

The Board agreed that the United Kingdom has made meaningful progress in implementing the 2016 Standard.

Decision reference: 2019-62

Table of contents

The Board's decision	3
Background	3
Scorecard	4
Corrective actions	6

The Board's decision

Following the conclusion of the United Kingdom's (UK) Validation, the EITI Board decided that the UK has made meaningful progress overall in implementing the 2016 EITI Standard.

The Board congratulates the Government of the UK, the Multi-Stakeholder Group (MSG) and local stakeholders on establishing a robust platform to increase public understanding of the social and economic impacts of the UK's extractive industries and enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources. Having helped establish the EITI globally, the UK's EITI implementation has effectively set an example for other resource rich countries. While information disclosed through the EITI is of interest to relatively small and specialised audiences, the UK's EITI reporting is recognised by the Board as underscoring the government's commitment to transparency and accountability. The MSG's efforts to streamline EITI implementation through systematic disclosure are welcomed and present a further opportunity for the UK to set an example to other EITI implementing countries. Validation has identified gaps relating to disclosures that are not onerous, and it should be possible to address these quickly.

While acknowledging civil society's strong and proactive role in the EITI's work globally since its inception and in establishing the EITI in the UK, the Board notes that civil society's engagement had been insufficient in the period reviewed by Validation. The United Kingdom is encouraged to ensure that challenges in constituency coordination are avoided in future. The Board also encourages the MSG to review the impact of the first five years of EITI implementation and explore the opportunities to further leverage the EITI platform to enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources.

The Board has determined that the UK will have **12 months, i.e. until 13 November 2020** before a second Validation to carry out corrective actions regarding the requirements relating to civil society engagement (#1.3), MSG governance (#1.4), license allocation (#2.2), license register (#2.3), contract disclosure (#2.4), mandatory social expenditures (#6.1), public debate (#7.1) and outcomes and impact of implementation (#7.4).

Background

In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat [[English](#)]. The findings were reviewed by an Independent Validator, who submitted a draft Validation report [[English](#) | [French](#)] to the MSG for comment. The MSG's comments on the reports [[English](#)] were taken into consideration by the independent Validator in finalising the Validation report [[English](#) | [French](#)] and the independent Validator responded to the MSG's comments [[English](#)].

The Government of the UK committed to implement the EITI in May 2013, and established a multi-stakeholder group (MSG) in September 2013. The country was accepted as an EITI Candidate in October 2014. On 25 October 2016, the Board agreed that the country's Validation under the 2016 EITI Standard would commence on 1 July 2018.

The Validation Committee reviewed the case on 17 October 2019. Based on the findings above, the Validation Committee agreed to recommend the assessment card outlined below. The Committee also agreed to recommend an overall assessment of "meaningful progress" in implementing the

2016 EITI Standard. Requirement 8.3.c 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. **Meaningful progress.** The country will be considered an EITI candidate and requested to undertake corrective actions until the second Validation.

On 30 September, the MSG wrote to the Validation Committee [[English](#) | [French](#)] contesting the assessment of “inadequate progress” on Requirement 1.3 in the final Validation report. On 17 October, the Validation Committee agreed to consider the MSG’s representation and upgraded the assessment of Requirement 1.3 to “meaningful progress” and the assessment of Requirement 3.2 to “satisfactory progress”.

The Validation Committee agreed to recommend a period of 12 months to undertake the corrective actions. This recommendation takes into account that the challenges identified are relatively significant and seeks to align the Validation deadline with the timetable for the UK’s upcoming EITI Reports.

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) 					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
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)		█			
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.

Outstanding progress (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 the UK. Progress in addressing these corrective actions will be assessed in a second Validation commencing on 13 November 2020.

1. In accordance with **Requirement 1.3.a**, the civil society constituency should demonstrate that they are fully, actively and effectively engaged in the EITI process. Specifically, civil society should ensure that they are able to fully contribute and provide input to the EITI process by ensuring that the constituency is adequately represented on the MSG, with agreed mechanisms for wider constituency engagement.
2. In accordance with **Requirement 1.4.a.ii**, the MSG should ensure that the civil society constituency is adequately represented, and that the civil society constituency appoints its own representatives, bearing in mind the desirability of pluralistic and diverse representation.
3. In accordance with **Requirement 2.2**, the UK should disclose information related to the award or transfer of licenses pertaining to the companies covered in EITI reporting. This information should include the number of mining, oil and gas licenses awarded and transferred in the year covered by the EITI reporting cycle, a description of the award procedures, including specific technical and financial criteria assessed, and highlight any non-trivial deviations in practice. The UK is encouraged to consider innovative solutions for embedding a public accountability mechanism to ensure transparency on any non-trivial deviations from statutory procedures in its systematic disclosures of information per Requirement 2.2.
4. In accordance with **Requirement 2.3**, the UK should maintain a publicly available register or cadastre system(s), including comprehensive information on all active licenses held by all mining and quarrying companies included in the scope of EITI reporting. In the interim the UK should ensure that future EITI reporting provides the information set out under Requirement 2.3.b for all mining and quarrying companies. The UK is encouraged to consider the extent to which integration of EITI reporting with the work of organisations like the British Geological Survey could ensure systematic disclosure of information mandated under Requirement 2.3.b.
5. In accordance with **Requirement 2.4**, the UK should ensure that the government's policy on disclosure of contracts and licences that govern the exploration and exploitation of oil, gas and

minerals is publicly codified.

6. In accordance with **Requirement 6.1**, the UK should assess the materiality of mandatory social expenditures ahead of future EITI reporting and ensure that reporting of mandatory social expenditures be disaggregated by type of payment, nature of in-kind contributions and beneficiary(ies), clarifying the name and function of any non-government (third-party) beneficiaries where applicable.
7. In accordance with **Requirement 7.1**, the UK should ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about the EITI Report across the country.
8. In accordance with **Requirement 7.4**, the MSG, with the full, active and effective engagement of civil society, should review the impact of the first five years of EITI implementation and explore the opportunities to further leverage the EITI platform to enrich public debate on the governance and stewardship of the UK's oil, gas and mineral resources.

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.