

Board decision on the Validation of Ethiopia

Decision reference: 2019-21/BM-42

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The Board's decision

Following the conclusion of Ethiopia's Validation, the EITI Board decided that Ethiopia has made **meaningful progress** overall in implementing the EITI Standard. In accordance with requirement 8.3c, Ethiopia will be requested to undertake corrective actions before the second Validation on **27 August 2020**.

The Board congratulated the Government of Ethiopia and Multi-Stakeholder Group (MSG) on the progress made in improving transparency and accountability in the extractive industries. Ethiopia's EITI implementation has targeted issues of national importance, such as artisanal and small-scale mining, social expenditures and mining licensing by different tiers of government. However, the focus on reconciliation, licensing and social expenditures has not been matched by an equivalent attention to detail in areas such as state participation or subnational transfers, despite public interest in such issues.

The strong country ownership on the part of the government has not been matched by an equivalent engagement from industry or civil society. The Board noted that, while trust has gradually been built amongst stakeholders directly involved in EITI implementation, divisions have emerged within civil society between those directly involved in EITI implementation and those outside.

Constraints on civil society operation in Ethiopia have weakened civil society engagement in EITI implementation. The Board took note of the Validator's findings regarding requirement 1.3 on civil society engagement and adherence to the civil society protocol. The Board agreed that in the period between March 2014 - April 2018 there were significant legal and administrative constraints that impacted the ability of civil society organisations to operate and express themselves freely. The Board agreed to consider developments subsequent to the commencement of Validation, noting the efforts by the country's new leadership to improve the space for civil society. The Board welcomed the government efforts to repeal or amend laws that restricted civil society's freedom of expression, operation and association.

The Board commended ongoing reforms to shift the mandate of government agencies from control and monitoring to supporting and enabling civil society to contribute in public debate. The Board called on the government and stakeholders to continue working together to improve civil society engagement in extractive sector governance. The Board has determined that Ethiopia will have 18 months, i.e. until **27 August 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 allocations (2.2), license register (2.3), policy on contract transparency (2.4), state-participation (2.6), export data (3.3), comprehensiveness (4.1), SOE transactions (4.5), direct subnational payments (4.6), data quality (4.9), subnational transfers (5.2), social expenditures (6.1), SOE quasi-fiscal expenditures (6.2), and documentation of outcomes and impact (#7.4), with the environment for and engagement of civil society and state participation being the main areas of concern. Failure to achieved 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, Ethiopia'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 2018. 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. In addition, the Board considered an update from the International Secretariat on the engagement of civil society following the commencement of Validation. The final decision was taken by the EITI Board.

Background

The Government of Ethiopia first committed to implement the EITI in February 2009. An interim multi-stakeholder group (MSG), the EEITI National Steering Committee (ENSC), was formed in July 2009. After deferments of the EITI Board's decision on Ethiopia's 2009 EITI Candidature application several times, the government restructured the ENSC to the Multi-Stakeholder Board (MSB) and re-applied in October 2013. The country was accepted as an EITI Candidate in March 2014 at the EITI Board's meeting in Oslo.

The Validation process commenced on 1 April 2018. In accordance with the Validation procedures, an initial assessment was prepared by the International Secretariat [[English](#)]. The Independent Validator reviewed the findings and wrote a draft Validation report [[English](#)] [[French](#)]. Comments from the MSG [[English](#)] and from civil society MSG members [[English](#)] were received on 19 November 2018. The Independent Validator reviewed the comments and responded to the MSG [[English](#)], before finalising the Validation report [[English](#)] [[French](#)].

The Validation Committee reviewed the case on 10 October 2018, 30 October 2018 and 23 January 2019.

[In addition, on 27 February, the Validation Committee considered whether the Board should exercise its discretion to consider developments related to the environment for civil society engagement since the commencement of Validation in the April 2018-February 2019 period, as requested by the MSG. The Committee considered that the proposal to consider new developments complied with the four criteria for considering developments after the commencement of Validation, namely that it had the *MSG's support*, that it was *specific and verifiable*, it had *material significance* and it was *timely*.

