Validation of Argentina (2022): Final assessment of progress in implementing the EITI Standard
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Acronyms

AFIP  Federal Administration of Public Revenues
AR-EITI  Argentina’s Extractive Industries Transparency Initiative
BO  Beneficial ownership
CAEM  Argentine Chamber of Mining Entrepreneurs
CSO  Civil Society Organisation
EIA  Environmental Impact Assessment
EITI  Extractive Industries Transparency Initiative
ESTMA  Canada’s Extractive Sector Transparency Measures Act
FIU  Financial Intelligence Unit
FPIC  Free Prior Informed Consent
GDP  Gross Domestic Product
IA  Independent Administrator
IAPG  Argentine Oil and Gas Institute
IGJ  General Inspectorate of Justice
MAYDS  Ministry of Environment and Sustainable Development
MDP  Ministry of Productive Development
MSG  Multi-Stakeholder Group
NGO  Non-Government Organisation
PEP  Politically Exposed Person(s)
SEN  Ministry of Energy (Secretaría de Energía de la Nación)
SOE  State-Owned Enterprise
USD  United States Dollar
ToR  Terms of Reference
TWG  MSG’s Technical Working Group(s)
UCA  Catholic University of Argentina
UNSAM  National University of General San Martín
YCRT  Yacimientos Carboníferos Río Turbio (Río Turbio Coal Deposits)
YMAD  Yacimientos Mineros Agua de Dionisio (Agua de Dionisio Mining Deposits)
YPF  Argentina’s national oil company (formerly Yacimientos Petrolíferos Fiscales)
Executive summary

This Validation report presents the findings of the International Secretariat’s Validation of Argentina, which commenced on 1 January 2022. The draft report was finalised for review by the multi-stakeholder group (MSG) on 28 March 2022. Following comments from the MSG received on 25 April 2022, the Validation report was finalised for consideration by the EITI Board. The assessment suggests that Argentina has fully met 13 EITI Requirements, mostly met ten and partly met five requirements.

Argentina was accepted as an EITI member country in February 2019, with the terms of adapted implementation in its candidature application approved by the EITI Board. In Phase I of its adapted implementation, Argentina’s government and MSG committed to undertaking outreach to provincial governments, to map out existing systematic disclosures of EITI data at the provincial level, and to pilot EITI disclosures in one or more provinces.

Key achievements

- Argentina has successfully established company EITI reporting practices in the mining sector, a key ambition for its EITI implementation since inception. All mining companies selected to report in EITI have done so. While disclosures of mining companies’ payments to the Federal Government represent only a small share of their overall contribution to the economy and have not been matched by oil and gas companies’ reporting to date, the establishment of reporting routines by metallic mining companies provides a solid foundation for further strengthening EITI disclosures in the future.

- The EITI appears to have been used by successive administrations as a stimulus for accelerating the digitisation of Federal Government information systems related to the extractive industries, primarily at a political rather than operational level to date. The Ministry of Productive Development has implemented a number of reforms in its administrative procedures that are linked to the EITI, including the establishment of a new Federal Mining Information System that aims to centralise information on the mining sector currently spread out across various provincial government systems, often not publicly accessible.

- The consensus view from stakeholder consultations is that Argentina’s EITI MSG has provided a unique platform for stakeholders to discuss issues of extractive industry governance. Having established this platform, there is scope to enrich multi-stakeholder deliberations by linking them to issues of public interest in the natural resource governance debate.

Areas for development

- The scope of Argentina’s EITI implementation has remained limited due to the narrow interpretation of adapted implementation to cover only extractive industries that are under the jurisdiction of the Federal administration. Given the availability of some information on the provincial aspects of the extractive industries available from other sources than provincial governments, including for instance companies’ social and
environmental expenditures, there is a clear opportunity to significantly broaden the scope of Argentina’s EITI disclosures, building on the Federal Government’s commitment to map disclosures of EITI data by Provincial Governments. There is also an opportunity to expand disclosures by extractive companies in the scope of EITI reporting, particularly with regard to their operations at the provincial level. While the terms of Argentina’s adapted implementation recognise the limits of mandated disclosures, a thorough review of publicly available information and reporting by companies could form a more robust basis for the MSG and Federal Government to work with provincial governments in ensuring a more comprehensive EITI implementation.

- Argentina’s attempts to build EITI reporting based on existing systematic disclosures is in line with efficient implementation. This should facilitate MSG efforts to use annual EITI disclosures as a diagnostic tool. However, there is still ample room to ensure MSG analysis covers areas such as deviations in the rules and practices of extractive industry governance, including in areas of license and contract awards, transfers and disclosures as well as beneficial ownership and extractive companies’ social and environmental expenditures. There appears to be public appetite for this type of diagnostic work on licensing practices, contract disclosure, and social and environmental contributions, both at the federal and provincial levels.

- There is scope to strengthen stakeholder engagement in the EITI process. Despite active participation from mostly national based civil society organizations and the mining industry, there is work left to ensure that all stakeholders involved contribute to the implementation of the EITI given uneven participation of the oil and gas sector. The EITI process will benefit from renewed efforts to ensure meaningful participation from stakeholders at the subnational level, including industry and provincial governments. This Validation presents an opportunity for the MSG to review the annual EITI work plan, formulate plans for the next stage of Argentina’s adapted implementation and reinvigorate outreach to a broader set of stakeholders.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

The government, companies and civil society appear generally engaged in the EITI process. A MSG has been established and it operates in a broadly fair and balanced manner, providing effective oversight on implementation. There is an enabling environment for civil society participation in the EITI process and the civil society constituency appears engaged in all aspects of EITI implementation. Nevertheless, there have been some constraints on EITI implementation, such as taxpayer confidentiality and data privacy provisions hindering the disclosure of beneficial ownership information, which the government does not appear to have taken steps to effectively overcome. Provincial governments have not yet formally joined or piloted EITI implementation despite some outreach in the 2018-2021 period. Limited industry engagement has led to important omissions in company participation in EITI reporting, particularly in the oil and gas sector. Nonetheless, the MSG exercises adequate oversight of the EITI process, even if the
formalisation of constituency coordination and MSG nomination procedures would further improve the accountability of those exercising multi-stakeholder oversight of EITI implementation.

**Transparency**

Argentina’s EITI implementation has focused on the areas administered by the Federal Government (i.e., offshore oil and gas), not by provinces. Despite commitments at the time of candidature and the application for adapted implementation, Argentina has not yet used its EITI reporting to review existing systematic disclosures of data required by the EITI Standard by subnational governments. There is a solid basis of systematic disclosures at the Federal Government level, albeit primarily on the oil and gas sector that was entirely federally-managed until 2006 rather than on the mining sector that has always been governed at the provincial level. Argentina has successfully established an EITI reporting process that has included some companies in metallic mining (accounting for most of production) as well as in oil and gas. Significant gaps in oil and gas company reporting means that only a minority of federally collected oil and gas revenues were disclosed to levels required by the EITI Standard, resulting in an assessment of ‘partly met’ in the comprehensiveness of disclosures. While Argentina has adopted the ‘flexible’ EITI reporting approach for its first two EITI Reports to date, it has effectively used the reporting process to map out existing sources of systematic disclosures by the Federal Government and (some) companies. However, this survey method has not extended to a diagnostic approach for discussing deviations between rules and practices in the governance of the extractive industries, including in the award and transfer of licenses and contracts. The government and MSG have undertaken some outreach to Provincial Governments, but the lack of mapping of subnational governments’ systematic disclosures and a strategy underpinning outreach have constrained the outcomes of this outreach, resulting in an assessment of disclosures related to direct subnational payments as ‘partly met’. While there is evidence of extensive MSG discussions of aspects of the EITI Standard related to contract disclosure, beneficial ownership transparency and social and environmental expenditures, the government policy and practices related to these crucial aspects of extractive governance remain insufficiently disclosed. In particular, the lack of enabling framework for public disclosure of beneficial ownership and the lack of disclosures to date results in an assessment of beneficial ownership transparency as ‘partly met’. There is significant potential for Argentina to integrate EITI into ongoing Federal Government reforms, while extending the scope of implementation and disclosures to provincial-level stakeholders. The recent launching of SIACAM, a reporting tool on mining information evidences this potential and identifies the areas where Argentina’s implementation of the EITI Standard should continue progressing. There appears to be strong support from industry and civil society to expand EITI disclosures to social and environmental expenditures, which are assessed as ‘partly met’ at present.

**Outcomes and impact**

Argentina has made some efforts to ensure that EITI implementation supports national priorities, public debate, and reforms. The work plan includes activities aimed at supporting national priorities for the extractive industries, the MSG has made some efforts at outreach to stakeholders, particularly at the subnational level, and there is evidence of follow-up on recommendations. The MSG published a review of outcomes and impact of EITI implementation at the end of the period under review. However, there is scope to more clearly align work plan
objectives with national priorities and reflect this in the annual review and publicly available updates to the work plan. The MSG’s attention to outreach should be matched by a focus on dissemination of the findings from EITI implementation with a view to generating public debate and informing public policy making. Greater participation of the broader government, industry and civil society constituencies in the development of the work plan and the annual review of outcomes and impact should be a priority to strengthen the EITI’s planning, monitoring and evaluation tools. The recent inauguration of MEMAC, an open forum where civil society organisations, labour unions, industry and the government will analyse and discuss issues regarding mining governance can strengthen EITI implementation, despite being focused only on mining and not on oil and gas.
## Validation of Argentina (2022): Final assessment of progress in implementing the EITI Standard

### Validation scorecard

<table>
<thead>
<tr>
<th>Component &amp; module</th>
<th>EITI Requirement</th>
<th>Progress</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Outcomes and impact</strong></td>
<td>Moderate</td>
<td>72.5/100</td>
<td></td>
</tr>
<tr>
<td>Extra points</td>
<td>Effectiveness and sustainability indicators</td>
<td>Mostly met</td>
<td>60</td>
</tr>
<tr>
<td><strong>Outcomes and impact</strong></td>
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<tr>
<td>Multi-stakeholder oversight</td>
<td>Government engagement (#1.1)</td>
<td>Fully met</td>
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<tr>
<td></td>
<td>Industry engagement (#1.2)</td>
<td>Mostly met</td>
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<tr>
<td></td>
<td>Civil society engagement (#1.3)</td>
<td>Fully met</td>
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</tr>
<tr>
<td></td>
<td>MSG governance (#1.4)</td>
<td>Fully met</td>
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<tr>
<td><strong>Stakeholder engagement</strong></td>
<td>Moderate</td>
<td>64.5/100</td>
<td></td>
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<tr>
<td><strong>Transparency</strong></td>
<td>Fairly low</td>
<td>64.5/100</td>
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<tr>
<td>Overview of the extractive industries</td>
<td>Exploration data (#3.1)</td>
<td>Fully met</td>
<td>90</td>
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<td></td>
<td>Economic contribution (#6.3)</td>
<td>Fully met</td>
<td>90</td>
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<tr>
<td>Legal and fiscal framework</td>
<td>Legal framework (#2.1)</td>
<td>Fully met</td>
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<td></td>
<td>Contracts (#2.4)</td>
<td>Partly met</td>
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<tr>
<td></td>
<td>Environmental impact (#6.4)</td>
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<td>Licenses</td>
<td>Contract and license allocations (#2.2)</td>
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<td></td>
<td>License register (#2.3)</td>
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<td>Ownership</td>
<td>Beneficial ownership (#2.5)</td>
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<td>State participation</td>
<td>State participation (#2.6)</td>
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<tr>
<td></td>
<td>In-kind revenues (#4.2)</td>
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<td>SOE transactions (#4.5)</td>
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<tr>
<td></td>
<td>SOE quasi-fiscal expenditures (#6.2)</td>
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<td>Production and exports</td>
<td>Production data (#3.2)</td>
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<td>Export data (#3.3)</td>
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<td>Revenue collection</td>
<td>Comprehensiveness (#4.1)</td>
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<td>Barter agreements (#4.3)</td>
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<td></td>
<td>Transportation revenues (#4.4)</td>
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<td>Disaggregation (#4.7)</td>
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<td>Data timeliness (#4.8)</td>
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<td></td>
<td>Data quality (#4.9)</td>
<td>Mostly met</td>
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<tr>
<td>Revenue management</td>
<td>Distribution of revenues (#5.1)</td>
<td>Fully met</td>
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<tr>
<td></td>
<td>Revenue management &amp; expenditures (#5.3)</td>
<td>Not assessed</td>
<td>-</td>
</tr>
<tr>
<td>Subnational contributions</td>
<td>Direct subnational payments (#4.6)</td>
<td>Partly met</td>
<td>30</td>
</tr>
<tr>
<td></td>
<td>Subnational transfers (#5.2)</td>
<td>Not applicable</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>Social and environmental expenditures (#6.1)</td>
<td>Partly met</td>
<td>30</td>
</tr>
<tr>
<td><strong>Overall score</strong></td>
<td>Moderate</td>
<td>73/100</td>
<td></td>
</tr>
</tbody>
</table>
How EITI Validation scores work

Component and overall score
The three components of EITI Validation – “Transparency”, “Stakeholder engagement” and “Outcomes and impact” – each receive a score out of 100. The overall score represents an average of the component scores.

