COVERAGE OF ENVIRONMENTAL INFORMATION IN EITI REPORTING

A REVIEW OF HOW SOME EITI COUNTRIES ARE COVERING ENVIRONMENTAL INFORMATION IN EITI REPORTING.
This briefing is issued by

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1. SUMMARY

The EITI Principles emphasise that natural resource wealth should be an engine for sustainable economic growth. Although the EITI Standard does not require or encourage disclosures regarding environmental management, several EITI implementing countries have included some information related to environment as part of their EITI reporting. This paper reviews the coverage environmental taxes, levies and other payments in EITI Reports. Additional information on environmental policy, management and compliance has in some instances been included in EITI reporting to complement required disclosures and inform public discussion of a country’s governance of natural resource revenues. The paper also seeks to briefly capture how this has been done, by providing more recent examples of emerging practices in EITI countries.

The findings of the review show that at least 28 implementing countries have done some form of reporting on environmental issues, in response to local concerns.¹ Twenty-two of these countries disclose environmental payments made by extractives companies to the government or to dedicated funds, 15 of which reconcile the payments. In parallel to this work, there have been increasing calls by international civil society groups for the EITI to do more work on environmental aspects. While no new policies or changes to the EITI Standard are proposed, the review highlights that there is a continuously growing demand for sharing experiences on these issues, in particular among implementing countries.

¹ Burkina Faso, Chad, Cote d’Ivoire, Cameroon, Colombia, Democratic Republic of Congo, Indonesia, Germany, Kyrgyz Republic, Kazakhstan, Liberia, Madagascar, Malawi, Mali, Mauritania, Mongolia, Mozambique, Norway, Nigeria, Philippines, Republic of Congo, Seychelles, Senegal, Sierra Leone, Togo, Ukraine, United States of America and Zambia.
2. BACKGROUND AND INTRODUCTION

In 2015, the EITI International Secretariat compiled a paper showing how EITI implementing countries are increasingly covering environmental taxes, levies and other payments in EITI Reports. Additional information on environmental policy, management and compliance has in some instances also been included in EITI reporting to complement required disclosures and inform public discussion of a country’s governance of natural resource revenues. Although some EITI stakeholders expressed concern that a focus on environmental reporting would take the EITI significantly beyond its mandate, other stakeholders have expressed a strong desire for further transparency and reporting on environmental payments, obligations etc.

This paper provides an overview of the reporting practices in the countries that have addressed these issues as of August 2017. These include examples of i) environmental transparency in EITI workplan objectives, ii) descriptions of legislation and licensing requirements related to environment, iii) reconciliation or disclosure of environment-related revenue stream, and iv) management of environment and rehabilitation funds (section 3). Section 4 of the paper captures how some countries and MSGs have decided to include additional aspects of environmental policy, management and compliance in line with national priorities for the extractive industries and highlights opportunities based on these examples. Annex A provides a country-by-country overview of coverage of environmental information through the EITI.
3. Review of EITI reporting on environmental issues

3.1 Environmental transparency in EITI workplan objectives

The EITI Standard requires that the multi-stakeholder group (MSG) agrees objectives for EITI implementation that are linked to national priorities. The purpose is to ensure that the EITI addresses relevant issues at the national level, and provides information that can inform ongoing debates.

Several implementing countries have used EITI reporting as a tool for increased transparency in environmental management, and countries including Colombia, Germany, Kyrgyz Republic, Niger, Philippines and Seychelles have stated work plan objectives related to environmental issues. For example, in Colombia, the MSG is exploring a methodology to address environmental aspects through EITI reporting. In Kazakhstan, the MSG has expressed concerns about the use of revenues from environmental fines collected from the extractive sector and is planning to include an examination of the use of proceeds from these penalties. In Mongolia, the MSG has included environmental reporting for years, including monitoring of environmental rehabilitation plans, and Philippines EITI Reports monitors flows to environmental protection funds. Prospective EITI countries are also seeking to use the EITI to address some of their environment-related issues. Suriname has announced its intention to include environmental information in its future EITI reports, while discussions amongst stakeholders in Mexico have focused on how the EITI workplan can include aspects related to environmental reporting.

Each implementing country can consider the costs and benefits of disclosing information related to environmental regulation and extractives and covering environmental payment aspects through the EITI. In some cases, the EITI may contribute to address gaps in the publicly available information on environmental payments. It is important for the MSGs to note the additional technical capacity and resources that may be needed in disclosing additional information in addition to meeting the EITI Requirements. EITI disclosure of environmental information may avoid creating additional reporting burdens by building on existing data sources. For example, environmental reporting under EITI may be aligned with national regulation or link with information already produced by companies.
3.2 Description of legislation and licensing requirements related to environment

The EITI Standard requires that the legal framework governing the extractive industries is described, as well as the process for granting licenses. Countries that have included such information in their latest report include Burkina Faso, Chad, Cote d’Ivoire, Colombia, Democratic Republic of Congo, Kyrgyz Republic, Kazakhstan, Liberia, Madagascar, Malawi, Mali, Mauritania, Mongolia, Mozambique, Nigeria, Philippines, Republic of Congo, Seychelles, Senegal, Sierra Leone, Togo, Ukraine and Zambia.

