosures and clear categorisations. For example, an EITI report might well disclose **collection and sale of "profit oil", without specifying or providing information enabling the reader to determine whether this is collection and sale of profit oil collected in-kind by the SOE in the capacity as equity holder, or profit oil collected by the SOE on behalf of the State acting as a fiscal agent, or both.**

Another challenge is that while the physical collection of in-kind revenue by the SOE tend to be disaggregated by type of revenue stream, the sale of oil by the SOE do not tend to provide details on how much revenue is collected from e.g. sale of equity oil vs how much revenue is receive from e.g. sale of profit oil from PSAs. Furthermore, in some countries including for example Kazakhstan, Mongolia and Norway, the SOE may collect its equity in-kind and subsequently commercialise this, but not collect any other revenue either in-kind or in-cash. In these countries, the proceeds from the equity streams will arrive at the treasury only indirectly, through profit taxes and/or a dividend distribution and only be disclosed in the EITI report as such. For example:

- In Kazakhstan, the SOE KazMunaiGas holds ownership interests in appx. 40 oil and gas fields in Kazakhstan. KazMunaiGas pays taxes, royalties and other payments to the government for its participation in these projects on the same terms as the other private companies participating in the projects. No fiscal payments are made in-kind<sup>6</sup>. In return for its investments, KazMunaiGas collects equity oil in accordance with its ownership share. A trading arm of KazMunaiGas sells the equity oil. KazMunaiGas retains the revenues from these sales to cover its costs and investments, but pays dividends and profit taxes to the government based on its financial results. It has been reported that in the period 2015-2017, KazMunaiGas has entered into USD 5bn worth of pre-payment arrangements with Vitol, whereby Vitol has been selected to market KazMunaiGas' equity oil over the next years in exchange for these pre-payments<sup>7</sup>. It has been argued that one of the

---

<sup>5</sup> In agreeing the 2013 EITI Standard, there was considerable debate about the extent to which requiring disclosures of the oil collected by NOCs as an equity holder could put NOCs at competitive disadvantage vis-a-vis other private producing companies that would not be required to disclose their sales data. As such, EITI reporting has tended to focus on the oil that an NOC collects as a "fiscal agent" on behalf of the State, such as profit oil from production sharing agreements, service contract production and royalties collected in-kind.

<sup>6</sup> It has been reported that in December 2016, the operator of the Kashagan project chose to pay the production share in-kind rather than in-cash, but this has not yet been confirmed by EITI Reporting.

<sup>7</sup> <https://www.ft.com/content/6fc02f7c-9a19-11e7-a652-cde3f882dd7b>

reasons for KazMunaiGas' decision to enter into these arrangements is due to its need to cover the company's substantial debts<sup>8</sup>. The National Bank of Kazakhstan is also party to the arrangements. While none of these transactions are covered in EITI reporting, stakeholders consulted during Validation expressed a desire for more transparency in how SOEs handles equity oil.

- In Norway, the SOE Statoil holds ownership in multiple licenses on the Norwegian Continental Shelf. In addition, the State holds ownership in numerous licenses through the SOE Petoro. Just like other private participants to these licenses, the costs associated with these investments (including taxes and other payments) are covered by the SOEs, who in return for their investments get their respective share of the oil production and the revenue from the marketing of that production. Statoil markets the share of production that belongs to itself as well as Petoro. The revenues from the sale of oil that pertains to Petoro is transferred to the Oil Fund. The revenues from the sale of oil that pertains to Statoil is retained by Statoil, who then pays dividends to the State as a majority shareholder. While Norway discloses the taxes and other payments made by **Petoro and Statoil to the government, including the transfer of proceeds from the sale of Petoro's equity oil**, the reporting does not cover details about the trading conducted.

Finally, there are some inconsistencies in who is considered the seller. In Albania for example, Albpetrol does not market its own production but appoints a company to market the oil and gas on its behalf. Nonetheless, Albpetrol is considered the seller and the contracted company, TPD, is considered the buyer. In Mauritania, the Chinguetti consortium, including the SOE, decided to contract Vitol to market the oil from the field. For the purpose of the EITI Report, Vitol is considered the seller and those who buy the oil from Vitol, the buyers. In Indonesia, the regulator SKK Migas appoints both the SOE Pertamina and private **contractors to sell the government's share of profit oil**. In this case, SKK Migas has been considered the seller and the SOE Pertamina and the private contractors the buyers.