Assessment of EITI Requirements
Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.

- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.
1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Argentina addresses national extractive sector challenges and risks.

The objectives for Argentina’s EITI implementation were originally set during the candidature preparation period in 2018. While the objectives were originally developed in a consultative manner and have been occasionally discussed at MSG meetings in the 2020-2021 period, there is no evidence of a concerted effort by the MSG to reassess implementation objectives on an annual basis. Argentina’s EITI work plan objectives have primarily focused on aspects of implementing the EITI Standard, with a notable exception with one objective related to improvements in public administration, and do not explicitly link to any broader national objectives for the extractive industries.

Despite the lack of explicit alignment of the EITI work plan with national reform priorities, there is evidence that the MSG has expanded the work plan to include activities of importance for national circumstances, such as gender considerations in stakeholder engagement within the EITI process and in the planning of EITI activities such as dissemination and outreach. The work plan also includes activities related to expanding the scope of EITI implementation to provincial governments, which has traditionally been a key challenge in extractive industry governance. However, there is limited evidence of the MSG considering opportunities to go beyond minimum requirements of the EITI Standard in other segments of the extractive industries or other aspects of extractive governance. Nonetheless, minutes of MSG meetings reflect occasional discussions of issues beyond the minimum requirements of the EITI Standard, including local content, beneficial ownership of non-extractive companies and gender impacts of the extractive industries.

A majority of stakeholders consulted noted that the outcomes and impacts of implementation had been limited to date, both due to the country-specific circumstances of elections, the COVID-19 pandemic, fiscal constraints in the 2019-2022 period and the limited scope of implementation that did not include coverage of extractive industries under the jurisdictions of provincial governments. While the publication of Argentina’s 2018 and 2019 EITI Reports had improved the transparency of the largest mining companies’ payments to the Federal Government, most stakeholders consulted considered that there had been only incremental improvements in the transparency of the mining sector’s contribution to the economy, which was considered a key motivation for Argentina’s implementation of the EITI. However, several industry and government stakeholders attributed the recent launch of the Federal Mining Information System to EITI implementation, although at the time the platform was still being extended to the provinces. There was consensus among most stakeholders consulted that the expansion of EITI implementation to the provinces was a priority as it will ensure that the EITI could lead to tangible outcomes and impacts in accordance with Argentina’s implementation objectives.
The Secretariat’s initial proposal is that zero additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

There are systematic disclosures of some of the information required by the EITI Standard related to parts of the extractive industries administered by the Federal Government (i.e., primarily offshore oil and gas activities). Thus, information on the legal environment, fiscal regime, production, exports and non-tax revenues related to oil and gas from offshore areas is routinely published in open format on the Argentina government website and the Ministry of Energy website. However, systematic disclosures on extractive activities governed by provincial governments, such as mining and onshore oil and gas, are significantly more limited. There is no evidence that the MSG has yet reviewed systematic disclosures by subnational governments as part of Argentina’s EITI disclosures to date, despite the terms of Argentina’s adapted implementation in which the government and MSG pledged to undertake such a review. The two industry associations engaged in EITI to date systematically disclose some information on the respective sectors, with the IAPG (Instituto Argentino del Petróleo y del Gas) maintaining a statistical portal on oil and gas exploration and production, while the CAEM (Cámara Argentina de Empresarios Mineros) publishes some aggregate information on mining production, exports and payments to government through annual economic reports published on its website.

Argentina’s 2018 and 2019 EITI Reports were produced under the “flexible” EITI reporting approach that sought to build on existing systematic disclosures by Federal Government agencies identified in the MSG’s 2020 scoping study (‘materiality report on systematic disclosures’). More recently in 2021, the MSG’s working group on information systems has worked with the Ministry of Productive Development’s IT Department to design and develop an online reporting tool for EITI disclosures. The tool is expected to be developed in 2022, to support EITI reporting from 2023 onwards. As an interim step, the Argentina EITI website now includes a page on hydrocarbons that links to oil and gas data that is systematically disclosed on Federal Government websites. However, there is little evidence of MSG efforts to integrate parts of company EITI reporting with their other reporting obligations, including to the Ministry of Energy (for oil and gas), to the Ministry of Productive Development (for mining), to the Ministry of Economy (for all taxpayers) or to foreign jurisdictions (for those companies with headquarters in the European Union or Canada, where they are required to publish ‘payments to government’ reports). There is thus significant scope to integrate parts of EITI reporting by both companies and government agencies (at both national and subnational levels) into ongoing or planned reforms, including in the Ministry of Productive Development’s regular surveys of mining companies and the establishment of the Federal Mining Information System.

The Secretariat’s proposal is that zero additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.
The legislative and regulatory environment for the extractive industries appears to be conducive to citizen participation in the extractive industry governance debate. There are legal provisions for free prior informed consent (FPIC) in extractive projects, even if only around half (11 of 23) of provinces have implemented these legal provisions into their licensing systems to date. Argentina’s ratification of the regional Escazú Agreement in 2021 has established new safeguards for the protection of environmental defenders. However, social strife remains a feature of extractive projects, with civil society organisations citing some USD 20 billion in stalled extractive projects due to social opposition. Argentina has established a new forum for multi-stakeholder discussions on the extractive industries through the EITI MSG, although participation has focused on Buenos Aires based stakeholders and on issues under the jurisdiction of the Federal Government. There is no evidence in MSG meeting minutes of any discussion on the policies and practices related to citizen participation in extractive governance outside of EITI implementation. Some discussion of ongoing or planned legal and regulatory reform has occurred at the MSG, with evidence of some attempt at using the EITI as a means of influencing such reforms. However, there is no evidence of the MSG having reviewed or conducted outreach to any other mechanism for citizen participation in extractive industry governance.

There appear to be some technical and financial capacity constraints within the broader constituency on EITI-related issues. Beyond general awareness gaps about the EITI in the broader constituency, stakeholders consulted from various constituencies highlighted technical capacity constraints for CSOs, including on the MSG, related to understanding how the mining, oil and gas industries operate in practice. Financial capacity constraints were generally considered to mirror broader financial constraints in the economy. Technical capacity constraints were considered to be particularly acute in grassroots organisations and NGOs that were considered, primarily environmental activists and campaigners. Several CSOs such as Directorio Legislativo have successfully raised funding and secured technical assistance from development partners such as the Governments of Canada and the United Kingdom for their EITI-related provincial outreach efforts. While there has been annual outreach events in four key provinces (Neuquén, Río Negro, San Juan, Salta), stakeholders consulted considered that these were more basic interactions focusing on awareness. There is no evidence from either documentation provided or stakeholder consultations that the EITI has had an impact on civic space related to extractives governance to date.

The Secretariat’s proposal is that zero additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy.

Disclosures in the 2018 and 2019 EITI Reports, stakeholder consultations and evidence from outreach events appear to indicate that Argentina’s EITI implementation has led to the disclosure of some information demanded by different constituencies. However, the usefulness of the disclosed information remains limited given the lack of participation by provincial governments in the EITI process. Most stakeholders consulted noted that the public availability of oil and gas information was relatively high. While EITI Reports had increased transparency in mining
companies’ payments to the Federal Government, there was broad consensus that information about mining licensing activities, environmental impacts, employment, payments to the provincial governments and social expenditures was in greater demand by stakeholders at the subnational level but not yet disclosed through EITI reporting.

There is evidence of use and analysis of extractive industry data in Argentina on the part of government agencies, think tanks and CSOs. For instance, the Federal Government’s Centro de Estudios para la Producción CEP XXI publishes regular research on the extractive industries on its website, which are aimed at generating public debate to inform public policy. The think tank Centro Argentino de Ingenieros has published reports on the country’s mining industry, making use of official statistics and discussing the EITI’s role. There has been press coverage of EITI in Argentina in the 2019-2022 period, although primarily around the candidature in 2019 and focused on the launch of EITI Reports in 2020-2021, rather than on the findings of EITI Reports or specific EITI data points. The MSG has held several subnational outreach events (‘extractive industry transparency conferences’) in the 2019-2021 period, including two in 2018, three in 2019, two in 2020 and three in 2021 targeting resource-rich provinces.

Disclosures of mining information have expanded significantly since the launch of the Open Information System for the Community on Mining Activity (SIACAM) in March 2022. The System discloses disaggregated information on exports, production, employment, disaggregated data by province. The SIACAM system draws on data from EITI Reports on company payments to the government. The EITI played a key impetus for developing the system, as noted in the Government Decree establishing the SIACAM.

The Secretariat’s proposal is that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices.

Evidence submitted for this Validation and stakeholder consultations did not identify any legal or regulatory reform that was either developed or supported by EITI implementation to date. While the MSG has established a mechanism for consistent follow-up on recommendations from EITI reporting, the majority of EITI recommendations to date have focused more narrowly on EITI disclosures and implementation rather than broader sector reforms. However, several government officials consulted considered that the EITI had provided the impetus for accelerating reforms in administrative procedures, particularly related to the Federal Government’s aggregation of provincial-level data on the mining sector. At the policy level, several government officials confirmed the MSG’s submission that the Ministry of Productive Development (MDP) has aligned its policies and guidelines with systematic disclosures of EITI data. The MDP’s Federal Mining Information System, being developed to draw on provincial governments’ mining data, is presented by the MSG as partly linked to EITI implementation, given the need to centralise information on extractive industries at the national level. The MDP is also working to establish a database of information drawn from its regular surveys of mining
companies to provide a national source of information on the mining investment regime. There is also evidence of the MSG discussing ongoing regulatory and administrative reforms related to EITI Requirements, including beneficial ownership transparency.