The Committee reviewed the following updates from the International Secretariat on developments related to civil society engagement subsequent to the commencement of Validation, in the April 2018-February 2019 period.

Expression: The initial assessment and Validation report found that, while there was evidence that civil society representatives on the MSG freely expresses their opinions at MSG meetings, there were legal and practical constraints on public advocacy, including on extractives issues, by foreign-funded CSOs. Several recent developments point towards a gradual easing of these constraints, including:

- *Curbs on media:* While the government has continued to block Internet access in specific instances of violent protests and unrest for a matter of weeks (in August 2018 in the eastern Somali region[[1](#)] and in September 2018 amid clashes in Addis Ababa[[2](#)]), the level of Internet censorship appears to have generally declined since April 2018. In June 2018, the government allowed access to 264 previously-blocked websites, including diaspora-based media such as

the Oromia Media Network and Ethiopian Satellite Television and Radio.[3] The government has also released all incarcerated journalists in 2018, for the first time in 13 years according to the Committee to Protect Journalists' 2018 annual prison census.[4] Freedom House's highlighted "[p]ositive developments (...) in growing access to the Internet and censored content, decreasing online self-censorship, and the release of imprisoned bloggers. (...) Under [Prime Minister Abiy Ahmed's] short tenure, the internet has become more accessible, as networks were less disrupted and content became less censored. (...) While Ethiopian citizens have become optimistic about the direction their country is heading, repressive laws that have enabled authoritarianism remain on the books, including laws designed to constrain freedom of expression and enable unchecked surveillance." [5] The Attorney General's Legal Reform Advisory Council established in June 2018 has been developing revisions to the Freedom of the Mass Media and Access to Information Proclamation, expected to be submitted to Parliament in 2019.[6]

- Civil society representatives consulted highlighted the easing of restrictions on freedom of the media and of expression. They emphasised that the removal of the bans on previously-restricted newspapers, radio and television stations had brought about a significant change in the media landscape since April 2018. There was consensus among civil society, government and industry stakeholders consulted that restrictions on freedom of the media and of expression had effectively been lifted since April 2018. Nonetheless, several CSOs consulted noted that local journalists' capacity constraints remained a challenge to ensuring fair and balanced reporting.
- *Anti-terror legislation:* The government's easing of restrictions on the media has been accompanied by a broader effort to lift the state of emergency and reform the 2009 Anti-Terror Proclamation. In June 2018, the government lifted the state of emergency imposed since February 2018 and released thousands of political prisoners incarcerated over the 2014-2017 period.[7] There have been incidents of violent dispersal of peaceful demonstrations have continued, for instance in Addis Ababa in September 2018[8] and the Afar and Tigray regions in October 2018[9]. These do not appear to have been linked to demonstrations related to extractive industry governance or public financial management, but rather to broader calls for democratic reforms. The Legal Reform Advisory Council established by the Attorney General in June 2018[10] has been developing revisions to the 2009 Anti-Terror Proclamation (ATP), under which arrests of these political prisoners had been based.[11] Attorney General Berhanu Tsegaye announced in January 2019 that a draft bill amending the Anti-Terror Proclamation would be submitted to Parliament (*House of People's Representatives*) in 2019.[12] On 12 December 2018, the US Millennium Challenge Corp. (MCC) selected Ethiopia to receive "threshold program assistance"[13], notably recognizing "*a series of significant reforms, including releasing thousands of political prisoners, apologizing for past state-led human rights abuses, and easing restrictions on media outlets.*"[14]
- *Self-censorship:* While the initial assessment and Validation report highlighted a certain level of self-censorship in relation to certain mining issues amidst a state-controlled media in the period of 2014 - April 2018, there is growing evidence of open and critical discussion of issues previously considered "too sensitive" for public discussion. Prime Minister Ahmed has announced his support for freedom of expression on several occasions, including in his

inaugural address where he welcomed dissenting opinions.[15] There is now evidence in Ethiopian media of public criticism of the three key topics identified as “off limits” in the initial assessment, namely of MIDROC[16], Metals and Engineering Corp. (METEC)[17] and the Endowment Fund for the Rehabilitation of Tigray (EFFORT).[18] Several CSOs consulted considered that there were no longer any issues “too sensitive” for public discussion and highlighted that the issues of MIDROC and METEC had been openly discussed at a January 2019 MSG meeting. These representatives also highlighted that discussions on the MSG had evolved from being focused narrowly on EITI reporting to more sensitive issues, including extractives policy reforms.