In cases where oil and gas is marketed domestically involving different state-owned enterprises, identifying the seller/buyer can also be challenging, in particular if the sales agreements are not publicly available. Mozambique is an example, where part of the allocation of royalty gas payable by a consortium of companies including the national oil company ENH, is earmarked for ENH to distribute to other government entities. The other part is earmarked to a private company, in which the government owns a minority share, who distributes the gas to domestic companies for local consumption.

Table 1: Transparency mapping: What oil is being sold?

| 1. What oil is being sold?    |                |                       |              |  |                        |
|-------------------------------|----------------|-----------------------|--------------|--|------------------------|
| Required by the EITI Standard |                | Core information      |              | Additional information                         |                        |
| Country                       | Name of seller | Oil grade and quality | Date of Sale | Type of state-owned oil sold (e.g. profit oil) | Contract # / invoice # |

<sup>8</sup> Kapparov, Kassymkhan (2016) Invisible Public Debt: The Case of Kazakhstan

<http://centralasiaprogram.org/archives/9758>

|               |  |                                 |                                  |   |  |
|---------------|--|---------------------------------|----------------------------------|---|--|
| Albania       | AlbPetrol  | Not disclosed                   | Month of sale disclosed          | Profit oil and equity oil. The sales data is not disaggregated by type of oil sold, but the EITI Report estimates that appx. 40% is equity oil.   | Not disclosed  |
| Cameroon      | SNH  | Disclosed                       | Date of sale disclosed           | Profit oil, equity oil, royalties and bonus payments.   | Disclosed  |
| Chad          | SHT  | Disclosed                       | Date of sale disclosed           | Royalties and equity oil.   | Disclosed  |
| Côte d'Ivoire | Petroci  | Data collated but not disclosed | Data collated but not disclosed  | Petroci collects profit oil and equity oil, but discloses sale of profit oil only.  | Data collated but not disclosed  |
| Ghana         | GNPC   | Data collated but not disclosed | Data collated but not disclosed  | Royalties and carried + additional participating interest from the Jubilee field. Royalties from the Saltpond field.  | Data collated but not disclosed  |
| Indonesia     | Pertamina and private contractors  | Oil type disclosed              | Date of sale disclosed per cargo | Profit oil, First Tranche Petroleum and Domestic Market Obligation  | Not disclosed  |
| Iraq          | SOMO   | Not disclosed                   | Month of sale disclosed          | Equity oil (in Iraq this equals service contract production, minus Domestic Market Obligation paid to national refineries, minus remuneration fee net of corporate income tax and cost recovery.) | Not consistently disclosed, but sometimes referred to in case of discrepancies |
| Kazakhstan    | KazMunaiGas (KMG)  | Not disclosed                   | Not disclosed                    | KMG only collects equity oil in-kind. The revenues from the sale of this oil is not disclosed as it is not considered government revenue.   | Not disclosed  |
| Mauritania    | SMHPM. However, Vitol is contracted by SMHPM and the consortium to market the oil. | Disclosed                       | Date of sale disclosed           | Equity oil  | Not disclosed  |
| Mozambique    | ENH  | Not disclosed                   | Not disclosed                    | Gas royalty   | Not disclosed  |
| Mongolia      | Erdenes Tavan Tolgoi (ETT)   | N/A (coal)                      | Not disclosed                    | ETT markets the equity coal that it produces. Revenues from the sale of this coal are not disclosed as it is not considered government revenue.   |  |

|                   |  |               |                        |  |                            |
|-------------------|--|---------------|------------------------|--|----------------------------|
| Nigeria           | NNPC Crude Oil Marketing Division (COMD) | Disclosed     | Date of sale disclosed | Profit Oil, Equity Oil and in-kind payments of Petroleum Profits Tax, Royalties as well as payments of Companies Income Tax and Education Tax (by companies operating under the Modified Carried Agreement). | Not consistently disclosed |
| Norway            | Statoil                                  | Not disclosed | Not disclosed          | Equity oil   | Not disclosed              |
| Republic of Congo | SNPC                                     | Not disclosed | Not disclosed          | Royalties, profit oil, super profit oil and equity oil   | Not disclosed              |

## *(2) Who are the buying companies?*

This section mapped how countries have disclosed the name of the buying entity (as required by the EITI Standard), which could be an international or domestic trading companies, international or domestic refineries, a trading arm of the SOE itself, or other intermediaries. It also reviewed whether the data on volumes sold and revenues received disclosed by the SOE was reconciled with similar data from the buying entity. Further, the section mapped whether other relevant information related to identifying the buyer was disclosed such as beneficial ownership of the buying company, information about the buyer selection process, the Incoterms governing the trade, and name of the load port/terminal. Table 2 provides an overview of the findings from each country.