The Secretariat’s proposal is that zero additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 1.5 and 7, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

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<tr>
<th>EITI Requirement and assessment</th>
<th>Summary of progress in addressing the EITI Requirement</th>
</tr>
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<tr>
<td>Work plan (Requirement 1.5)</td>
<td>The Secretariat’s assessment is that Requirement 1.5 is mostly met in Argentina in the period under review. Some members of the MSG consulted broadly considered that the objective of annual planning for EITI implementation supports implementation of national priorities for the extractive industries had been fulfilled, although others not represented on the MSG did not consider that there had been annual consultative updates to the work plan in order to achieve this objective.</td>
</tr>
<tr>
<td>Mostly met</td>
<td>Argentina EITI has agreed and published one work plan for the first two years of EITI implementation (2018-2021). The work plan was drafted, approved and submitted to the EITI Board as part of Argentina’s candidature application on 19 December 2018. It is accessible on the EITI Argentina website. The work plan includes some activities related to the seven country objectives agreed upon by MSG members, although the link to national priorities is not explicit. The MSG has not updated this document on an annual basis, as required by Requirement 1.5f, and as planned in the work plan’s own specific objective 4.3. Nonetheless, the MSG has held meetings to revise and update some activities in the work plan and the work processes inside the MSG, such as defining and convening working groups to support the work of the MSG (MSG meeting No 1, 31 March 2020), and readjusting their objectives (MSG meeting No 11, 26 November 2020). The work plan appears to have been the product of broad consultations, with MSG meeting minutes reflecting that the process for developing the work plan spanned seven months.</td>
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The 2018-2021 work plan is a clear and detailed planning document that addresses the priorities defined by the MSG. It
Validation of Argentina (2022): Final assessment of progress in implementing the EITI Standard

| Public debate  
| Requirement 7.1 |
| ---------------|----------------|
| Mostly met     |                |

The work plan includes activities to address capacity constraints to implement the EITI, as well as to follow up on lessons learned from EITI implementation and on recommendations from EITI reporting and Validation. The work plan sets out a goal to ensure systematic disclosure of all EITI relevant information in no more than four years after the publication of the work plan (December 2022).

Regular discussions of the work plan and documented MSG agreement on updates to the work plan activities and timeline reflected in the minutes of MSG meetings as well as from Argentina’s December 2021 EITI annual progress indicate that the work plan is used as a monitoring tool for the progress of EITI implementation. However, it is of concern that the MSG has not held annual discussions on the work plan, as foreseen in the document, and has not published annual updates. The MSG could have made clear that, despite a change of government, priorities for the extractive sector remained the same or went through some modifications that could have been reflected in the work plan. Stakeholders consulted did not describe the work plan as a tool for holding the MSG accountable to broader constituency groups, which is one of the objectives of requirement 1.5.

Public debate (Requirement 7.1)

The Secretariat’s assessment is that Requirement 7.1 is mostly met in Argentina in the period under review. Stakeholders consulted for this Validation generally described outreach and public debate to be lacking in regard to EITI. While noting recent MSG focus on planning outreach and dissemination activities, most stakeholders consulted both on and off the MSG considered that the objective of enabling evidence-based public debate on extractive industry governance through active communication of relevant data was not yet fully achieved. However, while acknowledging the impact of the COVID-19 pandemic on planned communications activities, the MSG argued that there had been considerable progress towards the objective of Requirement 7.1.

While the disclosures made in EITI reporting are generally comprehensible, there was broad consensus in stakeholder consultations conducted for this review that there had been little promotion or dissemination of EITI data or disclosures. The MSG’s Outcomes and impact template submitted for this Validation
highlighted the launch of the Argentina EITI website and several outreach and engagement events. It appears that most of these events were focused on engaging the participation of provincial stakeholders in Argentina’s EITI implementation, and not in an effort to disseminate disclosures in the service of public debate, as required by the 2019 Standard. However, the MSG’s comments on the draft assessment highlighted that the Momentum Sustainability Forum organised by the Argentina branch of the International Training Centre for Authorities and Leaders (CIFAL Argentina) in November 2021 devoted a session to the EITI, attended by national and international EITI office-holders.

Evidence suggests that the MSG has discussed dissemination and outreach in general terms, and has made some efforts in engaging the participation of stakeholders at the provincial level. EITI Reports have been produced in Spanish language on the Argentina EITI website. The MSG has discussed dissemination and outreach in general terms, although there are no records of the MSG’s working group on communications’ discussions of considerations of access challenges and information needs of different genders and subgroups of citizens, even if such discussions may have taken place without being recorded. Nonetheless, the MSG’s comments on the draft assessment highlighted outreach and communications activities targeting Provincial Governments, university students and journalists in the period under review. With regards to university students in particular, the MSG’s comments highlighted presentations of the EITI to post-graduate courses on Environmental Law at the Universidad Católica Argentina (UCA) in August 2019, and the incorporation of an EITI component in the EIKON Junior awards for excellence in institutional communications, which cover all universities in Argentina. The MSG’s comments also noted that Argentina EITI sent press releases related to the publication of the first EITI Report to more than 70 journalists from leading national and international media and news agencies.

Despite some weaknesses in dissemination efforts, analysis of media coverage of Argentina EITI suggests that there has been modest reference to EITI Reports and processes in the Argentinian press between 2019 and 2021. Press coverage has primarily been in industry press platforms such as ‘Mining press’ and ‘El Inversor energético’, though from 2020 there was also increasing coverage in provincial media platforms such as ‘La Opinión Austral’ and ‘Minuto Neuquén’ and advocacy platforms such as ‘Poder Local’ and ‘Futuro Sustentable’. The MSG’s comments highlighted a mention to the EITI in El Clarín, a relevant national newspaper, in the framework of a university contest to improve communication about mining. Stakeholders consulted for this Validation suggest nevertheless that EITI implementation and reporting has generated little public interest, in part due to a misalignment between Argentina EITI’s emphasis on mining revenue disclosure and public.
interest in social and environmental issues associated with the extractive industries.

The MSG’s comments on the draft assessment explained that the Argentina EITI communications strategy had to be adapted in light of the COVID-19 pandemic since 2020, which was adjusted through the monthly meetings of the MSG’s Communications Working Group. The Secretariat recognizes that dissemination and outreach has been affected by the broader COVID-19 pandemic since 2020. However, the MSG appears to have sustained some outreach to the provinces during the pandemic in 2020-21. The MSG’s comments on the draft assessment highlighted statements by provincial legislatures in Catamarca, Salta and Neuquen expressing support for the establishment of mechanisms to implement the EITI at the provincial level.

| Data accessibility and open data (Requirement 7.2) | The Secretariat’s assessment is that Requirement 7.2 is fully met in Argentina in the period under review. Generally, stakeholders consulted for this Validation believed that EITI data was sufficiently open and accessible for reuse and analysis by the general public. While Argentina has not developed a standalone EITI open data policy, it has adhered to the general Federal Government’s Regime of Access to Public Information, which covers the terms of release, use and reuse of government data. Argentina’s 2021 annual progress report describes EITI implementation as in line with the country’s open data strategy. The MSG’s Outcomes and impact template submitted for this Validation indicates three national polices on open data, but there is no documented evidence of any EITI-specific open data policy agreed by the MSG, or reference to any MSG discussion of national open data policies in the minutes of its meetings. In practice, however, it appears that all EITI data and disclosures are made available in machine-readable and open data formats on government webpages for the hydrocarbon and mining sectors respectively. A review of these webpages nevertheless indicates that the mining portal has several broken links and that some information, such as project lists, are presented in PDF, rather than machine-readable format. Stakeholders consulted nevertheless argued that publication of data in open data format on these portals represented an improvement in accessibility. Argentina has published a summary data file for 2018, but not for 2019, although the 2019 EITI Report was only published in late December 2021, immediately ahead of the commencement of this Validation. In regard to systematic disclosure of EITI data, the MSG contracted a report on materiality, applicability of EITI Requirements and systematic disclosures in 2020. MSG presentations and discussions in connection with the 2018 EITI Report suggest that |
“more than 40% of applicable requirements are online.” Based on the MSG’s self-assessment of systematic disclosures in the 2018 summary data file however, it appears that there is limited progress in using the EITI to strengthen systematic disclosures to date. However, there are pre-existing systematic disclosures by the Federal Government. Thus, information on the legal environment, fiscal regime, production, exports and non-tax revenues related to oil and gas from offshore areas is routinely published in open format on the Argentina government website and the Ministry of Energy website. However, systematic disclosures on extractive activities governed by provincial governments, such as mining and onshore oil and gas, are significantly more limited.

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<tr>
<th>Recommendations from EITI implementation (Requirement 7.3)</th>
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<tr>
<td><strong>Fully met</strong></td>
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The 2018 and 2019 EITI Reports contain substantive recommendations on how to improve EITI implementation in Argentina. Minutes of MSG meetings show that recommendations from the 2018 EITI Reports were discussed in detail by the MSG and incorporated into work planning. Consultations with some stakeholders noted that several of these recommendations were repeated in the 2019 EITI Report because they had not been sufficiently implemented. In its comments on the draft assessment, the MSG argued that it considered the objective of Requirement 7.3 as fully met given that there was a robust mechanism for consistent follow-up on EITI recommendations and the fact that some recommendations were repeated across the first two EITI Reports given the need for continuity in recommendations that took time to address.

Although the MSG’s December 2021 meeting approved the 2019 EITI Report, recommendations from that report were not discussed. Although the Argentina EITI work plan includes general activities related to follow-up on recommendations, there is no documented evidence that the MSG had established a specific mechanism in practice for following up on recommendations and discrepancies highlighted in EITI Reports in the period under review. However, Argentina EITI’s 2021 progress report provided a detailed review of the status of each recommendation from the 2018 EITI Report, while identifying the relevant stakeholders involved in the follow-up. The MSG’s comments on the draft assessment highlighted this follow-up on EITI recommendations, noting that the annual progress report identified recommendations that were completed and those that were still ongoing at the end of 2021. The MSG’s comments also noted that, despite the gaps in documentation, its mechanism for consistent follow-up on EITI recommendations consisted in the MSG’s oversight of the work of its Technical Working Groups, which were tasked with following up on past recommendations from EITI reporting. Generally, stakeholders consulted for this Validation described meaningful discussion and reflection in the MSG, consistent with the continuous learning.
### Review the outcomes and impact of EITI implementation (Requirement 7.4)

**Mostly met**

Argentina EITI has only published one annual progress report (APR) covering the activities from December 2018 until December 2021. The report was published in December 2021 on the Argentina EITI website. Although EITI Argentina has not published progress reports on an annual basis, the minutes of MSG meetings show that the group has continuously reviewed progress in achieving the objectives set in the work plan as well as the recommendations from the first EITI Report.

Argentina’s sole APR documents the activities conducted since Argentina submitted its candidacy to become an EITI implementing country. It includes a self-evaluation on progress achieved in each of the EITI Requirements during the last three years. Given Argentina’s Board-approved adapted implementation, the APR provides an analysis of the requirements that were not considered for implementation by the MSG, as well as an assessment of the progress to date in meeting the terms of Argentina’s adapted implementation. The APR also describes the challenges that EITI Argentina underwent due to the COVID-19 pandemic, in particular regarding the inclusion of provincial stakeholders in EITI implementation. The APR includes a description of the progress attained in systematic disclosure and in beneficial ownership transparency.

The period covered by the APR includes the publication of the 2018 and 2019 EITI Reports, although the 2019 EITI Report was published around the same time as the APR. The APR includes a full analysis of the progress achieved in following up on each recommendation from the 2018 EITI Report, published in December 2020. The report also includes an assessment of the strengths and weaknesses of EITI implementation in Argentina. It includes evaluation comments made by MSG members from each constituency, which all highlight the challenge of extending EITI implementation to the provinces. As part of the MSG’s lessons learned from implementation in the APR, the limited impact of EITI implementation to date is briefly mentioned as a weakness. The MSG acknowledges more progress is needed in strengthening systematic disclosures and in maintaining stronger communication and accountability activities with companies and government authorities. However, there is no evidence that the MSG has reviewed the outcomes and impact of EITI on an annual basis beyond the cursory reference in the annual progress report.

