

*This note has been issued by the EITI International Secretariat to provide guidance to implementing countries on meeting the requirements in the EITI Standard. Readers are advised to refer to the EITI Standard directly, and to contact the International Secretariat to seek further clarification. Contact details can be found at [www.eiti.org](http://www.eiti.org).*

# Annual progress reports

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## *Guidance note 5 - Requirements 7.4 and 8.4*

### **1. Summary**

The annual progress<sup>1</sup> report is an important tool in managing the EITI implementation process. It can help an EITI implementing country to critically assess its progress against the EITI requirements. It also enables the multi-stakeholder group (MSG) to monitor if it is achieving its own objectives for implementation as established in the MSG's work plan, and if the EITI process is delivering the expected results. On the basis of such an assessment, the MSG can decide to revise its work plan or its objectives in order to act on opportunities for strengthening implementation. The reports are also intended to take stock of efforts to address EITI reporting and validation recommendations and can also help identify issues that need to be addressed between validations.

In addition, an annual progress report is an important communications tool. It provides an opportunity to show what the EITI implementing country has done to improve transparency and strengthen natural resource management through the EITI. It may also be a means for multi-stakeholder group members to account for their work towards their constituents and wider stakeholders.

Implementing countries are required to review the outcomes and impact of EITI implementation on natural resource governance and to publish annual progress reports, summarising the progress made in the preceding year (EITI Requirement 7.3 and 7.4). This guidance note provides a suggested template for how to develop an annual progress report. MSGs and national secretariats may wish to modify the template or use their own structure.

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<sup>1</sup> With the adoption of the revisions to the EITI Standard in February 2016, the annual activity report was renamed to annual *progress* report to encourage more focus on results and impact rather than on activities.

## 2. Requirements covering this topic

**Requirement 7.4 states that the multi-stakeholder group is required to review the outcomes and impact of EITI implementation on natural resource governance.**

a) The multi-stakeholder group is required to publish annual progress reports. The annual progress reports must include:

- i. A summary of EITI activities undertaken in the previous year;
- ii. An assessment of progress with meeting and maintaining compliance with each EITI requirement, and any steps taken to exceed the requirements. This should include any actions undertaken to address issues such as revenue management and expenditure (5.3), transportation payments (4.4), discretionary social expenditures (6.1), ad-hoc sub-national transfers (5.2), beneficial ownership (2.5) and contracts (2.4).
- iii. An overview of the multi-stakeholder group's responses to and progress made in addressing the recommendations from reconciliation and Validation in accordance with Requirement 7.3. The multi-stakeholder group is required to list each recommendation and the corresponding activities that have been undertaken to address the recommendations and the level of progress in implementing each recommendation. Where the government or the multi-stakeholder group has decided not to implement a recommendation, it is required that the multi-stakeholder group documents the rationale in the annual progress report.
- iv. An assessment of progress with achieving the objectives set out in its work plan (Requirement 1.5), including the impact and outcomes of the stated objectives.
- v. A narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders.
- vi. An evaluation of the implementation of the beneficial ownership roadmap.

b) All stakeholders should be able to participate in the production of the annual progress report and reviewing the impact of EITI implementation. Civil society groups and industry involved in the EITI, particularly, but not only those serving on the multi-stakeholder group, should be able to provide feedback on the EITI process and have their views reflected in the annual progress report.

**Requirement 8.4 establishes the deadline for publishing the annual progress report:**

Multi-stakeholder groups are required to publish annual progress reports (Requirement 7.4). The report of the previous year's activities must be published by 1 July of the following year. The EITI Board will establish appropriate deadlines for new EITI Candidate countries. If the annual progress report is not published within six months of this deadline, i.e. by 31 December of the following year, the country will be suspended until the EITI Board is satisfied that the outstanding progress report has been published.

*Source: EITI Standard 2016, p. 31-32 and 37*

Requirement 8.4 further states that the report on the previous year's activities must be published by 1 July of the following year. For example, the activity report for 2015 must be published by 1 July 2016.

### 3. Annual progress report template

A template for the annual progress report could look as follows:

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<Country> EITI Annual Progress Report <year>

#### 1. General assessment of year's performance

*In accordance with requirement 7.4(a)(i), provide a short summary of EITI activities undertaken in the previous year. The multi-stakeholder group may wish to outline how these activities relate to the objectives in the work plan.*

#### 2. Assessment of performance against targets and activities set out in the work plan

*Provide an assessment of progress with achieving the objectives set out in its work plan (Requirement 1.5), including the impact and outcomes of the stated objectives (requirement 7.4(a)(iv)).*

*The multi-stakeholder group may wish to*

- *List the objectives and targets set out in the work plan, and indicate progress in achieving these.*
- *Outline the activities in the work plan, including a description of whether these activities were fulfilled. Include any further activities that were not foreseen in the work plan but contributed to the wider targets.*