A key finding from this mapping is that although an increasing number of countries are disclosing the name of the buying companies, little progress has been made in terms of engaging the traders in the EITI reporting process. This means that in all countries apart from Iraq, buyers are not yet asked by the government to participate in EITI reporting and disclose the volumes that they buy and the payments that they make. Increased engagement with the buying companies is likely to be necessary in order to make progress on issues such as e.g. beneficial ownership or contract transparency.

On the other hand, increasing information about the buyer selection process is becoming available. Countries like Albania, Chad, Indonesia, Iraq and Mauritania have provided at least some contextual information about the process for selecting the buyers (direct negotiations, tenders etc.). Some have also provided details about the technical/financial criteria used to make the selection, and disclosed details about the actual bids. For example:

- Albania's EITI reports provide Information about the process for selecting buyers, including an overview of how auctions are conducted. A summary of the auctions in 2013, 2014 and 2015 are disclosed, including the forecasted sales volume of the annual contract, the auction starting price, the winning bid, the name of the company winning the bid, the name of non-winning applicants and links to further information. Validation also showed that the disclosures of the pricing formula and revenues pointed to that Albpetrol seems to have sold its crude oil at prices significantly lower than private operators. Beneficial ownership transparency and contract disclosure could add further value.
- In Ghana, civil society has expressed concern the selection of companies responsible for

marketing the state's share of oil on behalf of GNPC. As a result, the MSG has decided to include among the specific objectives of the ongoing commodity trading project an explanation of the technical/financial criteria followed and additional details about the actual bids.

- In Cameroon, civil society have praised the SNH for publishing information on its sales of the state's in-kind revenues routinely on its website. However, stakeholders have also highlighted the need for transparency in SNH's tendering processes and disclosure of a comprehensive description of the way in which international buyers are selected.
- As part of an ongoing buyer selection tender, Nigeria is currently exploring the possibility to collect beneficial ownership data from interested buyers as part of the tender process.

Table 2: Transparency mapping: Who is buying the oil?

| 2. Who is buying the product? |  |                  |                             |                                 |                                 |  |
|-------------------------------|--|------------------|-----------------------------|---------------------------------|---------------------------------|--|
| Required by the EITI Standard |  | Core information | Additional information      |                                 |                                 |  |
| Country                       | Buyer  | Reconciliation   | Beneficial owner            | Incoterms                       | Load port/terminal              | Buyer selection process  |
| Albania                       | There is only one single buyer: TPD Trading Petrol & Drilling Sh.A.  | No               | Not disclosed               | Not disclosed                   | Not disclosed                   | Open public auction. A summary of the auction results, including winning and non-winning bids, is disclosed. |
| Cameroon                      | Names of all buyers disclosed  | No               | Not disclosed               | Disclosed (FOB)                 | Disclosed                       | Not disclosed  |
| Chad                          | There is only one single buyer: Glencore.  | No               | Glencore is publicly listed | Disclosed (FOB)                 | Disclosed                       | Some contextual information disclosed  |
| Côte d'Ivoire                 | The data is collated but is only disclosed for the entities involved in the swap arrangements.                     | No               | Not disclosed               | Not disclosed                   | Not disclosed                   | Not disclosed  |
| Ghana                         | Unipeac is the sole buyer of Jubilee oil. The name of the buyer of Saltpond oil is collated but not yet disclosed. | No               | Not disclosed               | Data collated but not disclosed | Data collated but not disclosed | Not disclosed  |
| Indonesia                     | Not disclosed  | No               | Not disclosed               | FOB                             | Disclosed                       | Limited information disclosed  |