While the MSG has provided input to the development of the annual progress report, available evidence and stakeholder views suggest that the broader government, industry and civil society constituencies were not canvassed for their views in this process.
The APR does not include any mention of gender-specific activities that were developed during the three years of implementation, nor as part of the issues that require additional attention in future. Minutes of MSG meetings indicate that it has carefully addressed gender-balanced representation in its discussions. The Secretariat’s assessment is that Requirement 7.4 is mostly met in Argentina.

New corrective actions and recommendations

- In accordance with Requirement 1.5, Argentina should set implementation objectives closely linked to the EITI Principles and to the national priorities for the extractive industries. In accordance with the terms of Argentina’s adapted implementation, the MSG is encouraged to identify work plan objectives and associated activities to extend EITI implementation to provincial stakeholders, including government, industry and civil society. In accordance with Requirement 1.5 c and 1.5d, the MSG should include clearly measurable and time bound activities specifying funding needs and resources available. The work plan should have specific activities to address the corrective actions derived from Argentina’s first Validation, with a particular focus on any legal, regulatory and administrative obstacles to EITI implementation. In accordance with Requirement 1.5 f, the EITI work plan should be reviewed and updated annually, considering implementation challenges and the extension of the scope of EITI implementation.

- In accordance with Requirement 7.1.a, Argentina should ensure that EITI information is comprehensible, including by ensuring that it is written in a clear, accessible style and consider access challenges and information needs of different genders and subgroups of citizens. Argentina should ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of, and facilitate dialogue about governance of extractive resources, building on EITI disclosures across the country in a socially inclusive manner. To strengthen implementation in accordance with Requirement 7.1.b, Argentina is encouraged to produce brief summary reports, with clear and balanced analysis of the information, ensuring that the data sources and authorship are clearly stated. Argentina may wish to summarise and compare the share of each revenue stream to the total amount of revenue that accrues to each respective level of government. Argentina could consider undertaking capacity-building efforts, especially with civil society and through civil society organisations, to improve understanding of the information and data from the EITI Reports and online disclosures and encourage use of the information by citizens, the media and others.

- To strengthen implementation, Government agencies and companies are expected to publish EITI data under an open license, and to make users aware that information can be reused without prior consent. Argentina is encouraged to make systematically disclosed data machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.

- To strengthen implementation, Argentina is encouraged to consider ways of further strengthening its mechanism within Argentina EITI to act upon lessons learnt as well as to identify, investigate and address the causes of any information gaps and discrepancies, and to consider the recommendations resulting from EITI implementation.

- In accordance with Requirement 7.4.a, Argentina should debate, analyse and document the impact and outcomes of EITI implementation in an annual progress report or through other means agreed by the MSG. This annual review should include an assessment of progress towards each EITI Requirement as well as progress in addressing each of the work plan objectives. The annual review should include an analysis of the MSG’s responses and progress in addressing the corrective actions of Argentina’s first Validation. The annual review should
include 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. Thus, the MSG is encouraged to document progress in extending EITI implementation to Argentina’s provinces. The MSG may wish to document how it has taken gender considerations and inclusiveness into account in its annual review of outcomes and impact. In accordance with Requirement 7.4b, all stakeholders should be able to participate in reviewing the impact of EITI implementation.

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

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<tr>
<th>EITI Requirement and assessment</th>
<th>Summary of progress in addressing the EITI Requirement</th>
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<tr>
<td><strong>Government engagement (Requirement 1.1)</strong></td>
<td>The Secretariat’s assessment is that Requirement 1.1 is fully met in Argentina. There is evidence of consistent public statements of government support for the EITI during the period of Argentina’s EITI implementation. These statements are made by individuals at the level of Secretary (equivalent of deputy minister) and only made in connection with EITI specific events or events related to the Open Government Partnership. Though Argentina’s candidature application included statements of support at the ministerial level, the only subsequent ministerial-level statement of support identified in this review is a government webpage describing “ratification” of the EITI by the Minister of Productive Development, in connection with a meeting with the EITI International Secretariat. The webpage does not include a specific statement or quote attributed to the Minister. Consultations nevertheless suggest that government support for the initiative is widely recognized. This is particularly the case following the change of government in 2019, insofar as some stakeholders expected a decrease of government engagement but described earnest recommitment of the incoming government administration in tandem with a mission from the EITI International Secretariat in March 2020. The government has appointed the Secretaries of Mining and Hydrocarbons as co-leads for the EITI process on behalf of government, and the EITI National Secretariat is hosted by the Secretariat of Mines, within the Ministry of Productive Development. The Ministries of Energy and Finance are also engaged in the MSG, as are other federal government bodies, at the level of</td>
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undersecretary and director. Stakeholders suggest that the Secretariat of Mines is significantly more engaged than other government bodies, but that in general, government participates actively in the MSG. This is reflected in minutes from MSG meetings.

The Federal Government (Secretaries of Productive Development and of the Economy) have led outreach to provincial governments, focusing on five provinces (Jujuy, Neuquén, Río Negro, San Juan, Salta) in particular. However, initial successes in provincial outreach were no sustained following the 2019 elections (see Requirement 4.6). Civil society stakeholders noted that government had no clear strategy for continuing this outreach, which they considered to be a weakness in government engagement. In regard to government commitment to resolving bottlenecks and barriers to EITI implementation, consultations highlighted several important barriers to disclosures in accordance with EITI Requirements, such as taxpayer confidentiality provisions of the tax code (‘fiscal secrecy’). While the MSG reached out to the Federal Administration of Public Revenues (AFIP), neither the MSG nor government ever devised a mechanism for overcoming this barrier to government reporting, for instance a taxpayer confidentiality waiver to be signed by reporting companies. Rather, the MSG adopted a ‘flexible’ EITI reporting approach that required the government to only disclose an aggregate lump sum in revenues per material revenue flows, with disaggregated information from reporting companies on their payments to government. More broadly, there is little evidence of the Federal Government taking steps to overcome obstacles to government and companies disclosing information in compliance with the 2019 Standard, for instance by enacting clear policies on contract and beneficial ownership disclosures.

Stakeholders presented different views on whether government funding for EITI was sufficient and represented significant engagement and support for the process. The government had made efforts to secure funding from development partners, and stakeholder consultations highlighted the fiscal constraints on government budgeting. Simultaneously, government stakeholders noted a significant increase in human resource allocations to the National Secretariat, manifest in both the Ministry of Energy and the Ministry of Productive Development. Most stakeholders consulted considered that the Federal Government had generally been actively engaged in the process, but highlighted the importance of extending implementation to provinces to enhance the EITI’s relevance and impact.

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<th>Industry engagement (Requirement 1.2)</th>
<th>Mostly met</th>
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<td>Industry is represented on the MSG by the Argentinian national oil company YPF, the non-profit Argentine Institute of Oil and Gas (IAPG), and chamber organizations for the hydrocarbon sector and mining sector (CEPH and CAEM, respectively). While MSG meeting minutes and consultations suggest that these organizations have engaged actively in the EITI process, consultations suggest that wider industry engagement is inconsistent, particularly in regard to a lack of reporting by oil and gas companies. CEPH was not a signatory to the ‘Stakeholder engagement’ template submitted by the industry for this Validation. There appears to be a significant difference in the engagement of the industry constituency from the mining sector, where engagement has generally been strong, and from the oil and gas sector, where engagement</td>
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has been limited to a narrower group of companies. Less than half of material oil and gas companies have participated in EITI reporting, with both Argentinian-owned companies and some foreign-invested companies not having submitted EITI reporting templates.

Some stakeholders consulted noted that some oil and gas companies had perceived EITI reporting requirements as onerous, or had perceived the EITI process as being leveraged politically, which had resulted in lower engagement. Consultations with industry stakeholders did not suggest that stakeholders from the broader industry constituency had been actively consulted in order to provide input to the MSG’s work, such as the design of EITI reporting or implementation. Several stakeholders consulted called for greater leadership from both government and industry to expand and strengthen industry engagement. Nevertheless, industry associations and their members represented on the MSG have provided resources to EITI implementation, including through the provision of funding for the latest EITI Report.

In regard to industry participation in provincial outreach, some stakeholders described a lack of outreach by industry MSG members, while others described positive responses from provincial industry to the outreach workshops conducted by government in the early stages of implementation. There is no evidence to suggest that industry has been active in EITI outreach efforts more generally, however. There is little evidence of industry efforts to resolve bottlenecks to reporting or to promote public debate around EITI data or processes, beyond reference to EITI implementation in industry association publications.

Available evidence suggests there are no inhibitions or prohibitions that would restrict industry’s participation in EITI, though there are persistent barriers related to specific types of disclosures and activities. This is noteworthy in regard to taxpayer confidentiality rules (‘fiscal secrecy’) that have affected government disclosures of revenue and company ownership information. The MSG has not been able to develop a system of taxpayer confidentiality waivers or other mechanisms for overcoming these barriers in practice (see Requirement 1.1). There is also evidence that the terms of Argentina’s adapted implementation have been interpreted to imply that companies do not need to report on any activities at the provincial level (e.g., on licenses held or on social and environmental expenditures). This narrow interpretation of the terms of Argentina’s EITI candidature application could be considered to have limited the scope for industry EITI disclosures to date. The Secretariat’s assessment is that Requirement 1.2 is mostly met in Argentina.

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<th>Civil society engagement (Requirement 1.3)</th>
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<td>Fully met</td>
<td>Civil society appears to be fully, actively and effectively engaged in all aspects of EITI implementation. There is an enabling environment for civil society participation in extractive industry governance generally and in EITI specifically. International NGO rankings of civic space in Argentina have remained constant during the 2019-2022 period, with Freedom House rankings of ‘free’, Civicus rankings of ‘narrowed’ and consistent human rights assessments by the US Department of State. There are constitutional, legal and regulatory provisions ensuring freedoms of expression and assembly,</td>
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which appear to be upheld in practice. There was consensus among stakeholders consulted that there were no restrictions on CSOs’ engagement in the EITI process in practice.

There is ample evidence of public statements and publications by civil society critical of both government management of the extractive industries and extractive companies, even if use of EITI data to date appears to have remained marginal to civil society’s research and advocacy on the extractives. Evidence suggests that CSOs do not face any barriers to registration, operation or funding, with all CSOs engaged in the EITI duly registered, cooperating with each other, raising funding from international sources and freely engaging in international partnerships and networks. While Human Rights Watch has highlighted the monitoring of over 400 journalists as part of their vetting for access to international events hosted by Argentina, there is no evidence of Federal Government surveillance of CSOs engaged in any aspect of the EITI process.