#### 3. Assessment of performance against EITI requirements

*Provide an assessment of progress in meeting and/or maintaining compliance with each of the EITI requirements (requirement 7.4(a)(ii)). This should include any actions undertaken to prepare for implementation of the EITI Standard, including addressing issues such as revenue management and expenditure (5.3), transportation payments (4.4), discretionary social expenditures (6.1), ad-hoc sub-national transfers (5.2), beneficial ownership and progress against the roadmap (2.5), and contracts (2.4).*

*The multi-stakeholder group may wish to conduct a requirement-by-requirement assessment using the table below, or use the pre-validation assessment tools to conduct a self-assessment of compliance with the EITI requirements. These tools are available here (add links and further details when these are updated)*

*The multi-stakeholder group may also consider peer reviewing progress in compliance with the EITI requirements with another EITI implementing country. This can be done by getting in touch with the peer country directly or with support from the International Secretariat.*

Requirements:	Progress:

#### 4. Overview of the multi-stakeholder group's responses to the recommendations from reconciliation and Validation, if applicable

*In accordance with requirement 7.4 (a)(iii), provide an overview of the multi-stakeholder group's responses to and progress made in addressing the recommendations from reconciliation and Validation in accordance with requirement 7.3. The multi-stakeholder group is required to list each recommendation and the corresponding activities that have been undertaken to address the recommendations and the level of progress in implementing each recommendation. The MSG might wish to draw on the overview of progress with EITI reporting related recommendations compiled by the Independent Administrator. Where the government or the multi-stakeholder group has decided not to implement a recommendation, it is required that the multi-stakeholder group documents the rationale in the annual progress report.*

*The multi-stakeholder group may also wish to identify how the work plan has been updated to incorporate the recommendations.*

Recommendation:	Status/progress:

## 5. Any specific strengths or weaknesses identified in the EITI process

*Provide a narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders (requirement 7.4(a)(v)).*

*The multi-stakeholder group may wish to include information about*

- *how the scope of EITI reporting has been expanded to meet the objectives set out in the work plan;*
- *efforts to ensure that the EITI Report contributes to increased public awareness in particular regarding the fiscal contribution of the extractives industry and how those revenues are allocated and spent ;*
- *efforts to build awareness and support, and to build capacity of the stakeholders; and*
- *any weaknesses identified in the EITI process, any actions to address these and outcomes from such actions.*

## 6. Implementation of beneficial ownership disclosure plans

*Describe and evaluate the implementation of the beneficial ownership roadmap or beneficial ownership activities outlined in the work plan (requirement 7.4(a)(vi)).*

## 7. Total costs of implementation

*The multi-stakeholder group may wish to include information about costs of implementation. This could include a comparison of outturn costs with the work plan costs, broken down by contributor and budget lines. It could also include information about the number of staff in the national secretariat.*

## 8. Any additional comments

## 9. Has this activity report been discussed beyond the MSG?

*In accordance with requirement 7.4.b, all stakeholders should be able to participate in the production of the annual activity report and reviewing the impact of EITI implementation. Civil society groups and industry involved in EITI, particularly, but not only those serving on the multi-*

*stakeholder group, should be able to provide feedback on the process and have their views reflected in the annual activity report.*

*This is an opportunity for MSGs to improve ownership of their process and to ensure that the EITI becomes more firmly rooted in broader country reform processes. Countries may wish to outline any broader exercises involving other stakeholders including civil society and companies, and how they were invited to feedback on the process and ensure that their views were reflected in the review.*

**10. Details of membership of the MSG during the period** (including details of the number of meetings held and attendance record)

Approved by MSG:

Date:

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## 4. Making use of the annual progress report to strengthen implementation and communicating impact

There are different ways the MSGs and national secretariats can make use of their annual progress reports.

### Using the annual progress report to strengthen EITI implementation

- **Regular examination of a country's objectives for EITI implementation:** Objectives for EITI implementation may change depending on national priorities. EITI's outreach activities can track how issues are being discussed by sectors. The annual progress report can document how debates in the extractive sector have evolved over the years and whether there is a need to align country objectives and activities with the national agenda.
- **Highlighting and addressing EITI implementation challenges:** The MSG can use the assessment against the work plan and EITI requirements to identify gaps and revise the work plan or other strategic plans for the remaining year. The report can be a useful tool ahead of preparing EITI reporting or validation if gaps and challenges are identified. The US EITI annual activity report includes a detailed assessment of progress in achieving work plan goals such as the development of an online, interactive data pilot.
- **Reviewing the mandate and structure of the EITI:** Emerging needs in sector governance might require adjustments in the membership of the MSG, such as when new sectors need to be

included, or in the role that the MSG want to play in governing natural resources. In some countries, government agencies have relied on the technical expertise of MSG members to improve government systems. The annual progress report can document these developments and help the MSG redefine its roles, and accordingly update its internal documents such as its Terms of Reference or Internal Rules of Procedure.