|                   |                               |               |               |                 |  |  |
|-------------------|-------------------------------|---------------|---------------|-----------------|--|--|
| Iraq              | Names of all buyers disclosed | Yes           | Not disclosed | Disclosed       | Disclosed  | A description is disclosed. Long term sales contracts are concluded through direct invitation to contracting companies. An overview of criteria and standards for allocating crude oil quantities to qualified companies is disclosed. |
| Kazakhstan        | Not disclosed                 | No            | Not disclosed | Not disclosed   | Not disclosed  | Not disclosed  |
| Mauritania        | Names of all buyers disclosed | No            | Not disclosed | Disclosed (FOB) | Disclosed  | A marketer (Vitol) is appointed bi-annually by the consortium through competitive tender. Some details about the tender, including selection criteria and shortlisted applicants, are disclosed.                                       |
| Mozambique        | Names of all buyers disclosed | No            | Not disclosed | Not disclosed   | Partly. ENH receives its gas in Temane and the Matola Gas company from the Ressano Garcia tapping point. | Not disclosed  |
| Mongolia          | Not disclosed                 | No            | Not disclosed | Not disclosed   | Not disclosed  | Not disclosed  |
| Nigeria           | Not disclosed                 | No            | Not disclosed | FOB             | Disclosed  | Invitation to tender available on NNPC's website ( <a href="http://nnpcgroup.com/Portals/0/Adverts/ITT.pdf">http://nnpcgroup.com/Portals/0/Adverts/ITT.pdf</a> )   |
| Norway            | Not disclosed                 | No            | Not disclosed | Not disclosed   | Not disclosed  | Not disclosed  |
| Republic of Congo | Not disclosed                 | Not disclosed | Not disclosed | Not disclosed   | Not disclosed  | Not disclosed  |

### *(3) What return did the country receive from the sale*

This section mapped the extent to which the countries have disclosed the total volumes sold and total revenues received (as required by the EITI Standard). It also mapped whether other relevant data had been disclosed such as price information (selling price and pricing options); contract type and contract transparency; any fees, charges or credits paid relating to the trade; payment receipt date and payment account; as well as the destination where the commodity sold was headed. Table 3 provides an overview of the findings from each country.

A key finding is that **countries are increasingly shedding light on the value of “non-conventional” sales**, i.e. where crude oil is allocated to ensure repayment of loans or swapped for other products or services. These types of sales and arrangements need to be transparent in order to provide a complete picture of total revenues received by the State. While there is still a long way to go to ensure transparency in these types of transactions, some good practices are emerging. For example:

- Chad has disclosed the details related to the oil-backed loan entered into with Glencore. Data disclosed include the allocation of crude oil to Glencore to repay the loan. The data is broken down by each seven instalments effectuated in 2015, showing the bill of lading number, the date of payment, the volumes of crude, the reference price and discount, and the monetized value of the in-kind payment. The data further shows how the monetized value of the in-kind crude allocations corresponds to what Chad owes Glencore in terms of repayment of the capital and interests, as well as the government’s share of transportation costs and cash-calls.
- **Côte d’Ivoire’s** 2015 EITI Report describes swap operations, a process by which, the State through the SOE PETROCI agrees with oil and gas producers to exchange the **State’s share of crude oil from each oil field with the associated gas owned by the operator**. The report shows that PETROCI **delivers the gas (volumes not specified) to Côte d’Ivoire Energy for energy production. Côte d’Ivoire Energy does not pay PETROCI for this gas. Rather, the value of the gas delivered by PETROCI to Côte d’Ivoire Energy is recorded by the Revenue Authorities as state income and the electricity bills from Côte d’Ivoire Energy for the electricity consumed by the state are recorded as state expenditure**. Although the EITI Report provides a first step in mapping these flows, the report characterised these transactions as irregular and poorly monitored, highlighting a need for further transparency.
- Nigeria’s EITI Reports continue to disclose details on swap arrangements of crude oil for refined petroleum products.
- Although Republic of Congo is now publishing less data on commodity trading than they used to, **the EITI Report still differentiates between the share of the State’s production that is allocated to “conventional sales”, vs the share of the State’s production that is allocated to cover loans pertaining to infrastructure projects as well as the share allocated to domestic refineries**. The report shows the volumes for all types of allocations, actual revenues received from conventional sales, and the estimated value of the oil allocated to infrastructure loans and refineries.