This information includes, as exemplified by some of the cases below:

- A description of the roles of government agencies involved in monitoring environmental obligations, managing and implementing environmental policy and administrative issues (e.g. Environmental Protection Agency in Liberia and Kyrgyz Republic);
Reference to relevant legislation, specific provisions or government policies on environmental policy related to oil, gas and mining activities, as part of the overview on the legal and fiscal regime governing the extractive sector;

Requirements related to environment protection as part of the process of awarding contracts or licenses, such as Environmental Impact assessments (EIAs);

Comments by the Independent Administrator on whether the requirements have been complied with and recommendations on improvements.

The examples below are from Kyrgyz Republic, Colombia, Ukraine and Liberia which have included information about environmental regulations in the contextual information provided in the last EITI Reports. These cases show that ensuring that EITI Reports reference existing regulations and other relevant standards in the national context can help increase comprehensiveness of EITI Reports without creating additional disclosure burdens.

**Kyrgyz Republic:** The 2014-15 EITI Report describes the Environmental Protection Law and the main implications for the mining sector.

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**The Environmental Protection Law**

The Environmental Protection Law regulates the relations in environmental protection and rational use of natural resources of the KR. In accordance with the environmental protection law, natural resources use is divided into general and specific:

- general natural resources use does not require any special permit and is exercised by citizens by virtue of the rights arising from and existing as a result of their birth and existence (use of atmospheric air, drinking water and use of water for health-related needs, etc.)
- specific natural resources can be divided using types of used resources, including land use, subsurface use, forest use, water use, use of plant and animal life, use of atmospheric air.

Specific use of natural resources is performed on a paid basis. Payments for use of natural resources comprise payment for utilization of natural resources, payments for environmental pollution and other adverse effects on nature.

According to the Environmental Protection Law, the following measures, inter alia, are taken for the purpose of environmental protection:

- governmental accounting, social and economic evaluation of natural resources;
Ukraine: The 2014-15 EITI Report provides description of legal provisions that government environmental issues and how environment payments are allocated to the national and local budgets. The environmental tax is described, complimenting the revenue figures.

Colombia: The 2014-15 EITI Report describes the role government agencies responsible for overseeing environmental protection related to the extractive sector and provides an overview of the process of allocating an environmental license.
Ilustración 4. Institucionalidad de la industria extractiva en Colombia

Ilustración 3. Trámite para la solicitud de la licencia ambiental

**INTERESADO 1.**
Solicitud escrita a la autoridad ambiental: Solicitará que se determine si se requiere o no de la presentación de diagnóstico Ambiental de Mantenimiento (DAAM).

**INTERESADO 2.**
Autoridad Ambiental: Mediará oficio acerca de la necesidad de presentar o no DAAM. Adjunta los términos de referencia para elaboración del DAAM o del Estudio de Impacto Ambiental (EIA), según el caso.

**INTERESADO 3.**
Radicar el estudio señalado en el artículo 19 del decreto: Estudio de impacto ambiental (EIA) copia del documento de identificación y el certificado de existencia y representación legal.

**INTERESADO 4.**
Autoridad Ambiental: Aceptando el estudio de impacto ambiental.

**INTERESADO 5.**
Evaluación de documentación presentada: Verificará que el estudio se ajuste a los requisitos contenidos en el Manual de Evaluación de Estudios Ambientales. Realizará visita al proyecto cuando la consideren pertinente, que durará no más de 15 días hábiles. La autoridad ambiental competente podrá requerir al solicitante, dentro de los 2 días hábiles siguientes, y por una sola vez, la información adicional que considere pertinente para decidir.

**INTERESADO 6.**
Autoridad Ambiental: Aceptando el estudio de impacto ambiental.

**INTERESADO 7.**
Evaluación del DAAM: Dispondrá de días (10) días hábiles, para evaluar el DAAM, elegir la alternativa sobre la cual deberá elaborarse el Estudio de Impacto Ambiental (EIA) o Dar bien su idoneidad.
Liberia: The 2014/15 EITI Report highlights requirements related to environmental impacts assessments for the contract award process part of the description of the legal framework for the oil and gas sector.

Liberia’s Environmental Protection Agency (EPA), established in 2006, is responsible for preparing Environmental and Social Impact Assessments. The Oil & Gas Law specifies that an environmental impact study should be part of every contract.

The National Petroleum Policy of 2012 places a strong emphasis on developing heightened environmental and safety standards. The policy requires that environmental safety plans be submitted as part of the oil contract bidding process. At the end of each term of the PSC, mandatory audits take place to check for compliance with these standards.²

Sierra Leone: The 2014 EITI Report provides links to an online platform (Resource Contracts) administrated by the National Minerals Agency where EIAs are available from the mining sector from 2010-2014.

3.7 CONTRACT DISCLOSURE

The government of Sierra Leone does not have a contract disclosure policy. However both the Extractive Industries Revenue and SLEITI Bills have provisions and objectives which are intended to promote contract disclosure. The bills have not been passed into law at the time of this report. The SLEITI bill was suspended pending the formulation of an EITI policy.