- *Curbs on advocacy*: The February 2019 amendment of the 2009 Charities and Societies Proclamation (*see operation*) has effectively removed the curbs on CSOs’ ability to engaged in public lobbying and advocacy on issues of transparency and good governance. By removing restrictions on individual CSO membership based on nationality and residence, the amended CSP effectively allows all CSOs to engage in public advocacy.[19] Several CSOs consulted expressed satisfaction that civil society’s input to the drafting of the legal amendments had effectively removed curbs on CSOs’ ability to freely engaged in public advocacy. While there is little evidence of public civil society advocacy and lobbying in relation to EITI issues specifically in the short period since the CSP’s amendment, the removal of legal curbs on CSOs’ advocacy work addresses a key breach to the Civil Society Protocol identified in the initial assessment and Validation report.

Operation: The initial assessment and Validation report found that evidence gathered showed a regressive trend in the 2014-2018 period when it came to an enabling legal framework for NGOs. Several regulations since 2009 had weakened civil society’s capacity to engage fully and proactively in EITI implementation. The 10% cap on foreign funding for CSOs able to engage in advocacy had led to a reduction in the number of such charities since 2009. The 30% cap on ‘administrative’ costs, defined broadly to include all capacity-building and coordination activities, has forced CSOs to dedicate most attention to pure ‘project’ costs. Evidence was found of one CSO directly involved in the informal EITI network (PANE) having lost its registration from the Charities and Societies Agency in 2015. However, several recent developments point towards the prospect of reforms that could ease these constraints in future, including:

- *Civil society input to legal reforms*: In June 2018, the Attorney General established a Legal Reform Advisory Council[20], composed of 13 independent legal professionals, to develop recommendations for comprehensive revisions to restrictive laws including the 2009 CSP and restructuring of institutions such as the Charities and Societies Agency.[21] Several CSOs consulted highlighted the extensive consultations with both Ethiopian and international civil society in drafting legal amendments, including through public and bilateral consultations. The Legal Advisory Council approved submitted a draft CSP bill to the Office of the Federal Attorney General on 21 October 2018.[22] Following a further round of public hearings in January 2019[23], the amended CSP was approved by Parliament on 5 February 2019.[24]
- *Key legal reforms*: Independent analysis of the reforms, including a review of the draft bill by Amnesty International in December 2018[25], has lauded several improvements over the 2009 CSP. Key reforms include the removal of funding restrictions on CSOs that promote human

rights, good governance, and related themes such as anti-corruption and conflict resolution; conversion of the Charities and Societies Agency into a CSO Board with minority civil society participation; removal of restrictions on individual CSO membership based on nationality and residence; and guaranteeing the right of CSOs, including foreign CSOs, to challenge the new CSO Board's decisions on registration applications, including in courts of law. The amended CSP also transitioned from a strict "authorisation" model of CSO registration to a "declaration" model, where CSOs are only required to notify government of their ongoing operations on an annual basis rather than seeking re-registration every three years. Government officials consulted highlighted the significance of these reforms and expected a flurry of new registrations from CSOs in coming months. The officials explained that they were considering measures to streamline the logistics of registration, although capacity constraints hindered their ability to launch an automated online registration system. A senior government official emphasised the paradigm shift in the government's approach to civil society, from a focus on control and enforcement to one on support and monitoring. Even ahead of implementation of the amended CSP, several CSOs consulted considered that there had already been important changes in the government's approach to enforcing existing regulations, noting the lack of audits of CSOs in the past nine months.