- **Evaluate stakeholder engagement.** Some countries use the annual progress report to publish MSG members' attendance in meetings. Countries can also include in the annual progress report EITI related activities that were conducted by CSOs and industry separately from the national secretariat. This is a good way to assess how regular and effective these sectors are in engaging their own constituents. An example would be the Philippines' 2014-2015 Annual Activity Report which includes activities conducted separately by CSOs and industry, and a summary of attendance in MSG meetings. For the government, the annual progress report can be used to document how EITI has been part of national dialogues by reviewing how much EITI has been involved in legislative debates and whether it has been mentioned in policy documents. This can also be used to assess whether there is a need to strengthen or renew political commitment.
- **Documenting impact:** The MSG is required to review the outcomes and impact of EITI implementation on natural resource governance (requirement 7.4). The annual progress report can use narrative to develop impact stories about the outcomes that EITI implementation has had in a country. EITI reporting might have highlighted important findings or gaps in how the sector is managed and provided input for policy debates or reform, or the EITI process might have provided a forum for stakeholders to engage in policy discussions. The annual progress report is an opportunity for countries to document and communicate such outcomes, for instance by providing a summary that clearly recounts the story of "impact or results" achieved from EITI implementation.

Documentation of impact does not only need to focus on the changes in the EITI process such as better data collection systems for EITI reports, but can also dig deeper to show how these changes have had an impact on policy reforms related to the extractive sector and on ordinary citizens. Some possible guiding questions for considering how EITI is making an impact are:

- How has the EITI contributed to building trust at the community and political level in the country?
- How has the EITI informed citizens and other stakeholders about the decision-making process of their extractive sector e.g. good storytelling and visualisation of the process leading to changes in citizen engagement?  
What progress has the EITI made in tackling key challenges in the country's sector?

The EITI International Secretariat's Progress Report provides examples of impact stories from countries: [progrep.eiti.org](http://progrep.eiti.org) or [eiti.org/document/progress-report](http://eiti.org/document/progress-report) (PDF).

## Communicating the findings of the annual progress report

- **Outreach to stakeholders and partners:** The annual progress report can help document and highlight the ways in which stakeholders and partners can make use of the EITI. This can be domestic stakeholders such as government representatives, companies, civil society or international partners such as donors. This may help galvanize support for the implementation of EITI Recommendations. In **the Philippines**, the report has been used to link the EITI to broader



reform priorities such as the helping local government units to quantify the contribution of mining companies and hence to assess the value, impact and desirability of mining activity in the area.

- **Consulting and engaging stakeholders:** The annual progress report can be used as a feedback mechanism from wider stakeholders to the MSG on the outcomes and impact of the EITI in the country so far, and what issues stakeholders wish to see feature (or not) on the EITI agenda in the country. This can help increase country ownership of the process, awareness of the EITI and its relevance to natural resource governance and stakeholder accountability. In **Togo** for example, an EITI Assembly is held every year during which the report and the impact of the EITI in the country is discussed by stakeholders.
- **Communicating the report to the wider public:** Disseminating the report by publishing it online could contribute to raising awareness about transparency in the extractive sector and the impact of EITI. For example, in the **DRC**, the annual activity report was used to document the tangible results of EITI implementation including the creation of an online cadastre for the mining sector, the publication of contracts, the disclosure of preliminary information on beneficial ownership. It has also been used to highlight ongoing reforms such as the hydrocarbon and mining codes and the establishment of a committee mandated with the review of monthly payments to the central bank.

## 5. Examples of past annual activity reports:

- Cameroon EITI 2014 Annual Activity Report (in French)  
<https://eiti.org/files/Cameroon/Cameroon-2014-AAR-s.pdf>
- The Democratic Republic of Congo EITI 2014 Annual Activity Report (in French):  
[https://eiti.org/files/drc\\_2014\\_aar.pdf](https://eiti.org/files/drc_2014_aar.pdf)
- Nigeria EITI Annual Activity Report 2014:  
<https://eiti.org/files/NEITI%20Annual%20Activity%20Report%202014.pdf>
- Philippines EITI Annual Activity Report 2014-2015: <http://www.ph-eiti.org/document/2015/07/06/2nd-PH-EITI-Annual-Activity-Report.pdf>
- Sao Tome and Principe EITI Annual Activity Report 2014 (in Portuguese):  
<https://eiti.org/files/RELATORIO%20ACTIVIDADES%202014.pdf>
- United States EITI Annual Activity Report 2014:  
[https://eiti.org/files/usa\\_2014\\_annual\\_activity\\_report\\_aar.pdf](https://eiti.org/files/usa_2014_annual_activity_report_aar.pdf)