It is also worth noting that more countries are disclosing price information. Albania, Ghana, Indonesia and Iraq disclose an average monthly sales price, whereas Cameroon, Chad and Mauritania have disclosed the actual price per cargo. Several countries also provide information on the pricing formula. As noted above, most of the data pertain to financial year 2015. In Ghana and Indonesia, stakeholders including civil

society have raised particular concerns related to lack of clarity in pricing mechanisms for crude oil. For instance, the Ghana 2014 EITI Report highlighted differences in oil prices for oil sales from the different fields, noting that Saltpond oil was being sold for less than benchmark prices. The targeted efforts in Ghana and Indonesia include objectives aimed at addressing such concerns.

Finally, some countries have also addressed revenue management issues, by including for example reconciliation of the transmission of revenues received by the SOE from the oil sales with the receipts recorded by the line ministry.

Table 3: Transparency mapping: What return did the country receive from the sale?

| 3. What return did the country receive from the sale? |   |   |                                |                           |  |                        |   |  |                      |  |  |
|---|---|---|--------------------------------|---------------------------|--|------------------------|---|--|----------------------|--|--|
| Required by the EITI Standard                         |   |   | Core information               |                           |  | Additional information |   |  |                      |  |  |
| Country   | Volumes sold  | Revenues received                         | Selling price                  | Pricing option            | Contract type  | Contract disclosure    | Fees, charges and credits   | Forex rate   | Payment receipt date | Payment account  | Destination                                    |
| Albania   | Annual and monthly volumes sold are disclosed   | Annual and monthly revenues are disclosed | Monthly price disclosed        | Pricing formula disclosed | Annual   | Not disclosed          | Not disclosed   | Unclear  | Not disclosed        | Payment account not disclosed, but according to the EITI Report, all payments are retained by Albpetrol. | Fier refinery                                  |
| Cameroon  | Volumes sold disaggregated by individual sale are disclosed. Annual volumes sold are also disclosed, disaggregated by type of oil sold (equity oil, profit oil etc.). | Revenues from each sale disclosed         | Price (USD) per sale disclosed | Brent discount            | According to SNH, spot market with 30-day settlement. Validation raised questions about whether some oil is sold by term contracts (annual). | Not disclosed          | Fee charged by SNH for the volumes that they market on behalf of the state. | Value of sale disclosed in USD and local currency for each date of sale. | Disclosed            | Disclosed  | Country of destination disclosed for each sale |

|               |   |   |   |                                 |                                 |                                 |  |                  |                                 |  |   |
|---------------|---|---|---|---------------------------------|---------------------------------|---------------------------------|--|------------------|---------------------------------|--|---|
| Chad          | Volumes sold disclosed by cargo and by type of oil (royalty, equity oil etc.)   | Revenues from each cargo and type of oil disclosed  | Price per sale disclosed  | Disclosed                       | Disclosed                       | Not disclosed                   | Not disclosed  | Sales are in USD | Disclosed                       | Disclosed  | Country of destination disclosed for each sale                  |
| Cote d'Ivoire | The EITI Report discloses total volumes sold in aggregate. Data showing volumes per sale and per block has been collated, but is not disclosed. | The EITI Report discloses total revenues received in aggregate. Data showing revenues per sale and per block has been collated, but is not disclosed. | Not disclosed   | Not disclosed                   | Not disclosed                   | Not disclosed                   | Trading fee (aggregate) disclosed                                    | Not disclosed    | Data collated but not disclosed | Not disclosed  | Main export destinations disclosed in general terms (by region) |
| Ghana         | Data collated but not disclosed.  | Disclosed   | Average monthly prices disclosed                                | Pricing formula disclosed       | Data collated but not disclosed | Data collated but not disclosed | Marketing fees exist (contract specific), but are not yet disclosed. | Sales are in USD | Data collated but not disclosed | One payment account determined by law                                    | Data collated but not disclosed                                 |
| Indonesia     | Disclosed per parcel and per cargo  | Disclosed per parcel and per cargo  | Estimated prices disclosed per parcel and cargo (deduced in the | Based on Indonesian Crude Price | Not disclosed                   | Not disclosed                   | Not disclosed  | Disclosed in USD | Disclosed per cargo             | Three accounts for oil and gas revenue under the name of the Ministry of | Country of destination is disclosed per cargo                   |