- *Access to funding:* While the amended CSP maintains a cap of 20% on CSOs' administrative costs[26], it has significantly narrowed the definition of administrative costs to exclude staff salary and capacity-building activities, among others. While there is little evidence of new foreign funding of CSOs in the short period since the amended CSP was enacted, the removal of legal constraints on CSOs' ability to raise foreign funding addresses a key breach to the Civil Society Protocol identified in the initial assessment and Validation report.

Association: The initial assessment and Validation report found that there did not appear to be any regulatory or practical barriers to CSOs' ability to communicate with each other in relation to EITI, aside from the logistical challenges of operating in a vast, predominantly rural, country. While the constituency had established an informal EITI network and agreed a charter to coordinate its activities however, there were questions regarding the degree of representativeness and independence of organisations involved. There is little new evidence of improved civil society association in relation to EITI implementation since April 2018. While the government and industry constituencies refreshed their MSG membership in 2018, there is no evidence that the civil society constituency has yet started the process of renewing its MSG membership, which was scheduled to take place in April 2018 according to the EITI CSO Charter but has since been postponed to April 2019. Several CSOs consulted explained that their activities related to EITI implementation were still coordinated by the EEITI National Secretariat. They lamented what they perceived as poor communication between the EEITI and civil society, which hindered their ability to effectively associate and engage in all aspects of EITI implementation.

Secretariat's assessment of recent developments: There is evidence, in both review of publicly-accessible documents and views of stakeholders (both in-country and overseas), that significant developments in the April 2018-February 2019 period indicate a positive direction of travel in the environment for civil society engagement in EITI implementation. The November 2018 CIVICUS Monitor noted: "In Ethiopia (...), following years of popular unrest and the severe repression of all forms of dissent, 2018 has witnessed a remarkable about-turn. New Prime Minister Abiy Ahmed has released political prisoners, eased restrictions on electronic communication and made important

progress towards reforming some the country's most repressive laws.”^[27] There is evidence of removal of barriers to freedom of expression and of the media, combined with easing self-censorship on EITI-related issues previously considered “too sensitive” for public discussion. The amendment of the 2009 Charities and Societies Proclamation in February 2019 has removed the legal restrictions on civil society’s ability to operate, including raising funding, for their EITI-related activities. While the timeframe has been too short to assess the implementation of these legal reforms in practice, the removal of legal restrictions on civil society addresses key breaches to the Civil Society Protocol identified in the initial assessment and Validation report. There is however still little evidence of civil society using this growing space to more fully, actively and effectively associate with each other and engage in all aspects of EITI implementation. As such, the Secretariat’s view is that developments related to civil society engagement in EITI in the April 2018-February 2019 period indicate a positive direction of travel that would warrant an upgrade in the assessment of Requirement 1.3 from “inadequate progress” to “meaningful progress”.

Based on the findings above, the Validation Committee agreed to recommend the assessment card and corrective actions 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.

The Validation Committee agreed to recommend a period of **27 August 2020** 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 Ethiopia’s 2016/17 and 2017/19 EITI Reports.

^[1] Reuters (August 2018), ‘Internet in eastern Ethiopia shut down after regional violence’, accessed [here](#) in February 2019.

^[2] Quartz Africa (December 2018), ‘For the first time in decades, there are no Ethiopian journalists in prison’, accessed [here](#) in February 2019.

^[3] CIVICUS (September 2018), ‘Journalists attacked and internet shut downs continue despite progressive reform drive’, accessed [here](#) in February 2019.

^[4] Committee to Protect Journalists (December 2018), ‘0 Journalists Imprisoned in Ethiopia’, accessed [here](#) in February 2019.

^[5] Freedom House (November 2018), ‘Freedom on the Net 2018 – Ethiopia’, accessed in February

2019.

[6] Fana Broadcasting Corporate (January 2019), 'Newly Amended Charities And Societies Law To Come Into Effect Soon', op.cit..

