

The Board agreed that Côte d'Ivoire has made meaningful progress in implementing the 2016 Standard

Decision reference: 2018-22/BC-249

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News

Côte d'Ivoire declared to have made meaningful progress with EITI Standard

The Board welcomed the government's use of the EITI to inform reforms in the mining sector

The international EITI Board today recognised Côte d'Ivoire's efforts to improve natural resource governance through the EITI Standard. The Board concluded that the country had made meaningful progress in meeting the EITI requirements. The Board welcomed recent reforms to improve the governance of the sector through an online mining cadastre and coverage of the artisanal and small-scale mining sector.

Fredrik Reinfeldt, Chair of the EITI, said:

"The government has made great strides in enshrining transparency in its mining code and in sharing the benefits of the mining sector through the Local Mining Development Committees. I congratulate all EITI stakeholders for the progress achieved to date and encourage them to continue their efforts."

Côte d'Ivoire published its 2015 EITI Report on 30 March 2017 and the country's Validation began on 1 April 2017. Validation is the EITI's independent evaluation mechanism.

- [View the full decision including the scorecard and supporting documentation](#)

Important space for dialogue

The EITI has provided the government, companies and civil society with opportunities to develop coherent and implementable policies and to help resolve conflicts between local communities and companies. Transparency provisions and allocation of revenues to local communities are now embedded in both the 2012 amendments to the hydrocarbon code and the 2014 mining code. The government has also integrated EITI reporting in its governance systems through the publication of an online cadastre in July 2017.

The quality of EITI reporting has also improved significantly. It has played a key role in improving transparency in the financial relationship between the two SOEs, PETROCI and SODEMI and the state.

Civil society helping to drive the process

Despite the small and fragmented groups of civil society interested in extractive industries in Côte d'Ivoire, a small but active civil society has generated a robust national debate on revenue management and impact on local communities. Civil society has highlighted significant popular demand for information, such as subnational transfers, mandatory and voluntary social payments, production figures, local content requirements and artisanal mining. The challenge for EITI Côte d'Ivoire is to establish robust mechanisms to provide timely information on these issues and to ensure that local community development funds are adequately managed to benefit local citizens.

Next steps

While the Government of Côte d'Ivoire has taken steps to address all the requirements of the EITI Standard, there is still opportunities for further progress.

Looking ahead, the EITI Côte d'Ivoire can contribute to improved transparency of revenue sharing formula and subnational transfers in accordance with the tax code; and improved transparency of quasi-fiscal expenditure and the crude oil "swap" agreements by PETORCI.

Finally, the MSG's ambition to extend the scope of EITI reporting to include artisanal mining is challenging, but important. EITI reporting already takes into consideration the monitoring and certification of diamonds exports and the 2015 EITI Report went beyond EITI provisions, by disclosing the identity of license holders in the artisanal and small-scale sector.

The EITI Board has decided on a set of corrective actions that Côte d'Ivoire is required to address to meet all the requirements of the EITI Standard. In particular, Côte d'Ivoire will focus on requirements related to MSG governance (1.4), work plan (1.5), license allocation (2.2), license register (2.3), state-participation (2.6), in-kind revenues (4.2), barter and infrastructure arrangements (4.3), SOE transactions (4.5) distribution of revenues (5.1), subnational transfers (5.2), SOE quasi-fiscal expenditures (6.2), and documentation of outcomes and impact (7.4).

Notes

- [Validation](#) is the EITI's independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard.
- The **Board decision** in full, including corrective actions and impact of the EITI in the country, can be found [here](#)
- The reports giving an extensive review of Côte d'Ivoire's extractive sector can be found [here](#).
- The Board has taken decisions on the status of Côte d'Ivoire on 8 May 2018: eiti.org/document/validation-schedule-decisions
- See [here](#) for a full explanation of the various levels of progress under the EITI Standard.
- For further information about the EITI in Côte d'Ivoire, please visit the [country page](#) on the EITI website and Côte d'Ivoire's [own EITI website](#).

The Board's decision

On 8 May 2018, the EITI Board came to the following decision on Côte d'Ivoire's status:

Following the conclusion of Côte d'Ivoire's Validation, the EITI Board decided that Côte d'Ivoire has made meaningful progress overall in implementing the EITI Standard.

The Board congratulated the Government of Côte d'Ivoire and the Multi-Stakeholder Group (MSG) on the progress made in improving transparency and accountability in the extractive industries. The government has been responsive to recommendations for reforms from the EITI, most recently with the launch of a new mining cadastre in July 2017.

The Board recognised Côte d'Ivoire's efforts to go beyond the requirements of the EITI Standard in areas of exploration data (3.1) and social expenditures (6.1). The Board also commended the EITI's coverage of the artisanal and small-scale mining sector and efforts to ensure updated and accessible information for affected communities through a variety of communication tools. The Board took note of the government's commitment to enshrining the EITI principles in national legislation, such as the new mining code.

Despite the small number and fragmented nature of civil society organisations interested in extractive industries in Côte d'Ivoire, active civil society engagement has generated a robust national debate about extractives revenue management and the impact on local communities. Dissemination and outreach efforts led by civil society have highlighted significant popular demand for information, particularly about subnational transfers, social expenditures, production data, local content requirements and artisanal mining.

The Board encouraged the government to update the EITI's governance documents to ensure clear, open and transparent nomination and replacement procedures, transparency in per diem payments and open management of the budget allocated to EITI implementation. The Board also encouraged Côte d'Ivoire to continue improving disclosures related to the financial relationship between the state and state-owned companies, most notably on in-kind sales and swap agreements.