The civil society constituency engaged in EITI is primarily based in the capital, Buenos Aires, although it has undertaken outreach to CSOs based in resource-rich provinces to encourage their participation in the EITI constituency. The civil society constituency has expanded to a group of around 20 CSOs as of 2022. This was the product of significant outreach in the 2018-2019 period, when Buenos Aires-based CSOs undertook regional workshops with around 30 participants at each to seek the consent of NGOs in resource-rich provinces such as Jujuy, Salta, San Juan, and Neuquén for the constituency’s MSG representation. Most CSOs engaged in research and advocacy on governance and extractive issues appear to be engaged in EITI implementation, with the exception of one prominent civil society organisation member of an international network normally engaged in the EITI, which refused to join the constituency. The majority of CSOs engaged in EITI appear to be research-focused organisations, think tanks and universities, rather than more grassroots activists and campaigners. Organisations at the subnational level centre much of their efforts around socioenvironmental issues and are more focused on advocacy and organizing than research. While there is evidence of civil society outreach in the provinces, the efforts appear to have focused on awareness raising and capacity building around the EITI generally, rather than a successful expansion of the constituency to provincial NGOs. However, there is evidence that Buenos Aires based CSOs sought to canvass provincial CSOs in the nomination of MSG representatives in 2018. This was attributed to funding constraints, despite support from development partners, and the pandemic’s impact on outreach from 2020 onwards. This is reflected in the civil society’s submission in the ‘Stakeholder engagement’ template, which acknowledges that sustained EITI engagement by provincial NGOs has not yet been secured. Other CSOs with operations both in resource-rich provinces and Buenos Aires such as Observatorio petrolero Sur, Asamblea No a la Mina, and Fundación Ambiental y Recursos Naturales (FARN) have not been involved in the EITI constituency. Some civil society representatives consulted explained that these organisations were more focused on militancy and had left engagement in the EITI process to more policy-oriented CSOs during the original preparations for Argentina’s EITI candidature. A total of five CSOs sit on the MSG, with one full seat and one
 alternate each, which include three NGOs (Fundación Cambio Democrático, Fundación Directorio Legislativo and Centro de Implementación de Políticas Públicas para la Equidad y el Crecimiento (CIPPEC)) and two universities (National University of San Martín and the Catholic University of Argentina).

Documentation provided for this Validation and stakeholder consultations indicate that CSOs are effectively engaged in all aspects of EITI implementation, including in playing a leading role in developing the EITI work plan, the design of EITI reporting, participation in meetings of the MSG and its technical working groups, as well as in EITI outreach and dissemination. There are mechanisms in place that provide civil society with access to public decision-making related to the extractives, both in terms of public hearings and free prior informed consent (FPIC) for extractive projects as well as, with the ratification of the Escazú Agreement in 2021, new safeguards for the protection of environmental defenders. The federal nature of Argentina’s republic mean that implementation of legal provisions can vary across different provinces, with only 11 of 23 provinces having implemented FPIC legislation as of 2020. Minutes of meetings and stakeholders consulted confirmed civil society’s view that the MSG provides the constituency access to decision-making. Therefore, the Secretariat’s assessment is that Requirement 1.3 is fully met in Argentina.

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<tr>
<th>Multi-stakeholder group (Requirement 1.4)</th>
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Argentina’s MSG has been active during the period under consideration, and the rules (ToR) dictating how the MSG operates are publicly available together with revisions to the rules made in 2020 and 2021. This ToR aligns broadly with aspects of Requirement 1.4.b and appears to have been adhered to in practice. The TOR notes that MSG membership is not subject to financial compensation (ad honorem), and that each constituency is responsible for nominating and appointing members to the MSG, following principles of presentiveness and transparency, with reports to the MSG. The constituency-specific processes are not delineated in the MSG’s ToR, nor in the governing documents of the civil society or industry constituencies, although each constituency appears to have their own internal procedures in accordance with Requirement 1.4.a.ii and 1.4.b.vii. The original appointments to the MSG in 2018 were reviewed as part of Argentina’s EITI candidature application and considered fair, open and transparent. There is no evidence of coercion or manipulation in regard to changes of MSG membership.

Consultations with stakeholders suggest that all constituencies have been active in MSG meetings and processes, and that the MSG has been a forum for engaged debate. Consultations noted for example the vigorous debate that surrounded the procurement of an Independent Administrator. The MSG has established three permanent working groups, which include all constituencies as members, that address distinct areas such operation and regulatory issues, communication and public debate, and disclosure, respectively. Minutes of MSG meetings suggest that these working groups are active and contribute substantively to the MSG, though there is no record of the working groups’ mandates, procedures or written records. The MSG has also convened a monitoring committee and a special working group on the process of federalizing the EITI through the participation of provinces. The MSG is actively engaged in reviewing ToRs for EITI Reports and work plans.
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and has met monthly since early 2020. Consultations suggest that stakeholders consider that the MSG is able to exercise adequate oversight of EITI implementation, but many stakeholders expressed reservations about the limited geographic (e.g., provincial) and topical (e.g. social and environmental payments) scope of Argentina’s adapted implementation to date.

Inclusive decision-making is dictated in article 13 of the latest MSG rules, and consultations suggest that this has generally been adhered to. All MSG members consulted for this review indicated that they were able to raise issues in the MSG and were generally satisfied with how the MSG was governed. There is no evidence that MSG members are inhibited or prohibited from actively participating in the MSG and related processes.

MSG members appear to have sufficient capacities and resources to exercise their duties, though some stakeholders consulted called for more human resources for the national secretariat. Others described some financial constraints in regard to limited funding for civil society activities related to the EITI process. Others noted that the civil society constituency on the MSG was dominated by large, well-resourced organizations based in the capital Buenos Aires. Several consultations noted that smaller, regional-based civil society organizations tended to focus on social and environmental issues and were not directly represented on the MSG.

There is evidence of significant outreach efforts across all three constituency groups. Stakeholder consultations nevertheless suggested that the MSG did not include some relevant stakeholders in all three constituencies. Most prominently, however, consultations highlighted the lack of MSG engagement with provincial stakeholders and with civil society organizations focused on social and environmental issues beyond the initial outreach in 2018-19. There have been government outreach efforts, but these had not yet resulted in significant engagement with provincial government due to a variety of political, procedural, and perception factors. In its comments on the draft assessment, the MSG explained that it considered the objective of Requirement 1.4 to have been fully met, and highlighted the MSG’s repeated discussions of the most appropriate ways of including representation from stakeholders at the provincial level in the MSG. This included outreach to provincial governments and the circulation of a note to all 23 Provincial Governments and the City of Buenos Aires to invite them to participate in the second phase of Argentina’s EITI implementation (see Requirements 1.1 and 4.6). The MSG highlighted its exchanges with Provincial Governments, provincial workshops conducted by civil society and industry events as important steps in strengthening engagement in extractive industry governance at the national and provincial levels. The MSG’s comments also highlighted statements of commitment or support from provincial legislatures in Catamarca, Salta and Neuquen as well as statements from the Government of Mendoza as important steps in expanding engagement in the EITI to provincial stakeholders. Finally, the MSG’s comments highlighted the development of a provincial outreach and capacity building campaign by Argentina EITI and the Lundin Foundation, which was being articulated at the end of 2021. While the Secretariat notes stakeholder ambitions to expand the scope of representation on Argentina EITI’s MSG to stakeholders at the
There is provincial level, it considers that the limits on the current representation of such groups on the MSG are reasonable given Argentina’s two-phase adapted implementation of the EITI and the impact of the COVID-19 pandemic on the piloting of EITI implementation at the provincial level. The Secretariat’s assessment is that Requirement 1.4 is fully met in Argentina.

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<th>New corrective actions and recommendations</th>
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<td>• To strengthen implementation, Argentina is encouraged to sustain the government’s full, active and effective engagement in the EITI process, including in providing technical and financial resources for EITI implementation, taking steps to overcome barriers to implementation and ensuring engagement of all relevant stakeholders at the national and subnational levels, including from provincial governments. Argentina is encouraged to develop an explicit strategy for engaging with provincial governments in this regard. In accordance with the terms of Argentina’s adapted implementation, Argentina is required to submit a proposal for Phase II of its adapted implementation to the EITI Board to commit to an action plan for ensuring subnational implementation of the EITI.</td>
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4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

Information on the extractive industries in Argentina is systematically disclosed on Federal Government websites. Argentina’s EITI reporting has improved the accessibility of this information by aggregating disparate data sources on exploration activities in mining (overseen by Provincial Governments) and offshore oil and gas (under the jurisdiction of the Federal Government). In the mining sector, the newly established Federal Mining Information System (SIFIM), is beginning to collect mining information from Provincial Governments, although stakeholder consultations noted that the information was not yet comprehensive given that efforts to convince Provincial Governments to voluntarily provide information were still ongoing. The Secretariat of Energy’s Geographic Information Visualizer and exploration register provide some additional information on onshore oil and gas activities. Argentina’s EITI disclosures have not covered extractives activities under the jurisdiction of Provincial Governments, including any significant exploration activities. However, there is some information systematically disclosed by the larger oil and mining companies such as ExxonMobil, Total, Shell, and others. Thus, the lack of specific EITI disclosures on significant exploration activities onshore in either mining or oil and gas is not considered a material gap under the terms of Phase I of Argentina’s adapted implementation. The stakeholders consulted did not express any particular views on whether the objective of ensuring public access to an overview of the extractive sector in the country and its potential had yet been fulfilled, although some government officials considered that there was sufficient information on extractive activities in the public domain. The Secretariat’s assessment that Argentina has fully met Requirement 3.1.

The Federal Government systematically discloses information on the extractive industries’ contribution to the economy on government portals, although EITI reporting has filled gaps in disclosures of the mining sector’s contribution to the economy and employment in the oil and gas sector. However, the comprehensiveness of EITI data on the extractive industries’ contribution to government revenues remains unclear, in particular whether the figures provided cover both tax and non-tax revenues. Gender-disaggregated employment data is systematically disclosed for both the mining and petroleum sectors. The inconsistencies in employment data disclosed in the EITI Report are however a concern. While the lack of information on informal extractive (e.g., artisanal and small-scale mining) activities either on government websites or through Argentina’s EITI reporting is a concern, it is unclear whether such credible third-party estimates exist. While some government stakeholders consulted considered that the objective of public understanding of the extractive industries’ contribution to the national economy has been fulfilled, other stakeholders considered that the narrow scope of disclosures focused on the Federal Government meant that the objective had not yet been fulfilled. Thus, the Secretariat’s assessment is that Requirement 6.3 is fully met in Argentina.
Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

<table>
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<tr>
<th>EITI Requirement and assessment</th>
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<tr>
<td><strong>Exploration</strong> <em>(Requirement 3.1)</em></td>
<td>The Secretariat’s assessment is that Argentina has fully met Requirement 3.1. Public access to an overview of the mining and oil and gas sectors in the country and its potential, including recent, ongoing, and planned significant exploration activities is provided through EITI disclosures. Information on oil and gas reserves and resources with significant economic potential are systematically disclosed online through the Geographic Information Visualizer and some mining information can be found through the newly-established Federal System of Mining Information, though stakeholder consultations confirmed that the new system was not yet comprehensive or updated pending full participation by Provincial Governments. The 2019 EITI Report adds significant value by improving the accessibility of this information on exploration activities by centralising data from various sources. While an overview of mining activities, solely under the jurisdiction of Provincial Governments, is provided through EITI reporting, the MSG does not appear to have yet undertaken a review of mining, oil and gas exploration activities at the provincial level nor mapped out any related existing systematic disclosures. Nonetheless, the Geographic Information Visualizer and the exploration and exploitation registers provide some overview of information on extractive industries under the jurisdiction of subnational governments. Systematic disclosures by larger oil and mining companies provide some information on exploration activities onshore and in areas under the jurisdiction of Provincial Governments.</td>
</tr>
<tr>
<td><strong>Contribution of the extractive sector to the economy</strong> <em>(Requirement 6.3)</em></td>
<td>The Secretariat’s assessment is that Argentina has fully met Requirement 6.3. The government systematically discloses information on the contribution of the extractive industries to the economy, information that is referenced in EITI reporting. Websites of the National Institute of Statistics and Census <em>(INDEC)</em>, the Federal System for Mining Information <em>(SIFIM)</em>, and the Ministry of the Environment and Sustainable Development <em>(here and here)</em> publish annual statistics on the contribution of the extractive industries to GDP, government revenues, exports, and employment. Argentina’s EITI Reports provide information on the contribution of the extractive industries to the economy (including to GDP, government revenues, exports and employments in absolute and relative terms), albeit often without specific sourcing or references to specific government disclosures, even if additional references to systematic disclosures are included in the Transparency template submitted for this Validation. It remains unclear from the EITI Report whether data on the extractive industries’ contribution to Federal Government revenues consists only of extractive revenues collected by the federal tax authority <em>(AFIP)</em>, or also by the Secretary of Energy <em>(SEN)</em> and the Ministry of the Environment and Sustainable Development <em>(MAyDS)</em>. The MSG’s comments on the draft assessment confirmed that data in the EITI Reports on government</td>
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EITI International Secretariat

Phone: +47 222 00 800 • E-mail: secretariat@eiti.org • Twitter: @EITIorg
Address: Rådhusgata 26, 0151 Oslo, Norway • www.eiti.org
extractive revenues covered revenues collected by all three Federal Government entities. While Argentina has not included references to estimates of informal extractive activities such as artisanal mining in its EITI reporting to date, it is unclear whether credible third-party estimates of such activities are available. The MSG’s comments on the draft assessment explained that EITI Reports to date had not included any information on artisanal mining given that the Secretariat of Mining does not have reliable information on these activities. Gender disaggregated data on employment is provided for both mining as well as oil and gas. There are discrepancies in total extractive employment statistics across different public sources such as Argentina’s 2019 EITI Report and the Transparency template. However, the MSG’s comments on the draft assessment corrected a typo in the Transparency template and confirmed that the same data should have been included as in the 2019 EITI Report. Overviews of the location of the main extractive activities in the oil and gas sector at the federal and provincial level is available through the Geographic Information Visualizer and in mining through EITI reporting and the SIFIM portal.