[7] See CIVICUS (June 2018), 'Government lifts the state of emergency and releases political prisoners', accessed [here](#); and Friedrich Ebert Stiftung (November 2018), 'Reflections on Expanding Ethiopia's Democratic Space: Aspirations, Opportunities, Choices', p.31, accessed [here](#) in February 2019.

[8] CIVICUS (October 2018), 'Exiled opposition groups return amid peace reforms', accessed [here](#) in February 2019.

[9] CIVICUS (January 2019), 'Reforms continue as parties ready for promised 2020 election', accessed [here](#) in February 2019.

[10] Fana Broadcasting Corporate (June 2018), 'Ethiopia establishes Advisory Council to reform justice system', accessed in February 2019.

[11] Oakland Institute (2015), 'Ethiopia's Anti-Terrorism Law: A Tool to Stifle Dissent', accessed [here](#) in February 2019.

[12] Fana Broadcasting Corporate (January 2019), 'Newly Amended Charities And Societies Law To Come Into Effect Soon', accessed [here](#) in February 2019.

[13] Millennium Challenge Corp. (December 2018), 'MCC Board of Directors Selects New Bilateral Compacts, Threshold Programs, Eligible Countries for Concurrent Compacts', accessed [here](#) in February 2019.

[14] Millennium Challenge Corp. (December 2018), 'Report on the Selection of Eligible Countries for Fiscal Year 2019', accessed [here](#) in February 2019.

[15] OPride (April 2018), 'Full English Transcript of Ethiopian Prime Minister Abiy Ahmed's Inaugural Address', accessed [here](#) in February 2019.

[16] See for instance The Reporter (Addis Ababa) (May 2018), 'MIDROC Gold in hot water as crisis reaches climax', accessed [here](#); Ethiopia Insight (November 2018), 'Turmoil blocks aid as communal conflict rages in gold-seamed Benishangul-Gumuz', accessed [here](#); Addis Fortune (December 2018), 'Ethiopia: Al-Amoudi's Ethiopia Asset Over \$1.2b', accessed [here](#) in February 2019.

[17] See for instance Addis Fortune (December 2018), 'Ethiopia: Metec Ousts Half of Employees', accessed [here](#); ESAT New Online (June 2018), 'Ethiopia: METEC squanders hundreds of millions of dollars, says Parliament', accessed [here](#); Addis Standard (December 2018), 'Analysis: inside Ethiopia's trial of grand corruption. Who is accused of what?', accessed [here](#); New Business Ethiopia (December 2018), 'METEC Fails To Deliver Ethiopia's 4.1 Billion Birr Power Project', accessed in February 2019.

[18] See for instance ECADF Ethiopian News (November 2018), 'Ethiopia: Nationalize or Dismantle EFFORT!', accessed [here](#); ETHSAT (June 2018), 'Ethiopia: Bank Governor accused of providing illegal loan guarantee to EFFORT', accessed [here](#); Ethiopian Business Review (July 2018), 'State Capture', accessed [here](#) in February 2019.

[19] Ibid.

[20] Fana Broadcasting Corporate (June 2018), 'Ethiopia establishes Advisory Council to reform justice system', accessed in February 2019.

[21] Freedom House (September 2018), 'Reform in Ethiopia: Turning Promise into Progress - Written testimony to the U.S. House of Representatives Committee on Foreign Affairs, Subcommittee on Africa, Global Health, Global Human Rights and International Organizations', accessed in February 2019.

[22] Amnesty International (December 2018), 'Ethiopia: commentary on Ethiopia's draft CSO law', accessed [here](#) in February 2019, p.1.

[23] The Reporter (Addis Ababa) (January 2019), 'Will Ethiopia's civil society heal soon?', accessed [here](#) in February 2019.

[24] Freedom House (February 2019), 'Ethiopia: Civil Society Proclamation Advances Essential Freedoms', accessed [here](#) in February 2019.

[25] Amnesty International (December 2018), 'Ethiopia: commentary on Ethiopia's draft CSO law', op.cit..

[26] Friedrich Ebert Stiftung (November 2018), op.cit..

[27] CIVICUS (November 2018), 'New Report: 6 in 10 countries now seriously repressing civic freedoms', accessed [here](#) in February 2019.