The Board has determined that Côte d'Ivoire will have eighteen months, i.e. until 8 November 2019 before a second Validation to carry out corrective actions related to MSG governance (1.4), work plan (1.5), license allocation (2.2), license register (2.3), state-participation (2.6), in-kind revenues (4.2), barter and infrastructure arrangements (4.3), SOE transactions (4.5) distribution of revenues (5.1), subnational transfers (5.2), SOE quasi-fiscal expenditures (6.2) and documentation of outcomes and impact (#7.4). Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Côte d'Ivoire's MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board's decision followed a Validation that commenced on 1 April 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

Scorecard

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Workplan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Socio-economic contribution	Mandatory social expenditures (#6.1) 					
	SOE quasi-fiscal expenditures (#6.2) 					
	Economic contribution (#6.3) 					
Outcomes and impact	Public debate (#7.1) 					
	Data accessibility (#7.2) 					
	Follow up on recommendations (#7.3) 					
	Outcomes and impact of implementation (#7.4) 					
Overall Progress						

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

Corrective actions

The EITI Board agreed the following corrective actions to be undertaken by Cote d'Ivoire. Progress in addressing these corrective actions will be assessed in a second Validation commencing on 8 November 2019:

1. In accordance with Requirement 1.4, the MSG should update its TOR, renew its membership in line with statutory procedures and the industry and civil society constituencies are encouraged to agree public nominations procedures ahead of MSG member selection. EITI Côte d'Ivoire should formalise its per diem policy to be in line with national practice. The government should ensure that the MSG has adequate financial oversight of the management of funds allocated to EITI

implementation.

2. In accordance with Requirement 1.5, the MSG should maintain a current work plan, fully costed and aligned with the reporting and Validation deadlines established by the EITI Board. The MSG is also encouraged to publish its budget and its financial accounts.

3. In accordance with Requirement 2.2, the MSG is required to ensure that the relevant authorities, DGMG and DGH disclose the technical and financial criteria for all license awards and transfers taking place during the accounting year covered by the EITI Report, including license allocations pertaining to companies that are not included in the EITI Report. The MSG may wish to seek clarity from the relevant authorities on the conditions under which direct negotiations are used instead of competitive bidding for issuing licenses.

4. In accordance with the EITI Requirement 2.3, the Government of the RCI is required to maintain a publicly accessible register. Similar to the mining sector, efforts should be made to ensure comprehensive disclosure of the information required under 2.3.a for the hydrocarbon sector. 5. In accordance with Requirement 2.6, the RCI must disclose an explanation of the prevailing rules and practices regarding the financial relationship between the government and PETROCI. This could include the publication of PETROCI's audited financial statement, its annual budget and an explanation of allocation of retained earnings for investments.

6. In accordance with EITI Requirement 4.2, the government, including PETROCI and its subsidiaries, are required to disclose the volumes of crude oil and natural gas 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. The MSG may wish to publish the volumes of oil and natural gas delivered, volumes sold, unit price by individual buyer that PETROCI is required to submit to DGI, in accordance with article 1066:10 of the tax code.

7. In accordance with Requirement 4.3, the MSG and the IA need to gain full understanding of the terms of the swap agreements, the parties involved, the resources which have been pledged by the state in the forms of crude oil, the value of the balancing benefit stream (natural gas, then electricity delivered). The MSG and the IA are required to ensure that the EITI Report addresses these agreements, providing a level of detail and transparency commensurate with the disclosure and reconciliation of other payments and revenues streams.

8. In accordance with EITI Requirement 4.5, the MSG should undertake a comprehensive assessment of transactions between PETROCI and its subsidiaries and oil and gas companies, as well as between PETROCI subsidiaries and government entities including Côte d'Ivoire Energy, DGI and the treasury. The MSG may wish to publish the information submitted to DGI by PETROCI and Côte d'Ivoire Energy.

9. In accordance with Requirement 5.1, EITI-Côte d'Ivoire should indicate extractive industry revenues, whether cash or in-kind, that are not recorded in the national budget and provide an explanation of the allocation of these revenues, with links to relevant financial reports, including from DGH, PETROCI and Côte d'Ivoire Energy. The MSG is encouraged to reference national revenue classification systems, and/or international standards such as the IMF Government Finance Statistics Manual.

10. In accordance with Requirement 5.2, EITI Côte d'Ivoire is required to assess the materiality of subnational transfers, provide the specific formula for calculating subnational transfers of

extractives revenues to individual local governments, disclose any material subnational transfers in the year(s) under review and highlight any discrepancies between the transfer amount calculated in accordance with the relevant revenue-sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity.

11. In accordance with Requirement 6.2, EITI Côte d'Ivoire, should undertake a comprehensive review of all expenditures undertaken by extractives SOEs, including PETROCI and its foundation that could be considered quasi-fiscal expenditures. The MSG should develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include PETROCI's subsidiaries and joint ventures, PETROCI's Foundations, the DGH and possibly Côte Energy.

12. In accordance with requirement 7.4, Cote d'Ivoire should ensure that the next annual progress report includes an assessment of the outcomes and impact of EITI implementation, including on broader natural resource governance.

The government and the MSG are encouraged to consider the other recommendations in the Validator's Report and the International Secretariat's initial assessment, and to document the MSG's responses to these recommendations in the next annual progress report.