**New corrective actions and recommendations**

- To strengthen implementation, Argentina may wish to consider ways of strengthening systematic disclosures of significant exploration activities in the extractive industries on government and company portals.
- To strengthen implementation, Argentina is encouraged to use EITI reporting to reference credible estimates of informal extractive activities. Argentina may wish to consider ways of improving systematic disclosures of information on extractive industries’ contribution to the economy, including to government revenues.

**Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)**

**Overview of progress in the module**

Details of the legal and regulatory framework, including the fiscal regime and roles of different government entities, is systematically disclosed at the Federal Government level in Argentina. Argentina has used its EITI disclosures, hosted on the general Government of Argentina website, to effectively centralise this information and improve its accessibility, both for mining and oil and gas. The MSG has not yet reviewed the level of disclosures by Provincial Governments as part of Argentina’s EITI implementation to date. There is scope for EITI reporting to add more value through the publication of more comprehensive reviews of significant ongoing or planned reforms on an annual basis. Thus, the Secretariat’s assessment is that Requirement 2.1 is fully met, but not yet exceeded.

The policy and practice related to the publication of the full text of extractives licenses and contracts remain unclear in Argentina. The focus of this Validation is on the scope of Phase I of Argentina’s adapted implementation, namely extractives activities regulated by the Federal Government (offshore oil and gas). Onshore mining, oil and gas is administered at the subnational level, by Provincial Governments. However, it is noteworthy that the MSG did not
review contract and license disclosure practices at the subnational level, despite its original commitment to do so in Phase I of implementation. The Federal Government’s policy on contract disclosure does not seem to be codified in the public domain and stakeholders highlighted significantly divergent perceptions about contract disclosure policy and practices when consulted. The existence of any legal confidentiality constraints (as opposed to commercial sensitivities) remains unclear from either consultations or any documentation published by Argentina EITI. In practice, the government appears to publish the decrees, administrative decisions and resolutions awarding oil and gas licenses and contracts, but not the full text of contracts themselves. Although a total of 5 oil and gas contracts have been published on third-party sites (e.g. resourcecontracts.org), these appear to be leaks or ad hoc publication rather than a systematic practice and are all from 2015 or earlier. Indeed, it remains unclear from Argentina’s EITI disclosures whether any licenses and contracts have been awarded or amended since 1 January 2021, nor whether any has been publicly disclosed (including all annexes, amendments and riders where applicable), even if the 2019 EITI Report states that the last oil and gas contracts awarded by the Federal Government were in 2019. Stakeholders consulted did not express any particular views on whether the objective of enhancing the public’s understanding of the contractual rights and obligations of extractives companies had been achieved. The Secretariat’s assessment is that Requirement 2.4 is partly met.

Argentina has made some effort to use its EITI reporting to cover environmental impacts of the extractive industries, a topic of significant public interest in Argentina.\(^1\) Argentina’s MSG has made efforts to document environmental regulations, including policies and practices related to Environmental Impact Assessments, for the offshore oil and gas sector. Argentina EITI’s work on clarifying the rules has not yet extended to descriptions of practices in environmental management, such as information on environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programs. Equally, the MSG does not yet appear to have assessed environmental disclosures by Provincial Governments. Stakeholders consulted did not particularly highlight the EITI’s environmental disclosures to date, nor express any views on whether the broader objective of Requirement 6.4 had been fulfilled. The Secretariat’s assessment is that Requirement 6.4, an encouraged aspect of the EITI Standard, remains not assessed given that some encouraged aspects of the EITI Requirement remain outstanding.

**Progress by requirement and corrective actions**

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Legal framework and fiscal regime (Requirement 2.1)  
**Fully met**

The Secretariat's assessment is that Argentina has fully met Requirement 2.1. The 2019 EITI Report describes the legal, environmental, and fiscal regime for mining and oil and gas, as well as the roles of Federal Government entities with regards to the mining, oil and gas sector, including in setting overarching policy under which Provincial Governments operate. EITI reporting adequately describes the roles and responsibilities of Provincial Governments. Relevant government websites provide the full text of laws and regulations referenced in Argentina’s EITI reporting, comprehensively covering the legal environment, fiscal regime, fiscal devolution and the roles of government entities. However, the 2018 and 2019 EITI Reports published to date provide only a cursory overview of ongoing and planned reforms in the extractive industries. The lack of a more detailed review of ongoing or planned reforms in both mining and oil and gas means that Requirement 2.1 cannot yet be considered to have been exceeded.

Contracts (Requirement 2.4)  
**Partly met**

The Secretariat's assessment is that Argentina has partly met Requirement 2.4. Argentina EITI has listed and described the contracts and licenses found in the offshore oil and gas sector but has not documented a clear government policy on the disclosure of these contracts and licenses at the federal level or for the extractive sector as a whole. EITI reporting provides a list of all active offshore contracts and licenses in the federally-administered offshore oil and gas sector (albeit without listing the related annexes, amendments and riders where applicable), with the full text of the government decrees, administrative decisions, and resolutions awarding these exploitation concessions and exploration permits. However, the full text of contracts is not annexed to the government decrees and decisions. Stakeholder opinions differed on the public accessibility of the full text of contracts. Industry stakeholders consulted noted that all oil and gas contracts were public documents that should be published in Argentina, even if the government had not yet published all contracts online. Government officials consulted stated categorically that oil and gas contracts were not public documents. Argentina EITI has not published any description of legal barriers to contract disclosure, nor formulated any plans to overcome such barriers if applicable. There is no evidence that the MSG has yet reviewed the public accessibility of extractive contracts and licenses administered by subnational governments based on a review of public sources of information. It is unclear from public documents whether any new oil and gas concessions or permits have been awarded or amended since the start of 2021, though the MSG has indicated that the only bidding round within the scope of Validation would be the Round 1 process that began in 2018 and concluded in 2019.

In its comments on the draft assessment, the MSG provides an extensive description of the availability of information on licenses and contracts at both federal and provincial level, including administrative documents awarding the contracts. However, the MSG’s comments note that there are no provisions in the Mining Code or Hydrocarbons Code related to the public disclosure of the full text of contracts and licenses, and thus explain that only provincial administrative instruments and national decrees granting concessions are published in the official gazettes. The MSG’s comments provide a full list of all active oil and gas licenses and concessions and highlight that a large amount of information on permits, licenses and contracts is accessible in the public domain, even if the full text of the licenses and contracts are not yet published.
The MSG’s comments note that the full text of licenses and contracts is available upon request in line with provisions of the Law on the Right of Access to Public Information (Law 27.275) and that the National Secretariat of Energy and the National Secretariat of Mining effectively comply with these legal provisions. Finally, the MSG’s comments highlighted the EITI’s ongoing review of contract transparency in Latin America and noted that the MSG would discuss the findings of the EITI’s report on contract transparency in Latin America to plan appropriate follow-up measures. The International Secretariat welcomes the significance of these plans but notes that significant aspects of Requirement 2.4 remain to be addressed in the period under review in this Validation.

### Environmental impact (Requirement 6.4)

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The Secretariat's assessment is that Argentina has made efforts to disclose regulation surrounding the publication and assessment of Environmental Impact Assessments (EIA) but has not yet documented how these rules and regulations are followed in practice. Given that Requirement 6.4 has not yet been exceeded, it remains marked as not assessed. Thus far, EITI reporting has not been used to provide an annual diagnostic of practices related to environmental management in the extractive industries. Information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programs has not yet been publicly disclosed.

### New corrective actions and recommendations

- To strengthen implementation, Argentina is encouraged to use its EITI reporting to provide a public overview of ongoing and planned reforms in the mining, oil and gas sectors.
- In accordance with Requirement 2.4.b, the MSG should agree on and publish a plan for disclosing contracts with a clear time frame for implementation addressing any barriers to comprehensive disclosure of all licenses and contracts awarded and amended since 1 January 2021 at the federal and provincial levels. In accordance with Requirement 2.4.c, Argentina should agree and implement a clear Federal Government policy in favour of the disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas, and minerals. In accordance with Requirement 2.4.c.ii, Argentina should ensure that any new mining, oil and gas licenses and contracts granted or amended after 1 January 2021 at the federal or provincial level are comprehensively disclosed to the public, including any annexes and amendments. In accordance with Requirement 2.4.c.iii, Argentina should publish an explanation for any deviations between disclosure practices and legislative or government policy on contract and license disclosure.
- To strengthen implementation in accordance with Requirement 6.4, Argentina is encouraged to use its EITI reporting to provide an overview of actual practice related to environmental management and monitoring of extractive investments in the country. It could further include information on any reforms that are planned or underway. Argentina’s EITI reporting could provide information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes. In accordance with Argentina’s adapted implementation, the Federal Government and MSG are required to submit a proposal for extending EITI implementation to Provincial Governments, including disclosures of environment impact and management of the extractive industries.
Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

Argentina’s oil and gas industry has historically been under the purview of the Federal Government until 2006, when oversight for onshore oil and gas was devolved to subnational governments, while the mining industry has always been under the jurisdiction of Provincial Governments. Thus, in the period under review, the only extractive industries regulated by the Federal Government were offshore oil and gas activities. While the terms of Phase I of Argentina’s adapted implementation required the MSG to publish a review of systematic disclosures by Provincial Governments, EITI reporting of licensing information to date has remained focused on offshore oil and gas licenses administered by the Federal Government.

Offshore oil and gas licenses and rights are only granted by the Federal Government through competitive tender. Most information listed under Requirement 2.2 is systematically disclosed for offshore oil and gas license bidding, including bid criteria and full list of bidders for each license awarded in the bid round concluded in early 2019. However, there is no evidence that Argentina has yet used its EITI reporting to undertake a diagnostic of deviations from statutory procedures in the award of the 18 licenses granted in the period under review. Of equal concern, the statutory procedure for transferring participating interests in oil and gas blocks does not seem to be publicly disclosed and the MSG does not appear to have reviewed any deviations from statutory procedures in the transfer of two licenses in 2019. Thus, the Secretariat’s assessment is that Requirement 2.2 is mostly met.

