

Decision on the 2018 Validation of Germany

Decision reference: 2019-39/BC-273

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Décision du Conseil d'administration

The Board agreed that Germany has **made satisfactory progress** in implementing the 2016 EITI Standard. EITI implementation in Germany has improved the availability of information and strengthened dialogue between stakeholders.

The EITI Board commended Germany's efforts to increase the relevance of EITI implementation by addressing environmental aspects, subsidies and renewable energy. Government, civil society and industry are working together to ensure meaningful implementation proportionate to economic importance of the domestic extractive industries.

The Board recognised Germany's efforts to overcome challenges to implementation posed by the federal system and legal constraints relating to tax confidentiality. The coordination between the federal and state-level governments is commendable. The Board encouraged Germany to ensure that the minor gaps in publicly available licensing information are addressed, and that further efforts are made to ensure that licensing information is made available online.

The Board encouraged the MSG to undertake further efforts to consider a mainstreamed approach to implementation and to ensure that implementation is proportionate considering the size of the sector and stakeholder interest. Germany may wish to seek further synergies between mandatory company disclosures and EITI implementation. The government is encouraged to regularly monitor compliance with the mandatory disclosure regime and disclose results. There is potential for the EITI to contribute to ensuring that mandatory payment reports and beneficial ownership data are accessible and user-friendly. Germany is required to ensure that beneficial ownership data is made publicly available by 1 January 2020.

The Board has determined that Germany will be re-Validated in three years, i.e. on **8 May 2022**.

Contexte

Germany became an EITI Candidate in February 2016 and has published one EITI Report, covering the year 2016. The report was published in August 2017 and updated in October 2018. On 4 September 2018, the Board approved Germany's request for early Validation. The Validation process commenced on 1 November 2018. In accordance with the Validation procedures, an initial assessment [[English](#)] was prepared by the International Secretariat. The MSG submitted comments to the initial assessment and the draft Validation report [[English](#) | [French](#)] on 14 February. The Validation report was subsequently finalised by the Validator [[English](#) | [French](#)]. The Validation report did not take into account information disclosed subsequent to the commencement of Validation. In February and April 2019, the MSG published information addressing proposed corrective actions related to license allocations (2.2), license register (2.3), comprehensiveness (4.1) and transactions related to state-owned enterprises (4.5). The International Secretariat prepared a comparison table on the four requirements [[English](#) | [French](#)].

The Validation Committee reviewed the case on 10 April 2019. Based on the findings above, the Validation Committee agreed to recommend the assessment card and corrective actions outlined below.

The Committee agreed to recommend an overall assessment of "satisfactory progress" in

implementing the 2016 EITI Standard. Requirement 8.3.b. of the EITI Standard states that:

ii. Overall assessments. Pursuant to the Validation Process, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard.

iv. Where Validation verifies that a country has made satisfactory progress on all of the requirements, the EITI Board will designate that country as EITI compliant.

EITI compliant countries must maintain adherence to the EITI Principles and Requirements in order to retain Compliant status.

Scorecard

Exigences ITIE		Niveau de progrès				
Catégories	Exigences	Aucun progrès	Inadéquat	Significatif	Satisfaisant	Dépassé
Supervision exercée par le Groupe multipartite	Engagement du gouvernement (#1.1)				■	
	Engagement des entreprises (#1.2)				■	
	Engagement de la société civile (#1.3)				■	
	Gouvernance du Groupe multipartite (#1.4)				■	
	Plan de travail (#1.5)					■
Licences et contrats	Cadre légal (#2.1)				■	
	Octroi de licences (#2.2)				■	
	Registre des licences (#2.3)				■	
	Politique sur la divulgation des contrats (#2.4)				■	
	Propriété réelle (#2.5)					■
	Participation de l'État (#2.6)					■
Suivi de la production	Données sur les activités d'exploration (#3.1)				■	
	Données sur les activités de production (#3.2)				■	
	Données sur les exportations (#3.3)				■	