|            |  |  |  |                           |   |  |   |                  |               |   |   |
|------------|--|--|--|---------------------------|---|--|---|------------------|---------------|---|---|
|            |  |  | commodity trading report based on shipment volume and value) |                           |   |  |   |                  |               | Finance   |   |
| Iraq       | Annual and monthly volumes sold are disclosed. | Annual and monthly revenues are disclosed. | Monthly price per market and export terminal disclosed.      | Pricing formula disclosed | Term contracts (semi-annual, annual or long term) | Model contract disclosed, but not actual contracts | <i>Fines against sales invoices</i> , a payment by the SOE SOMO to buyers is disclosed in aggregate. Buyers pay <i>port dues</i> , but these are not disclosed. <i>Third party inspection fees</i> are shared by both SOMO and buyer, but are not disclosed. SOMO pays <i>demeurrage</i> , which is disclosed in aggregate. | Sales are in USD | Not disclosed | The Development Fund for Iraq, the Federal Reserve Bank of New York | Export volumes disaggregated by region of destination, e.g. Europe, Far East, South Africa and USA. |
| Kazakhstan | Not disclosed                                  | Not disclosed                              | Not disclosed  | Not disclosed             | Not disclosed                                     | Not disclosed.                                     | Not disclosed.  | Not disclosed    | Not disclosed | Not disclosed   | Not disclosed   |

|            |                                      |   |                                  |                 |                                  |   |  |   |               |  |  |
|------------|--------------------------------------|---|----------------------------------|-----------------|----------------------------------|---|--|---|---------------|--|--|
| Mauritania | Volumes sold disaggregated by cargo  | Total revenues received disclosed, disaggregated by recipient (SMHPM and the treasury). | Price disclosed by cargo         | Brent discount  | Spot                             | Contract between consortium and marketing company, Vitol, is available, but not published. Contract between Vitol and buyers not available. | Marketing fees and letter of credit disclosed, but not explained | Not disclosed   | Disclosed     | Account no. disclosed for SOE and treasury   | Country of destination disclosed   |
| Mozambique | Total volumes sold by ENH disclosed. | Revenues received disaggregated by buyer disclosed.                                     | Data collated, but not disclosed | Not disclosed   | Data collated, but not disclosed | Not disclosed <sup>9</sup>  | Not disclosed  | Disclosed. USD, with exchange rate used to calculate amount into local currency explained | Disclosed     | Account detailed not disclosed, although it is explained that the proceeds of the sales are collected by the national treasury | Disclosed. Domestic market (regions in which gas is distributed are listed). |
| Mongolia   | Not disclosed                        | Not disclosed   | Not disclosed                    | Not disclosed   | Not disclosed                    | Not disclosed   | Not disclosed  | Not disclosed   | Not disclosed | Not disclosed  | Not disclosed  |
| Nigeria    | Monthly volumes                      | Monthly revenues  | Monthly price                    | Pricing formula | Annual                           | Not disclosed   | Nigeria Export   | Report notes inconsistent   | Not disclosed | Payment account  | Destination disclosed,   |

<sup>9</sup> Purchase and sale of gas royalty agreement is an annex to the Petroleum Production Agreement signed with Sasol, which according to the EITI Report is public and should be disclosed under the Petroleum Act, but cannot be found on the ministry website.





## 4 Implications and next steps

Based on these findings, the EITI could:

- Provide more support to help mapping the different types of revenue streams that SOEs collect in-kind, and incentivise disclosure of collection and sale by type of revenue stream and project.
- Support SOEs with establishing frameworks for systematic disclosure, to prevent that data might be collated but not disclosed.
- Investigate in further detail any anti-competitive concerns related to SOE disclosures of transactions from sales of equity oil.
- Increase the focus on outreach to traders both at the global and national levels, including capturing the lessons learnt from trading companies that have disclosed EITI data, such as Glencore, Trafigura and others. A simple fact sheet targeting traders could be prepared.
- Deepen the guidance materials and model reporting templates available for disclosing information related to buyer selection process.
- Better capture and disseminate emerging good practice from disclosure of domestic sales, **“unconventional sales” and “imports of crude and petroleum products”**.
- Provide in-depth feedback on the reporting to date, including suggestions for improvements of **next year’s reports drawing on the guidance note and model reporting template**.
- Work with a couple of countries to produce an analysis of the data disclosed, with a view to provide an assessment of areas where governance and transparency could be strengthened.