There is a high level of transparency in information on the 25 active offshore oil and gas rights administered by the Federal Government. Systematic disclosures on the Secretary of Energy’s website include registers of exploration permits and exploitation concessions, which provide all information listed under Requirement 2.3.b. These registers also contain some information on provincial oil and gas contracts and licenses, although it is unclear whether this information is comprehensive or updated. While stakeholder consultations confirmed the lack of MSG review of Provincial Governments’ existing systematic disclosures of mining license information, several stakeholders from all constituencies highlighted current efforts to create a Federal Mining Information System since May 2021. While the portal had been launched, the process of securing Provincial Governments’ (voluntary) participation in the exchange of mining information was still ongoing, meaning that the system did not yet hold comprehensive information on mining licenses. Stakeholders consulted did not express any particular views on whether the objective of ensuring the public accessibility of comprehensive information on property rights related to extractive deposits and projects had yet been fulfilled. Given the lack of MSG review of Provincial Governments’ systematic disclosures of information on licenses disclosed at the subnational level, the Secretariat’s assessment is that Requirement 2.3 is mostly met.

Progress by requirement and corrective actions

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<td>Contract and license allocations (Requirement 2.2)</td>
<td>The Secretariat’s assessment is that Argentina has mostly met Requirement 2.2. For mining, the 2019 EITI Report states that all licensing activity is undertaken at the subnational level and regulated by Provincial Governments. The MSG has argued in EITI reporting to date that Requirement 2.2 is not applicable in the mining sector given that Phase I of Argentina's adapted implementation, although it does not appear to have yet reviewed publicly-available information on mining licensing procedures and practices of any of the Provincial Governments, despite provisions in the adapted implementation requiring it to do so. In its comments on the draft assessment, the MSG noted that information on the legal framework at both the national and provincial levels is available on the Federal Mining Information System (SIFIM) website, providing relevant links. The MSG’s comments highlight an ongoing survey by the Secretariat of Mining (Project PNUD 017/012) of provincial legal frameworks to map licensing and license management procedures in each of the 23 provinces. With regards to (offshore) oil and gas activities regulated by the Federal Government, EITI reporting provides information on the award of permits and concessions. The 2019 EITI Report indicates that 18 exploration permits were awarded during the period in review through the Round 1 bidding that concluded in early 2019. A link to the list of bidders for each of the licenses awarded in Round 1 is disclosed online and referenced in EITI reporting. The EITI Report briefly describes the two permits and concessions that were transferred during the reporting period. While Argentina's EITI reporting has described the statutory procedure for awarding permits and concessions in the oil and gas sector, including technical and financial criteria, it has not confirmed whether the transfer of concessions and permits (or participating interests therein) are subject to the same procedures, including the same technical and financial criteria, as those pertaining to the award process. There is no evidence that the MSG has undertaken a review of non-trivial deviations from statutory procedures in permit and concession awards and transfers, nor provided any commentary on the efficiency of licensing and contracting procedures. Industry and government stakeholders confirmed that the technical and financial criteria used during the transfer of permits and concessions are the same used during the award process, although it remains unclear where this is publicly codified.</td>
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<td>Register of licenses (Requirement 2.3)</td>
<td>The Secretariat’s assessment is that Argentina has mostly met Requirement 2.3. Given Argentina’s adapted implementation, only federally administered (offshore) oil and gas permits and concessions are within scope, not onshore mining or oil and gas. There were a total of 25 oil and gas licenses (19 exploration permits &amp; 6 exploitation concessions) active in the period under review. All information listed in Requirement 2.3 is publicly disclosed for these 25 licenses, with EITI reporting effectively centralising this information in one place for the first time. With regards to onshore oil and gas licenses administered by Provincial Governments, Argentina’s license registers provide cursory information on oil and gas permits and concessions administered sub-nationally. While all mining licenses are administered by subnational governments in Argentina, public sources indicate that some of the 23 provinces maintain publicly-accessible mining license registers, although their accessibility and comprehensiveness vary, as some are</td>
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either not publicly available or out of date. In its comments on the draft assessment, the MSG noted that all provinces are required to maintain a mining license register under the Mining Code. The MSG’s comments highlighted the Secretariat of Mining’s ongoing survey of license management (Project PNUD 017/012), which would also cover the accessibility of registers. The MSG emphasised that improving the accessibility of information on mining licenses under the jurisdiction of provincial governments was a key Ministry objective, in collaboration with Federal Mining Council (COFEMIN). However, pending completion and publication of this survey, the Secretariat’s assessment is that Requirement 2.3 is mostly met.

**New corrective actions and recommendations**

- In accordance with Requirement 2.2.a.iv, Argentina is required to ensure public disclosure of its assessment of any material deviations from the applicable legal and regulatory framework governing license transfers and awards in the period under review by EITI reporting. In accordance with the terms of Phase I of its adapted implementation, Argentina should publish a mapping of Provincial Governments’ existing systematic disclosures of information on the licensing process for mining, oil and gas licenses and contracts under the purview of subnational governments.
- In accordance with Requirement 2.3, Argentina is required to maintain a publicly available register or cadastre system(s) covering all active mining, oil and gas licenses, with information on license-holder name, coordinates, dates of application, award and expiry, as well as commodities covered. At a minimum this information should be publicly disclosed for each of the licenses pertaining to companies within the agreed scope of EITI implementation.

**Beneficial ownership (Requirement 2.5)**

**Overview of progress in the module**

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019. The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

**Technical assessment**

The technical assessment is included in the Transparency template, in the section on Requirement 2.5. It demonstrates that Argentina has not yet established a legal or regulatory framework for disclosing beneficial ownership information, though both the General Inspectorate of Justice (IGJ) and the federal tax authority (AFIP) collect beneficial ownership information in practice.

The Federal Government has made commitments in international forums (both at the 2016 UK Anti-Corruption Summit and to the Open Government Partnership) to collecting beneficial ownership information from all companies, with a general commitment to transparency in ownership but no firm commitment to establishing a public beneficial ownership register. While

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there is a legal and regulatory framework for beneficial ownership data collection by government entities, this framework does not yet extend to the public disclosure of this information. The Federal Government has defined the concepts of ‘beneficial owner’ and ‘politically-exposed person’ in national legislation, with a materiality threshold of 20% for reporting. Through Resolution 4697, enacted in April 2020, the AFIP now requires beneficial ownership information to be reported by a wide range of companies not limited to the extractive industries, although it contains no provisions for the public disclosure of this information.

The MSG has undertaken some efforts to collect and disclose beneficial ownership information through EITI reporting but only 2 out of the 39 material mining, oil and gas companies reported this information. It has also published a list of material extractive companies that are subsidiaries of publicly listed companies, with references to their related regulatory filings. Beneficial ownership information on the companies bidding for offshore oil and gas deposits in the period under review is not available. The MSG does not yet appear to have reviewed or assessed the comprehensiveness and reliability of beneficial ownership data collected by government to date. Indeed, it remains unclear based on EITI documents and stakeholders consulted whether beneficial ownership information has been requested from all companies holding and applying for extractive licenses since January 2020. The IGJ maintains a commercial register of legal owners for all commercial companies with their headquarters in Buenos Aires. Information on legal persons is available upon request and beneficial ownership information is also mandated to be collected from all commercial companies, though beneficial ownership information is not publicly disclosed due to fiscal secrecy laws.

Assessment of effectiveness

Argentina has used the EITI to document the existing legislation on beneficial ownership data collection and to start collecting and disclosing some beneficial ownership data from the largest extractive companies. However, these early disclosure efforts have been only moderately effective, with only two of 39 material extractive companies disclosing this information. Thus, while the existence of a legal framework for the collection of beneficial ownership data from all companies is welcome, the lack of legal or regulatory backing for the public disclosure of this data is a significant concern. Several stakeholders consulted highlighted plans for a baseline study of beneficial ownership policy and practices in the context of Argentina’s participation in the Opening Extractives programme, although the prospects and timeline for further legal and regulatory reforms remains unclear. Argentina’s EITI reporting to date has not provided an overview of plans to overcome legal and regulatory barriers to beneficial ownership transparency in the extractive industries.

Despite the lack of public assessment by the MSG of beneficial ownership disclosures to date or of extractive companies considered ‘high risk’, there have been third-party assessments of the legal and regulatory environment for beneficial ownership disclosure, albeit not of the practices of beneficial ownership data collection and disclosures. Transparency International’s 2020 Argentina Beneficial Ownership Transparency Country Report notes that Argentina has made significant progress by requiring disclosure of beneficial ownership information by legal entities and arrangements. However, the report concedes that improvements are needed to ensure that the requested information is readily and easily available to authorities. The Tax Justice Network has published analysis of Argentina’s legal and regulatory framework for beneficial ownership,
which welcomes the establishment of a central register but raises concerns over the lack of public disclosure. Given the current legal impediments to disclosure of beneficial ownership information, most stakeholders consulted considered that the objective of enabling the public to know who ultimately owns and controls the companies operating in the country’s extractive industries was still far from being fulfilled. Thus, the Secretariat’s assessment is that Requirement 2.5 is partly met.

**Progress by requirement and corrective actions**

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| **Beneficial ownership**<br>*(Requirement 2.5)*<br>*Partly met*<br><br>The Secretariat's assessment is that Argentina has partly met Requirement 2.5. The Federal Government committed to establishing a central beneficial ownership register and to ensure transparency in the ownership of companies at the [UK Anti-Corruption Summit](https://www.gov.uk/government/publications/uk-anti-corruption-summit) in 2016, although this commitment did not explicitly extend to establishing a public register. Argentina’s Open Government Partnership National Action Plan (most recently in the [4th NAP covering 2019-2022](https://www.opengovpartnership.org/action-plans/)) does not include a commitment to ensure the transparency in beneficial owners of extractive companies, but rather to disclose information regarding the economic, legal and fiscal aspects of the extractive activities as noted in the MSG’s comments on the draft assessment. While there is a legal and regulatory framework for both the IGJ and AFIP to collect beneficial ownership information from all companies in Argentina, there does not appear to yet be a legal or regulatory framework for the disclosure of beneficial ownership information due to the interpretation of fiscal secrecy laws that hinder both the IGJ and AFIP’s disclosure of this type of information. Argentina’s MSG has recently agreed upon a definition of beneficial ownership that sets a threshold (20%) in line with the National Inspectorate of Justice, the General Inspectorate of Justice, the Financial Intelligence Unit and AFIP, and covers all individuals holding capital or voting rights. The concept of ‘politically exposed person’ is defined in Argentine legislation.

Argentina’s EITI reporting indicates that beneficial ownership data has been requested from those companies participating in the second EITI Report. However, in practice, a total of only two mining companies disclosed information on beneficial ownership in the EITI Reports. In its comments on the draft assessment, the MSG highlighted the work of its Technical Working Group on Tax and Regulatory Matters (TWGTRM) in 2020 on developing the definition of beneficial owner and overseeing ‘voluntary’ reporting to the EITI. The MSG’s comments noted that beneficial ownership disclosures of reporting companies were in the first two EITI Reports. The TWGTRM had also undertaken an analysis of the legal framework for beneficial ownership disclosure, which was published in Annex III of Argentina’s first EITI Report. Given the complexity of the regulations involved, the TWGTRM had also developed an implementation plan for beneficial ownership transparency. The MSG’s comments also
highlighted the significance of Argentina’s joining the EITI’s Opening Extractives programme and the designation of government liaisons.