Inspite of the above the NMA has on its website twelve contracts publicly displayed.

These are:


Source: http://www.nma.gov.sl/resourcecontracts/

EITI Coverage of environmental information in EITI reporting
3.3 Reconciliation or disclosure of environment-related revenue streams

The EITI Standard requires disclosure of all “significant payments and material benefit to government” (Requirement 4.1). This could include revenue streams related to environmental policy and management e.g., payments related to environmental regulations. Accordingly, EITI reporting has included the disclosure of payments including: mining rehabilitation fees, fees for waste, water use and pollution and CO2 and NOx emissions, gas flaring, payment for environmental licenses and general contributions into environmental protection agencies. These flows are typically treated in the same way as any other revenue stream, with disclosures by companies and government agencies and reconciliation by the independent administrator.

The size of these revenues tends to be small in comparison to total revenues. Flows are collected both from mining and oil and gas sectors although it appears to be more common in mining.

**Liberia:** The 2014/15 EITI Report reconciles the revenues collected by the Environmental Protection

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2 Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report.
Agency (EPA) from oil/gas, mining, agriculture and forestry companies.

### 4.2.3. Oil and Gas Companies

The information provided to us during the inception phase and related to the FY14/15 revenue collected by LRA, EPA, and NOCAL. These Government Agencies declared having received revenues from 8 Oil and Gas companies. We set out in the table below the tax collection by company and by Government Agency:

<table>
<thead>
<tr>
<th>No.</th>
<th>Company</th>
<th>LRA (USD)</th>
<th>EPA (USD)</th>
<th>NOCAL (USD)</th>
<th>Total (USD)</th>
<th>Weight (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Chevron</td>
<td>6,845,418</td>
<td>80,000</td>
<td>103,096</td>
<td>7,944,418</td>
<td>52.06%</td>
</tr>
<tr>
<td>2</td>
<td>Anadarko</td>
<td>4,329,545</td>
<td></td>
<td>1,099,988</td>
<td>5,429,533</td>
<td>35.58%</td>
</tr>
<tr>
<td>3</td>
<td>CEPSA LIBERA, S.L. (Compañía Española de Petróleos, S.A.)</td>
<td>983,573</td>
<td></td>
<td></td>
<td>983,573</td>
<td>0.44%</td>
</tr>
<tr>
<td>4</td>
<td>ExxonMobil Exploration and Production Liberia Ltd</td>
<td>560,884</td>
<td></td>
<td>300,000</td>
<td>560,884</td>
<td>3.68%</td>
</tr>
<tr>
<td>5</td>
<td>European Hydrocarbon Limited (EHL)</td>
<td></td>
<td>300,000</td>
<td></td>
<td>300,000</td>
<td>1.97%</td>
</tr>
</tbody>
</table>

**Kazakhstan:** The 2015 EITI Report provides reconciliation of environmental pollution payments disaggregated by company.
Kyrgyzstan: The 2013-14 EITI Report reconciles payments made by mining companies to the state environmental agency for pollution and damages to the environment.

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<table>
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<tr>
<th>Page 154 of 252</th>
</tr>
</thead>
</table>

### Kyrgyz Republic: EITI Report for 2013-2014

<table>
<thead>
<tr>
<th>No.</th>
<th>Percent</th>
<th>Type of taxes and payments</th>
<th>The amount, according to the company, thousand of som</th>
<th>The amount, according to the notes, thousand of som</th>
<th>The difference, thousand of som</th>
<th>Corrections made by company, thousand of som</th>
<th>Corrections made by state, thousand of som</th>
<th>The final amount, according to the company, thousand of som</th>
<th>The final amount, according to the notes, thousand of som</th>
<th>The difference, thousand of som</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>23.7%</td>
<td>Custom duty in copper</td>
<td>213,072</td>
<td>109,383</td>
<td>(113,689)</td>
<td>154,453</td>
<td>13,765</td>
<td>168,218</td>
<td>130,069</td>
<td>(38,150)</td>
</tr>
<tr>
<td>15</td>
<td>20.7%</td>
<td>Consumption tax</td>
<td>131,741</td>
<td>66,631</td>
<td>(65,110)</td>
<td>98,269</td>
<td>12,054</td>
<td>110,323</td>
<td>96,286</td>
<td>(4,037)</td>
</tr>
<tr>
<td>16</td>
<td>18.7%</td>
<td>Custom duty in gold</td>
<td>11,716</td>
<td>11,716</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>17</td>
<td>17%</td>
<td>VAT on imported product</td>
<td>976,588</td>
<td>206,914</td>
<td>(769,674)</td>
<td>773,508</td>
<td>239,273</td>
<td>712,776</td>
<td>820,959</td>
<td>(98,183)</td>
</tr>
</tbody>
</table>

**Other material payments:**

- **State social insurance contributions:** 2,812,833 thousand som
- **Dividends accrued on state-owned shares:** 108,847 thousand som
- **Payments for extraction, protection, and use of land:** 186,846 thousand som
- **Restitution of agricultural production losses:** 159,164 thousand som
- **Restitution of forest production losses:** 2,747 thousand som
- **Opportunity cost of provided land:** 8,343 thousand som
- **Payment for use of mineral resources:** 25,992 thousand som
- **Payment for environmental pollution and damage:** 2,992 thousand som