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.
-  **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 Ethiopia. Progress in addressing these corrective actions will be assessed in a second Validation commencing on **27 August 2020**:

1. In accordance with Requirement 1.3.b, the government should ensure an enabling environment for civil society to freely express opinions with regards to natural resource governance. In accordance with Requirements 1.3.c and d, the government must ensure that there are no obstacles to civil society participation in the EITI process and must refrain from

actions which result in narrowing or restricting public debate in relation to implementation of the EITI. In accordance with Requirement 1.3.a, civil society must demonstrate that it is fully, actively and effectively engaged in the EITI process. In accordance with requirement 8.3.c.i, the civil society constituency should develop and disclose an action plan for addressing the deficiencies in civil society engagement documented in the initial assessment and Validator's report within three months of the Board's decision, i.e. by <Board Decision + 3 months>.

2. In accordance with Requirement 1.4, the MSG should ensure that each constituency has clear procedures for the selection of MSG members and channels of communication between the MSG representatives and their constituencies. The MSG could task each stakeholder group to clarify their internal nominations and representation procedures to improve the transparency and participation in the process. The MSG should also agree a process to ensure greater accountability of MSG representatives to the constituencies. This should include establishing mechanisms of consultation and reporting between MSG representatives and their wider constituencies.
3. In accordance with Requirement 2.2, Ethiopia should clearly define the number of mining, oil and gas licenses awarded and transferred in the year(s) under review, describe the statutory allocation and award procedures, including specific technical and financial criteria, and highlight any non-trivial deviations in practice. In addition, Ethiopia may wish to comment on the efficiency of the current license allocation and transfer system as a means of clarifying procedures and curbing potential non-trivial deviations, particularly related to Regional Governments' licensing activities.
4. In accordance with Requirement 2.3, Ethiopia is required to maintain a publicly available register or cadastre system(s), including comprehensive information on all active oil, gas and mining licenses. In the interim, the MSG should ensure that information set out under Requirement 2.3.b be publicly-accessible for all mining, oil and gas licenses held by companies included in the scope of EITI reporting.
5. In accordance with Requirement 2.4, Ethiopia should ensure that the government's policy on contract disclosure is publicly clarified for both mining contracts and oil and gas PSAs. Where applicable, Ethiopia should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published or guidance on how to access them.
6. In accordance with Requirement 2.6, Ethiopia should disclose a comprehensive list of state participations in the extractive industries, including the terms associated with state equity, and publicly clarify the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing. This should include a comprehensive overview of loans and guarantees extended by the state or SOEs to any extractives company.

7. In accordance with Requirement 3.3, Ethiopia should ensure that the export volumes and values of each mineral commodity exported in the year(s) under review are publicly available.
8. In accordance with Requirement 4.1, Ethiopia should ensure that future EITI reporting clearly explain all unreconciled discrepancy and provide a clear assessment of whether discrepancies materially affect the comprehensiveness of the reconciliation. In addition, Ethiopia should ensure that full unilateral government disclosure of material revenues, including from non-material companies, is provided disaggregated per material revenue stream.
9. In accordance with Requirement 4.5, Ethiopia should ensure that all material company payments to SOEs and all transactions between SOEs and government entities be comprehensively disclosed and reconciled.
10. In accordance with Requirement 4.6, Ethiopia should establish whether direct subnational payments, within the scope of the agreed benefit streams, are material ahead of future EITI reporting. Where material, the MSG is required to ensure that reconciled information on company payments to subnational government entities and the receipt of these payments be publicly accessible.
11. In accordance with Requirement 4.9.a, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should:
12. examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, and based on this examination, agree what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9. The Independent Administrator should exercise judgement and apply appropriate international professional standards in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his/her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The Independent Administrator's inception report should document the options considered and the rationale for the assurances to be provided.
13. ensure that the Independent Administrator provides an assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
14. ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator

must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.