Exigences ITIE		Niveau de progrès				
Catégories	Exigences	Aucun progrès	Inadéquat	Significatif	Satisfaisant	Dépassé
Collecte de revenus	Exhaustivité (#4.1)					
	Revenus en nature (#4.2)					
	Accord de troc (#4.3)					
	Revenus issus du transport (#4.4)					
	Transactions des entreprises d'État (#4.5)					
	Paiements directs infranationaux (#4.6)					
	Désagrégation (#4.7)					
	Ponctualité des données (#4.8)					
	Qualité des données (#4.9)					
Affectation des revenus	Répartition des revenus (#5.1)					
	Transferts infranationaux (#5.2)					
	Gestion des revenus et dépenses (#5.3)					
Contribution socio-économique	Dépenses sociales obligatoires (#6.1)					
	Dépenses quasi fiscales des entreprises d'État (#6.2)					
	Contribution économique (#6.3)					
Résultats et impact	Débat public (#7.1)					
	Accessibilité des données (#7.2)					
	Suivi des recommandations (#7.3)					
	Résultats et impact de la mise en œuvre (#7.4)					
Progrès d'ensemble						

Aucun progrès. Tous les aspects ou presque de l'exigence restent à mettre en œuvre et que l'objectif général de cette dernière n'est pas rempli.

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

Progrès significatifs. Des aspects significatifs de l'exigence sont en train d'être mis en œuvre et que l'objectif général de cette dernière est en voie d'être rempli.

Progrès satisfaisants. Tous les aspects de l'exigence ont été mis en œuvre et que l'objectif général de cette dernière a été rempli.

Dépassé. Le pays va au-delà de l'exigence ITIE.

L'exigence est encouragée ou recommandée et ne doit pas être tenue en compte dans l'évaluation de la conformité.

Le Groupe multipartite a démontré que l'exigence n'est pas applicable au pays.

News

Germany EITI leads by example

With all requirements met, Germany is set to embrace routine disclosures and innovate further.

Germany was recognised today by the EITI Board as having made satisfactory progress across all EITI Requirements. An active advocate and supporter for the EITI internationally, Germany started implementing the EITI in 2016 to demonstrate its own commitment to responsible natural resource governance.

From the outset, Germany's multi-stakeholder group focused on making the EITI relevant to national priorities, addressing implementation in a federated state, manage a declining mining sector, water use and environmental impacts and aligning reporting standards.

Understanding the impact of extraction on the environment

Germany's 2016 EITI Report covered environmental aspects and subsidies. It explained how environmental impacts are compensated for and how the state can guarantee that the cost of rehabilitating sites does not fall on the taxpayer. The report also disclosed the amount of water consumed by the extractive sector in each state and described the rules and fees for water usage.

"Germany's ambitious approach to reporting on environmental management and monitoring provides inspiration to other multi-stakeholder groups that are seeking to understand the impact of oil, gas and mining activities," said EITI Chair Fredrik Reinfeldt.

The German EITI has also shed light on subsidies received by the extractive sector. Hard coal production in Germany is no longer competitive due to high production costs, and the sector has been subsidised. In 2007, an agreement was reached to phase out subsidies in a socially responsible manner by the end of 2018.

The EITI Report showed that in 2016 subsidies to the coal sector totalled nearly EUR1.3 billion. In the same year, total gross government revenue from the extractive sector was less than EUR500 million.

One country, many governments

Germany's federal structure adds complexity to EITI implementation. Its experience offers some important lessons for other implementing countries.

While the Federal Mining Law sets the basic terms for extraction, each of the 16 states has its own regulations, licensing processes and royalty rates. This presents challenges for ensuring comprehensive disclosures.

For example, information about licenses is held in state registers and the 12,000 municipalities collect significant taxes. The level of data management and transparency varies across states, and production is concentrated in a handful of them.

Germany has sought to address the challenge by creating a working group for coordination between the federal government and states. Additionally, only municipal tax payments above EUR 2 million were reconciled to manage the workload.

Less reporting with better data

Germany's Validation uncovered opportunities to further align EITI implementation with the European Union's regime for mandatory payment disclosures. The EITI Standard requires disaggregating data by revenue stream, while the EU framework allows companies to group different revenue streams under one heading. For example, all taxes on income, production and profits are aggregated.

Refining the mandatory reporting regulations and ensuring that compliance is monitored efficiently would allow Germany to start moving from reconciling revenues and payments to relying on routine disclosures.