### 3.1.3. Aggregated cash flows of other material payments (SF, SAGMR, FSPM, SAEP, SRS, DSA)

<table>
<thead>
<tr>
<th>#</th>
<th>Other material payments</th>
<th>SF, SAGMR</th>
<th>FSPM</th>
<th>SAEP</th>
<th>SRS</th>
<th>DSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>Total other material payments</td>
<td>19,185</td>
<td>1,481</td>
<td>1,481</td>
<td>1,481</td>
<td>1,481</td>
</tr>
</tbody>
</table>

**Total other material payments to the customs budget in accordance with the initial data from the companies comprised of KGS 1,985,777 thousand, which is KGS 85,894 thousand more than the amount of payments to the budget initially reported by government agencies. However, the total amount of initial discrepancy consists of positive and negative discrepancies of all mining companies.**
**Mongolia:** The 2015 EITI Report reconciles three fees (air pollution, water use and water pollution).

**Mozambique:** The 2014-13 EITI Report reconciles payments made by companies for the environmental licenses.

**Norway:** The 2015 EITI Report reconciles two environmental-related taxes (CO$_2$, and NOx).

**Philippines:** The EITI Report covering 2014 data reconciles environmental-related fees such as mine waste and tailings fees.
Ukraine: The 2014-15 EITI Report reconciles the environmental tax disaggregated by provided by sectors, such as oil and gas, metal ores mining and coal mining; and by company.

Zambia: The 2015 EITI Report reconciles payments into the Environmental Protection Fund.
3.4 Management of environment and rehabilitation funds

As part of requirement 5.1 on the distribution of extractive industry revenues, implementing countries are required to “indicate which extractive industry revenues, whether cash or in kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable, e.g., sovereign wealth and development funds, subnational governments, state-owned enterprises, and other extra-budgetary entities.”

Some countries such as Mongolia, Philippines and Zambia have included information on the management of environmental and rehabilitation funds, such as the use of proceeds from fees and penalties paid according to environmental regulations. In the case of Mongolia, the report includes disclosure of a fund, managed by the Ministry of Environment, which maintains a deposit of 50% of the environmental protection budget of companies which is refunded as they comply with their protection plan. Mongolia’s report also includes a stocktake of implementation of mining rehabilitation plans.

**Mongolia:** The 2015 EITI Report includes disclosure of a fund that holds 50% of companies’ environmental protection budgets.

<table>
<thead>
<tr>
<th>No</th>
<th>Company name</th>
<th>Registration No</th>
<th>Deposited amount (MNT million)</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Altair Mining LLC</td>
<td>3001000</td>
<td>6,457</td>
<td>6.07%</td>
</tr>
<tr>
<td>2</td>
<td>Mongol Energy Co Ltd</td>
<td>3001500</td>
<td>5,000</td>
<td>4.62%</td>
</tr>
<tr>
<td>3</td>
<td>ERG Energy LLC</td>
<td>3002000</td>
<td>2,000</td>
<td>1.87%</td>
</tr>
<tr>
<td>4</td>
<td>Mongol Resources LLC</td>
<td>3002500</td>
<td>900</td>
<td>0.83%</td>
</tr>
<tr>
<td>5</td>
<td>Mongol Mining Co Ltd</td>
<td>3003000</td>
<td>450</td>
<td>0.42%</td>
</tr>
<tr>
<td>6</td>
<td>Ercor Mining LLC</td>
<td>2200100</td>
<td>450</td>
<td>0.42%</td>
</tr>
<tr>
<td>7</td>
<td>Future Energy LLC</td>
<td>2200200</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>8</td>
<td>Eagle Energy LLC</td>
<td>2200300</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>9</td>
<td>Golden Energy LLC</td>
<td>2200400</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>10</td>
<td>Frontier Resources LLC</td>
<td>2200500</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>11</td>
<td>SteppenWolf Minerals LLC</td>
<td>2200600</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>12</td>
<td>Beibarsha Energy LLC</td>
<td>2200700</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>13</td>
<td>Angara Energy LLC</td>
<td>2200800</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>14</td>
<td>Blue Sky Energy LLC</td>
<td>2200900</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>15</td>
<td>Asian Mining Co Ltd</td>
<td>2201000</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>16</td>
<td>Alpine Energy LLC</td>
<td>2201100</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>17</td>
<td>Golden Energy LLC</td>
<td>2201200</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>18</td>
<td>Silver Energy LLC</td>
<td>2201300</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>19</td>
<td>Copper Energy LLC</td>
<td>2201400</td>
<td>120</td>
<td>0.11%</td>
</tr>
<tr>
<td>20</td>
<td>Gold Energy LLC</td>
<td>2201500</td>
<td>120</td>
<td>0.11%</td>
</tr>
</tbody>
</table>

Philippines: The contextual information in the 2014 EITI Report provides an explanation of the

EITI Coverage of environmental information in EITI reporting
mandatory environmental-related funds.