15. In accordance with Requirement 5.2, Ethiopia is required to ensure that material subnational transfers of extractives revenues are publicly disclosed, when such transfers are mandated by a national constitution, statute or other revenue sharing mechanism. Ethiopia should also disclose any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount transferred between the central government and each relevant subnational entity. Ethiopia may wish to consider whether publishing the detailed calculations of subnational royalty transfers as a means of achieving this objective. Ethiopia is encouraged to reconcile subnational extractives transfers.
16. In accordance with Requirement 6.1, Ethiopia should ensure that information on mandatory social expenditures, clearly disaggregated between cash and in-kind and by non-government beneficiary, is publicly accessible.
17. In accordance with Requirement 6.2, Ethiopia should undertake a comprehensive review of all expenditures undertaken by extractives SOEs that could be considered quasi-fiscal. Ethiopia should develop a reporting process for quasi-fiscal expenditures with a view to achieving a level of transparency commensurate with other payments and revenue streams.
18. In accordance with Requirement 7.4, Ethiopia should annually assesses and document progress made by Ethiopia against the EITI requirements or recommendations from the EITI Report.

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

News

EITI countries progress on path to transparent and accountable extractive sectors

EITI Board assesses implementation in eight countries

The EITI Board assessed the status of eight implementing countries, including [Ethiopia](#), [Ghana](#), [Guinea](#), [Malawi](#), [Mauritania](#), [Nigeria](#), [Norway](#) and [Trinidad and Tobago](#) at its meeting in Kyiv on 27-28 February. The Board agreed that Nigeria and Norway had achieved satisfactory progress overall in implementing the EITI Standard. In the other cases, the Board noted progress and outlined the corrective actions needed to meet this Standard.

Why the EITI Validates countries

The status of an EITI implementing country is determined through [Validation](#), the EITI's quality assurance mechanism. The process assesses the country's performance against the requirements of the [EITI Standard](#) by reviewing documentation and consulting with government, company and civil society stakeholders. A Validation outlines and identifies a country's weaknesses and strengths and prescribes a set of corrective actions that must be addressed within a 12 to 18 month period, after which a country will undergo a second Validation to assess progress. The Validation [scorecard](#) provides an overview of a country's results. The EITI Board makes the final decision on a country's EITI status.

“Over half of all EITI countries have now undergone Validation against the EITI Standard,” said EITI chair Fredrik Reinfeldt. *“The overall travel of direction is positive and governments, companies and civil society across regions are demonstrating strong commitment to bringing transparency and accountability to the management of their natural resources and using EITI data to instigate reforms. Validation has shown that many EITI countries are going beyond the EITI Standard, with innovative disclosures related to extractives contracts, licensing and sales of the state's share of oil, gas and minerals.”*

Validations: Mapping the sector, assessing strengths, recognising impact and diagnosing weaknesses

Ethiopia, Guinea, Malawi and Trinidad and Tobago have recently undergone their first Validations and have all achieved meaningful progress against the EITI Standard.

The Board welcomed [Ethiopia's](#) effort to report on issues of national importance such as artisanal and small-scale mining and socio-environmental issues. The Board commended ongoing reforms to shift the mandate of government agencies from control and monitoring, to supporting and enabling civil society to contribute to public debate. Going forward, the EITI can play a key role in improving the relationship between companies and affected local communities. Validation has also shown that work remains to ensure comprehensive disclosures on state participation in the sector and reporting at the subnational levels of government. This will be important as the country embarks on the development phase of oil and gas projects in the Ogaden basin and pursues efforts to formalise the mining sector. In taking this decision, the Board took note of the government's efforts to repeal or amend laws that restrict civil society's freedom of expression, operation and association, which have had an impact on their ability to engage in the EITI process. Nonetheless, the Board commended the efforts to include civil society groups in ongoing reforms.

[Guinea](#), which has a rapidly developing bauxite sector and is rich in iron ore reserves, made improvements in the comprehensiveness and quality of its EITI reporting. The Board outlined eight corrective actions, including disclosing more information on infrastructure agreements, direct subnational payments and quasi-fiscal expenditures. The Board noted that the EITI should play a role in overseeing the new Local Economic Development Fund (FODEL).