<table>
<thead>
<tr>
<th>Role</th>
<th>Description</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Environmental Protection and Enhancement Program (AEPEP)</td>
<td>The AEPEP cost covers the amount of environmentally related expenses for the entire life of the project, unless the holder of the mining license creates a fund for the purpose of the AEPEP. The AEPEP cost shall be paid in two years.</td>
<td>NA</td>
</tr>
<tr>
<td>Community Development Program</td>
<td>The amount is paid in an expedited schedule, which is intended to enhance the development of the area and its neighboring communities. Up to 5% of the approved budget for an eligible fund or project.</td>
<td>Under DMO No. 2015/41, AEPEP cost shall approximate 25% of direct mining &amp; milling cost</td>
</tr>
<tr>
<td>Annual Safety and Health Program (ASHP)</td>
<td>The program includes: standard operating procedures for mining and milling operations, management and employee training, housekeeping, environmental risk management, including emergency response program and occupational health and safety management.</td>
<td>Under DMO No. 2015/41, AEPEP cost shall approximate 25% of direct mining &amp; milling cost</td>
</tr>
</tbody>
</table>

**Zambia:** The 2015 EITI Report describes the Environmental Protection Fund (EPF), which ‘lodges’ contributions as deposits to be spent by the government in case it is necessary to undertake the rehabilitation of mining areas where the mining licence holder fails to do so. The report provides an overview of the guidelines for the management of the fund.

The EPF is supervised by the Minister of Mines, Energy and Water Development through Statutory Instruments, (SIs) in particular SI No. 102 of 1998. EPF operates under the following fundamental guidelines:

a. cash payment into EPF to be in hard currency;

b. the developers contributions to the EPF shall be made in the form of a hard currency (Cap. 213, S. 76 (2) (b) and S. 102 of 1998 (Regulation 6 (2));

c. the balance on deposits lodged under S. 1. 29 of 1997, Regulation 66 (1), (2) and (3) shall be secured with the Fund by the developer by way of lodgement of a Bond or Bank Guarantee to be determined by the Minister (Cap. 213, S. 75 (1) (b);
4. Opportunities to address other environmental aspects

Apart from disclosing and reconciling material revenue streams, there are no other requirements in the Standard that mandate the coverage of information related to environmental policy and management. There are however some additional aspects of the EITI Requirements where environmental issues are relevant.

Multi-stakeholder groups are “encouraged to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business” (Requirement 1.4). Based on this provision, a number of MSGs have decided to cover aspects of environmental policy, management and compliance. This reporting can complement required disclosures in EITI Reports. In some cases, there may be potential for the EITI to address gaps in the publicly available information on environmental aspects of the extractive industries. In Colombia, the MSG agreed in its candidature application to establish a working group that would be tasked with exploring possible options for including environmental data in EITI Reports. A study was commissioned in 2016 to get more information on the state of environmental payments, with the aim to develop a methodology for the systematic reporting of payments and/or investments in the environment in the next EITI reports. Flows under consideration included taxes on the use of natural resources, fees for environmental services and direct investments in the environmental management plan.³

The EITI Principles emphasise that natural resources should be an engine for sustainable development and reaffirm a commitment for high standards of transparency and accountability in public life, government operations and in business (see in particular Principles 1 and 9). It is widely⁴ accepted that preservation of the environment and remediation of damages caused to the environment are a substantial part of ensuring sustainable development. Effective implementation of, and compliance with, environmental regulations are then an integral part of the way government and companies should conduct business in the extractive sector.

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³ EITI Colombia: “Consultancy for strengthening the EITI national technical secretariat of the Ministry Of Mines And Energy in developing a public environmental information diagnosis that permits to explore and establish a methodology for systematising environmental payments and investments within the framework of the EITI” (in Spanish): http://www.eiticolombia.gov.co/sites/default/files/documentos/Diagn%C3%B3stico%20sobre%20los%20pagos%20e%20inversiones%20ambientales%20del%20sector%20extractivo.pdf

Policies and regulations aiming at ensuring sustainable development, including environmental objectives, are part of a complex web of international treaties, conventions, initiatives and guidelines together with national laws, rules and regulations. These policies and regulations range from technical protocols to administrative and judiciary procedures to participation in decision-making on environmental issues. The UN has provided a global framework for these policies and regulations⁵, and the Sustainable Development Goals (SDGs) adopted in 2015 include a target to “ensure public access to information” in accordance with national legislation and international agreements” (SDG 16.10).⁶. The Paris Agreement within the UN Framework Convention on Climate Change emphasises transparency by member states and improved reporting on progress against their commitments.⁷ The Rio+20 UN Conference on Sustainable Development in 2012 agreed that “…that broad participation and access to information and judicial and administrative proceedings are essential to the promotion of sustainable development” and that Member States will “Ensure the active participation of all relevant stakeholders drawing on best practices and models from relevant multilateral institutions and exploring new mechanisms to promote transparency and effective engagement of civil society”⁸.

The corporate sector has developed guidelines on information that should be disclosed on sustainability issues. The Global Reporting Initiative (GRI) framework⁹ is a good example. The GRI provides extensive suggestions and guidance for reporting on sustainability. There is specific guidance for the mining and metal and oil and gas sectors. Among the environmental-related aspects recommended to be reported under the GRI framework are: energy consumption, use of water, effluents and waste, emissions, biodiversity impact, compliance with environmental laws and regulations, and number of environmental grievances filed.