[Malawi](#) has established its multi-stakeholder group as a platform for fact-based debate and allowed its production and export data to be scrutinised through the publication of its second EITI Report. While the country has significant deposits of bauxite, coal, limestone, phosphate and uranium, the extractive sector is still in development, with few large-scale mining operations in place and a petroleum sector in exploration phase. To ensure terms of operations are accessible to the public, Malawi has published all contracts in line with the encouragements in the EITI Standard. These

contracts have been used by civil society to create financial models and clarify the precise terms associated with the agreements. More work remains to be done to ensure clarity surrounding Malawi's off-budget petroleum funds, a gap in an otherwise transparent environment. There are also concerns regarding data quality and who receives social contributions.

[Trinidad and Tobago](#) was acknowledged for having built a dynamic platform to collect, publish, and debate information about how the country's natural resources are managed. EITI Reports have identified gaps in revenue collection, production and cost monitoring and cadastre information. Moving forward, there are opportunities to strengthen oversight of mining licence management to ensure that information on beneficial owners are made publicly accessible, and to enhance public trust in official production and export data. Victor Hart, chair of the TTEITI steering committee, said the country will "continue innovating through the EITI by promoting contract transparency, environmental reporting and reaching out to midstream and downstream companies to participate in EITI implementation."

Second Validations: deepening transparency and strengthening government systems

"Several EITI countries are now going through their second Validations and have made significant progress in bringing transparency to their oil, gas and mining sectors," said Mark Robinson, executive director of the EITI International Secretariat. *"These second Validations have shown that countries are successfully reforming their sectors and making noteworthy advancements in systematically disclosing EITI data, strengthening government systems."*

Ghana, Mauritania, [Nigeria](#) and Norway have undergone their second Validations and were evaluated based on the prescribed corrective actions.

[Ghana](#) was found to have made meaningful progress and fully addressed six out of the eight corrective actions. Ghana's implementation of EITI recommendations contributed to reforms that have increased the government's revenues from the sector, a priority for the government that wants to [decrease its reliance on foreign aid](#). The country was lauded for publishing all its mining, oil and gas contracts and making these accessible through online portals. Yet work remains to ensure comprehensive disclosure by the country's largest oil and gas companies.

Several large oil and gas projects are being developed in [Mauritania](#), a leading producer of iron ore. The country has achieved meaningful progress against the EITI Standard, having made improvements in the oversight of EITI implementation by the government, industry and civil society. The Board recognised Mauritania's efforts in using EITI reporting as a diagnostic tool to drive reforms in the management of extractives licences and state participation in the mining sector. A set of corrective actions were assigned to enhance disclosures of licence allocations and the licence register, improve disclosures on state participation in the mining sector, and strengthen the evaluation of the EITI's impact. The Board welcomed ongoing efforts to ensure systematic disclosure of EITI data, which will strengthen government systems and make EITI implementation more meaningful moving forward.

[Norway](#), which has supported the EITI since its inception, has achieved satisfactory progress. Widely lauded as a success story in the management of oil wealth, it was the first OECD country to implement the EITI, publishing eight EITI Reports from 2008 to 2015. In 2017, Norway was the first country to make an application to the EITI Board to mainstream EITI implementation. Timely, comprehensive and reliable information is published through the government's [Norwegian Petroleum website](#) and in companies' country-by-country reports. Accordingly, the EITI Board

agreed that standalone EITI Reports were no longer necessary and Norway applied to disband its EITI multi-stakeholder group. Transparency and inclusive governance are safeguarded through a range of forums that industry and civil society are using to promote good governance, including annual stakeholder meetings that address progress with EITI implementation.

Learn more:

- Overview of [Validation decisions](#) and documentation pages
- Validation scorecards:
 - [Ethiopia](#)
 - [Ghana](#)
 - [Guinea](#)
 - [Malawi](#)
 - [Mauritania](#)
 - [Norway](#)
 - [Trinidad and Tobago](#)
- EITI's [Validation process](#)