The EITI Standard with its specific architecture based on tri-partite governance and focus on disclosure of information along the value-chain of the extractives industry could be well-placed to contribute to increased transparency on environmental-related issues. However, there are also risks that this work detracts from addressing the EITI Requirements, particularly in countries where the EITI faces capacity constraints.

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⁵ In addition to the global guidance provided by the UN, the regional UN economic commissions like UNECE and ECLAC have further developed the application of sustainable development principles. For UNECE see the Aarhus Convention (http://www.unece.org/fileadmin/DAM/env/pp/documents/cep43e.pdf) and for ECLAC see http://www.cepal.org/rio20/principio10/default.asp?idioma=IN

⁶ https://sustainabledevelopment.un.org/sdg16

⁷ The agreement has been ratified by 159 countries and came into force in November 2016.


EITI Coverage of environmental information in EITI reporting
Opportunities to address other environmental aspects

constraints. While acknowledging these concerns, there have been some MSG requests for the EITI Secretariat to produce additional guidance and sharing of good practice about how MSGs have and may consider environmental issues in their reporting. In some cases, it may be possible to draw on existing information, such as company reporting under the GRI (see Box 1 for an example), and encouraging other companies to adhere to these standards.

Box 1 - Chile’s Environmental Evaluation Service (SEA)

Based on practice in implementing countries to date, the following four opportunities for MSGs that wish to undertake further work on environmental reporting have been identified. It should be noted that environmental reporting is not a requirement of the EITI. In accordance with EITI Principle 6, it is important not to duplicate or replace existing national systems for monitoring environmental aspects.

1) Monitoring compliance with mandated procedures, policies and voluntary guidelines at the national and international level.

   • **Example:** monitoring whether governments and companies have environmental impact assessments and declarations, environmental management plans and other obligations, or licensees have complied with mandatory/recommended consultations (Convention ILO 169, FPIC).

2) Monitoring government resources for enforcing environmental-related regulations.

   • **Example:** Disclosure of resources (staff, equipment, services) devoted to inspections and other mechanisms to ensure compliance with environmental regulations.

3) Reporting on timeliness and availability of evidence of specific environmental-related obligations by companies and government agencies such as reports/documents that have to be published/made available.

**EITI Coverage of environmental information in EITI reporting**
Opportunities to address other environmental aspects

- *Example:* EITI reports/portals could include a list of environmental bonds indicating validity, amount insured, and issuer/financial institution. This information could be included in the contextual part of the EITI Report.

4) Highlighting environmental-related contributions within wider social contributions. This information could be included in the contextual part of the EITI Report.

There is no expectation that MSGs would cover all of these issues, or that the EITI would require implementing countries to report on environmental aspects. However, it is important to highlight the growing interest in environmental reporting related to the extractive sector by different countries. This note is an attempt to collate existing practices from EITI reporting for MSGs that take an interest in environmental issues.
### Annex A: Country-by-country overview of environmental information in EITI Reports

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Disclosure of environmental-related flows of information</th>
<th>Disclosed, Reconciled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burkina Faso</td>
<td>2015</td>
<td>The report describes the roles of key government agencies in monitoring environmental obligations by mining companies. The report explains that EIAs are publicly available. Fees collected by the National Bureau for Environmental Assessments (BUNEE) for its services are reconciled. The report also describes the Rehabilitation Fund for the Environment (FRE), as well as another fund on the rehabilitation, securitization of artisanal mining sites and the fight against the use of prohibited chemical products. Payments to the Rehabilitation Fund for the Environment (FRE) are disclosed by company. It is noted that payments for 2015 did not correspond to company commitments. The report recommends to mitigate the social and environmental impact of artisanal mining.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>Cameroon</td>
<td>2016</td>
<td>According to the Annual Progress report, the MSG is considering including environmental impact in upcoming EITI Reports.</td>
<td>Discussion</td>
</tr>
<tr>
<td>Chad</td>
<td>2014</td>
<td>The report refers to legal requirements related to environment, including the need for EIAs to be approved prior to granting of a license. One company (China National Petroleum Company International) paid a unique “Environmental penalty” to the State Treasury in the reporting year, which is reconciled in the report. The MSG is considering including a regular monitoring of the collection of environmental fines.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>Cote d’Ivoire</td>
<td>2015</td>
<td>The report describes key laws and government policies related to environment, including legal requirements for mandatory EIAs for license allocations. Company payments to a Rehabilitation Fund, to cover expenses related to rehabilitation and closing of mining sites are disclosed. The report mentions but does not disclose certain taxes related to inspection and monitoring that are allocated to the National Fund for the Environment.</td>
<td>Disclosed</td>
</tr>
<tr>
<td>Colombia</td>
<td>2014</td>
<td>The report discloses detailed information on</td>
<td>Disclosed</td>
</tr>
</tbody>
</table>
Annex A: Country-by-country overview of environmental information in EITI Reports

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Democratic Republic of Congo</td>
<td>2015 (yet to be approved by MSG)</td>
<td>The report describes the relevant law related to protection of the environment. The Ministry of Environment and Sustainable Development (MEDD) is part of the public institutions covered by the scope of the report. It collects fees related to the execution of the Programme for mitigation and rehabilitation and the Plan for environmental management from companies, which are reconciled in the report.</td>
</tr>
<tr>
<td>Germany</td>
<td>2016</td>
<td>The MSG decided to include two environmental topics in its first EITI Report published in September 2017. One chapter describes detailed information on the environmental regulation of mining, including mining provisions on the company side and mining securities on the side of mining authorities. Further, information on the use of water by extractive industries in Germany is included. This topic focuses on financial aspects of water abstraction and the variety of regulations on the federal level. Both topics aim at raising the relevance of the D-EITI Report and can be found in the report as well as on the interactive D-EITI portal <a href="http://www.rohstofftransparenz.de.%E2%80%9D">www.rohstofftransparenz.de.”</a></td>
</tr>
<tr>
<td>Indonesia</td>
<td>2014</td>
<td>The report discusses the requirements for companies for</td>
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</tbody>
</table>

EITI Coverage of environmental information in EITI reporting
both oil/gas and mining to undergo environmental restoration activities. It includes a description of the mechanisms for the Abandonment and Site Restoration Fund (ASRF) for oil and gas, and the reclamation and post mining fund for the mining sector. It also discloses how much ASRF has been deposited in state-owned banks for 2015. The report provides a recommendation for the government to come up with a mechanism to measure environmental impacts of extractive activities.

**Kyrgyz Republic** 2014

Kyrgyz Republic’s report covers the following streams, most of which are paid to the State Agency for Environmental Protection and Forestry (SAEP):

- Payments for lease of land owned by state or municipal agencies, land lease payments for forest resources
- Reimbursement of forest production losses
- Reimbursement of agricultural production losses
- Payment for environmental pollution and damages to the environment
- Reclamation fund charges

(The EITI report does not provide a definition of these revenue streams).

**Kazakhstan** 2015

The 2015 EITI Report reconciles environment emission payment. Extractive companies are mandated to pay the environmental emission payment that comprises:

- Payments for use of certain natural resources
- Pollution charges

The objects of taxation and payment rates depend on a nature of the subsoil user’s activity, extent of the use of natural resources and environmental pollution level. However, the report does not provide detail for how the environmental emission payments are being spent. The MPs on the MSG have claimed that of the environmental fines collected from the extractive sector, only 15-20% is spent on environmental issues.

**Liberia** 2014/15

The report describes the role of the Environmental Protection Agency in collecting fees from oil, gas, agriculture and forestry companies and reconciles the payments.

**Madagascar** 2014

The report describes different decrees which include provisions on the protection of the environment, including requiring EIAs to be systematically carried out.
The report describes and discloses revenues collected by the National Office for the Environment from companies for the assessment and monitoring of environmental impact.

Malawi 2014-15 The report describes ongoing reforms in the mining sector which include redefining environmental terms in the standard mineral agreements and improving monitoring of compliance with Environmental Management Plans. References are made to environmental management laws relating to the oil/gas, mining and forestry sectors and requirements as part of the licensing process.

Mali 2014-15 The Terms of Reference for the 2014 and 2015 EITI Reports refer to the Fund for Environmental Rehabilitation and the reports are likely to include further information. The Annual Progress Report 2016 refers to EITI objectives considered by the MSG including taking into account environmental-related issues in EITI reconciliation reports through the implementation of EIAs and provisions for the rehabilitation and closing of mines. This might be reflected in the next EITI work plan.

Mauritania 2014 The report provides refers to provisions in the sector laws related to environmental protection and reconciles payments to the National Fund for Revenues in the Hydrocarbons sector (FNRH) (labelled “Environmental Commission”), paid by companies to mitigate environmental damage.

Mongolia 2015 The report includes a reconciliation of three revenue flows under the category of fees paid to national and local governments. These are treated as any other revenue flow in the EITI Report.

Mongolia’s mining companies have to deposit 50% of their annual budget for execution of environmental protection and remediation work to the environmental protection account in the Ministry of Environment and Green Development (MEGD). This money is refunded to the companies upon completion of their annual environmental protection and remediation work. Companies were asked to report on how much they have deposited in the MEGD in 2013. 42% of companies responded. The MEGD disclosed details on how much had been refunded to the companies out of the withheld funds and the accumulated balance of funds.

Mozambique 2013-14 The overview of the legal and fiscal framework in the report includes references to regulations on
## Annex A: Country-by-country overview of environmental information in EITI Reports

<table>
<thead>
<tr>
<th>Country</th>
<th>Year/Period</th>
<th>Details</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nigeria</td>
<td>2014</td>
<td>The report references environmental protection clauses in the overview of the laws and regulations in the oil/gas and mining sectors. The oil/gas report discloses payments made by companies related to gas flaring, and the mining report includes payments made by mining companies to the Federal Ministry of Environment.</td>
<td>Disclosed</td>
</tr>
<tr>
<td>Norway</td>
<td>2015</td>
<td>Norway has reconciled CO2 and NOx fees in all of its EITI Reports.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>Philippines</td>
<td>2014</td>
<td>The Philippines’ 2014 EITI Report provides a discussion on the reforestation of mining areas as conducted by individual companies. As in previous reports, it also provides information on mining monitoring reports by looking at company commitments in their respective Environmental Protection and Enhancement Programs (EPEP) and Annual EPEPs (AEPEP) and looking at actual expenditures for these commitments. Mandatory environmental expenditures such as AEPEP and expenditures from environmental trust funds of companies, as well as mine wastes and tailings fees are disclosed and reconciled.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>Republic of Congo</td>
<td>2014</td>
<td>The report describes recent reforms in the sector which include introduction of clauses enforcing the protection of the environment. Payments to the Fund for the Protection of the Environment and EIA fees paid by one mining company (COMINCO) are unilaterally disclosed as part of ‘other significant payments’.</td>
<td>Disclosed</td>
</tr>
<tr>
<td>Senegal</td>
<td>2014</td>
<td>The report describes the rehabilitation fund for mining sites, managed by the Minister of Mines and Environment, and recommends that the government establish a framework for monitoring companies’ social and environmental commitments. The report discloses payment data on pollution taxes provided by mining companies (the tax is collected by the Direction for Environment and Registered Sites).</td>
<td>Disclosed</td>
</tr>
<tr>
<td>Seychelles</td>
<td>2013-14</td>
<td>The MSG is interested in exploring ways to understand the implications of oil exploration for tourism, fisheries and the environment, and have included related objectives and activities in their 2014-16 work plan. The 2013-14 EITI Report includes a section on environmental protection and describes relevant clauses in the Model Petroleum Agreement. The report recommends that the government establishes an environmental fund to enable the authorities to ensure that safety standards and procedures are implemented and to recover administrative costs of conducting EIAs.</td>
<td>Discussion</td>
</tr>
</tbody>
</table>

### EITI Coverage of environmental information in EITI reporting

- **Environmental Protection**: The report includes information on environmental protection clauses in laws and regulations. It discloses payments related to environmental monitoring and reforestation activities.
- **Payments for Environmental Licenses**: The report describes the process of reconciling environmental fees and payments, ensuring that companies comply with environmental standards.
- **Rehabilitation Funds**: The report discusses the establishment of rehabilitation funds to manage mining sites and ensure environmental protection.
- **Pollution Taxes**: The report includes data on pollution taxes paid by mining companies, managed by environmental authorities.
- **Reconciliation of Environmental Fees**: The report ensures that all environmental fees are reconciled, balancing the revenues against costs and ensuring transparency.
- **Environmental Trust Funds**: The report highlights the role of environmental trust funds in funding environmental projects and initiatives.
- **Safety Standards and Procedures**: The report recommends the establishment of an environmental fund to support safety standards and procedures in the oil and gas sector.

These measures are in line with the EITI’s goal of promoting transparency, accountability, and good governance in natural resource extraction.
## Annex A: Country-by-country overview of environmental information in EITI Reports

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>Description</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sierra Leone</td>
<td>2014</td>
<td>The report describes the role of the Environmental Protection Agency in regulating the environmental activities in the sector. The reconciliation includes payments made by companies for EIA licenses (which are a pre-requisite for mining licenses) and EIA monitoring fees for the oil/gas and mining sectors. The report also provides links to EIAs available from the mining sector from 2010-2014.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>Togo</td>
<td>EITI 2013 Report</td>
<td>The report describes the role of the National Agency on Environmental Management in collecting two kinds of tax (tax for environmental compliance and tax for the certification of environmental regulation) and penalties if infractions are verified.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>Ukraine</td>
<td>2015</td>
<td>The 2014-15 EITI Report includes reconciliation of environmental tax. The companies that emit pollutants into air and discharge pollutants/waste into water are required to pay the environmental tax. The rates depend on the type of the source and object of pollution, the type and concentration of waste. The report explains that in 2015 the scope of objects that impose environmental tax was reduced.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>United States of America</td>
<td>2015</td>
<td>The 2015 EITI Report reconciles the offshore inspection Fees for annual inspections performed by the Bureau of Safety and Environmental Enforcement. The <a href="http://example.com">online EITI data portal</a> also links to environmental laws and policies, as well as specific environmental risk analyses and mineland reclamation plans.</td>
<td>Reconciled</td>
</tr>
<tr>
<td>Zambia</td>
<td>2015</td>
<td>Zambia covers payments to the Environmental Protection Fund. The 2015 EITI Report describes the framework and administrative procedures related to contributions to the fund, which ‘lodges’ contributions as deposits to be spent by the government in case it is necessary to undertake the rehabilitation of mining areas where the mining licence holder fails to do so. Zambia EITI is discussing with stakeholders how to potentially make EIAs available through the mining cadastre.</td>
<td>Disclosed</td>
</tr>
</tbody>
</table>
The EITI (Extractive Industries Transparency Initiative) is a global standard that improves transparency and accountable governance of oil, gas and mineral resources. The standard is implemented by governments, in collaboration with companies and civil society.

Countries implementing the EITI disclose information on issues such as tax payments, licenses, contracts, production and national oil companies.