Yet there remain significant gaps in the public disclosure of beneficial owners of companies holding or applying for offshore oil and gas licenses in Argentina. It remains unclear from EITI disclosures whether beneficial ownership data has systematically been requested from all companies holding or applying for extractive licenses since January 2020. There is no indication that the MSG has yet undertaken and published a review of the comprehensiveness and reliability of beneficial ownership disclosures by all extractive license-holders and applicants to date. Legal ownership information for all commercial companies is collected by the IGJ and is said to be available upon request in Argentina’s EITI Reports, although consulted stakeholder opinions on the public accessibility of shareholder information for extractive companies were split. The MSG does not appear to have requested legal ownership information from the IGJ to test whether requests for public information are processed in a timely manner. There does not appear to be a central database of legal owners of extractive companies accessible online.

Development partners consulted noted that Argentina EITI had participated in a working group with agencies such as the Buenos Aires IGJ, the Financial Intelligence Unit, and AFIP to progress on beneficial ownership transparency work. Several stakeholders from all constituencies highlighted the EITI Report’s statement that over 90% of extractive companies are registered with the Buenos Aires IGJ, which meant this was the natural entity to participate in beneficial ownership work. Argentina’s joining of the Opening Extractives programme was cited by several stakeholders from different constituencies as a positive step that could accelerate progress. While government stakeholders indicated that there was a will to work on beneficial ownership transparency on the part of some government stakeholders, none of the stakeholders consulted considered that the objective of enabling the public to know who ultimately owns and controls the companies operating in the country’s extractive industries had yet been achieved. The MSG’s comments on the draft assessment argued strongly for the view that the overall objective of the requirement was fulfilled through Argentina EITI’s data collection efforts. They noted that the conclusions of a consultancy under the Opening Extractives programme included that most extractive companies in the scope of EITI reporting were registered with the Buenos Aires IGJ, but that it would be preferable to proceed with publication of beneficial ownership data through other channels than the IGJ in the short term. The comments noted ongoing consultations within government on the findings of this report, but that the MSG may consider applying to the EITI Board for adapted implementation on Requirement 2.5. While Argentina’s work on beneficial ownership transparency, including through the Opening Extractives programme, are welcome, the lack of an enabling legal and regulatory framework for beneficial ownership data collection and public disclosure hinders progress towards the objective of ensuring a public understanding of who ultimately owns companies holding and applying for extractive licenses and contracts.

New corrective actions and recommendations
In accordance with Requirement 2.5, Argentina is required to disclose the beneficial owners of all companies holding or applying for extractive licenses at the federal and provincial levels. To ensure disclosure of this information going forward, Argentina should undertake the following measures:

- Request all companies holding oil, gas and mining licenses to disclose beneficial ownership information and provide adequate assurances for data reliability.
- Develop a strategy to overcome beneficial ownership constraints present due to fiscal secrecy or to make the IGJ register of beneficial ownership information public.
- Require all applicants for oil, gas and mining licenses to disclose their beneficial owners at the application stage.
- Undertake an assessment of the comprehensiveness and reliability of beneficial ownership disclosures by all extractive companies to date.
- Publicly identify any entities that failed to disclose their beneficial ownership.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

Argentina’s EITI reporting has covered state participation in the oil and gas sector, through YPF, but not in the mining sector given that the two SOEs (Yacimientos Mineros Aguas de Dionisio (YMAD) and Yacimientos Carboníferos Río Turbio (YCRT)) were considered non-material and owned by provincial governments. There is no evidence of the MSG’s outreach to either of these two companies since the start of Argentina’s EITI implementation. The national oil company YPF is regulated in the same way as private commercial companies and publishes regular financial reports and regulatory filings in accordance with its dual stock exchange listings in New York and Buenos Aires. It is considered a SOE for EITI reporting purposes given the state’s 51% shareholding. The SOE’s financial relations with the state are described in the company’s financial statements, although information on the terms of YPF’s participation in various extractive companies (joint ventures and affiliates) and extractive projects do not appear to be systematically disclosed. While the MSG appears to have reviewed the SOE’s statutory filings, it does not yet appear to have undertaken a diagnostic of the rules and practices of YPF’s financial management, for instance in tracking any changes in state participation on an annual basis. It remains unclear whether the MSG has yet reviewed the existence of any loans or loan guarantees from the state to any extractive companies, beyond YPF. Thus, despite a significant base of systematic disclosures, the Secretariat’s assessment is that Requirements 2.6 and 4.5 are mostly met.

Despite legal and contractual provisions allowing oil and gas companies to make certain fiscal payments (royalties) to the state in-kind, all available documentation and stakeholder views confirmed this option is never exercised in practice. Given that all fiscal payments are de facto paid in cash, the Secretariat’s assessment is that Requirement 4.2 is not applicable in the period under review. However, the existence of commodity traders’ disclosures of their purchases of YPF’s crude oil sales for its own account (“equity oil”) provides a basis for Argentina to develop a public disclosure framework for YPF’s oil and gas sales in accordance with encouraged aspects of Requirement 4.2.
The MSG has considered the existence of quasi-fiscal expenditures related to YPF both in its EITI Reports and in MSG discussions, although it has not yet developed a reporting process to ensure transparency in these expenditures. There is significant public attention on YPF’s financial management, given its historical dominance of the country’s oil and gas sector. Yet while the MSG has discussed the potential for YPF’s infrastructure development work to be considered quasi-fiscal expenditures, it has highlighted for future focus of EITI reporting given its view that such disclosures of provincial-level expenditures are exempt from disclosure under the terms of Argentina’s adapted implementation. However, the Secretariat’s view is that it would have been possible for the MSG to form a view on whether any of YPF’s expenditures could be considered quasi-fiscal and ensure disclosures of such expenditures by the SOE, given its inclusion in the scope of disclosures for the 2019 EITI Report. Thus, the Secretariat’s assessment is that Requirement 6.2 is mostly met.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

<table>
<thead>
<tr>
<th>EITI Requirement and assessment</th>
<th>Summary of progress in addressing the EITI Requirement</th>
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</thead>
</table>
| State participation (Requirement 2.6) Mostly met | The Secretariat's assessment is that Argentina has mostly met Requirement 2.6. Most stakeholders consulted did not express any particular views on whether the objective of public understanding of whether SOEs' management is undertaken in accordance with the relevant regulatory framework had yet been fulfilled. However, several development partners and CSOs consulted noted the significant public interest in YPF's financial management and considered that more work was needed to ensure that the objective of public understanding of whether SOEs' management is undertaken in accordance with the relevant regulatory framework was fulfilled. The 2019 EITI Report provides a brief overview of the role of the SOE in the oil and gas sector, YPF S.A. YPF systematically discloses significant financial and governance information given the multiple jurisdictions in which it has publicly listed securities (Buenos Aires & New York City). Argentina’s EITI reporting has confirmed that YPF operates under Argentina’s Commercial Company Law, with its financing regulated in the same way as private companies. The MSG’s comments on the draft assessment confirm the MSG’s position that YPF is regulated in the same way as any private-sector company with listed securities. YPF's financial statements are not consolidated in the state's budget and the only revenue flow connecting YPF to the government is the distribution of dividends to the state as the majority (51%) shareholder in YPF. Documents describing YPF's statutory entitlements to third-party funding, retained earnings, and reinvestment can be found either on the CNV website or in the section of YPF's website for investors. The most relevant documents surrounding statutory rules governing YPF's financial relations with the state and its ownership of subsidiaries and joint ventures are YPF's Corporate Governance Code, Argentina's Commercial Company Law, and YPF's Consolidated Financial Statements. However, it is unclear from Argentina’s EITI reporting where information about terms attached
to YPF’s equity interests in extractive companies and its participating interests in extractive projects are publicly disclosed. The MSG’s comments on the draft assessment explain that YPF’s financial statements provide information on the companies in which YPF holds equity interests. It remains unclear where information on any loans and loan guarantees from the state or YPF to extractive companies is publicly disclosed. While Argentina’s EITI reporting comments on the financial relations between the Federal Government and YPF, it does not comment on the MSG’s review of the existence of any loans or loan guarantees from the state to any other extractive companies or projects. The MSG’s comments on the draft assessment note that YPF’s financial statements include information on any transactions between the company and related parties such as the Federal Government, including any loans and guarantees from the state to YPF. There is no publicly available evidence of the MSG’s assessment of any changes in state or SOE participation in extractive companies during the reporting period. Nonetheless, a summary of YPF’s contractual arrangements is disclosed through the SOE’s 2019 Annual Consolidated Financial Statements published on its website. The MSG’s comments on the draft assessment note that YPF’s website and filings to the U.S. SEC provide information on any asset disposals by the company.

In mining, the 2019 EITI Report lists two active SOEs (Yacimientos Mineros Aguas de Dionisio (YMAD) and Yacimientos Carboniferos Rio Turbio (YCRT)) that make extensive payments to provincial governments but whose dividend payments to the national government were considered non-material. However, the MSG’s assessment of the materiality of these SOEs appears to have been based on the 2020 materiality study’s review of 2018 data, not on a review of financial flows in the period under review in this latest EITI Report (2019). While the 2019 EITI Report confirms the lack of transfers between the Federal Government and YMAD (which is majority owned by the Province of Catamarca) and the lack of dividends from YCRT to the Federal Government, it discloses a Federal Government transfer of USD 49m in 2019, equivalent to 1% of total energy subsidies that year.

While the MSG’s approach to excluding the two mining SOEs from the scope of EITI reporting in 2019 appears reasonable in light of Argentina’s adapted implementation, there are gaps in public disclosures related to some aspects of YPF’s financial relations with the state, the terms of its participation in some extractive companies and projects, and the lack of a comprehensive review of any loans and loan guarantees from the state to extractive companies. These gaps support the Secretariat’s assessment that Requirement 2.6 is mostly met.

**Sale of the state’s in-kind revenues (Requirement 4.2)**

| Not applicable | Argentina’s 2019 EITI Report confirms the MSG’s view that Requirement 4.2 is not applicable, albeit without any further justification for this assertion. The MSG’s 2020 scoping study (materiality report) provides additional explanations for this assessment, noting with regards to the oil and gas sector the assurances from the Secretary of Energy and YPF that the state and YPF do not receive a share of production in-kind on behalf of the state. According to the 1967 National Hydrocarbon Law (with Articles 59 and 60 amended in 2014), the government’s collection of royalty revenues, the government’s only direct revenue from oil and gas production, is to be in cash, unless the state exercises its option to collect royalties in kind for a period of six months at least 90 days before the payment |
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date. A review of YPF’s audited financial statements and its 20-F filing to the US SEC does not indicate any in-kind revenues collected on behalf of the state. A select review of operating agreements, including the contract granted through the Magallanes Administrative Decision that is referenced in EITI reporting, indicates that the decisions granting PSCs requires payments of royalties to be made in cash, not in kind. There was consensus among stakeholders consulted that no oil and gas company made any fiscal payments to the government in kind at present. Commodity trader Trafigura disclosed in its [2019 Responsibility Report](p.28) purchases of a total of 195,100 barrels of crude oil from YPF valued at USD 11.6m in 2019, although the Secretariat understands this represents purchases of YPF’s commercial production. Therefore, the International Secretariat’s assessment concurs with the MSG’s views that Requirement 4.2 is not applicable in Argentina in federally administered extractive industries (offshore oil and gas) in the period under review. The MSG’s comments on the draft assessment confirmed the MSG’s view that Requirement 4.2 was not applicable to Argentina in the period under review.

<table>
<thead>
<tr>
<th>Transactions related to state-owned enterprises (Requirement 4.5)</th>
<th>Mostly met</th>
<th>The Secretariat’s assessment is that Argentina has mostly met Requirement 4.5. While there was consensus among stakeholders consulted that there was transparency in the payments from YPF to the government, with dividends disclosed through YPF’s published financial statements, there were differing views about the level of traceability of the flow of revenues from affiliate companies to SOEs. Consulted stakeholders’ opinions were split over whether the objective of traceability of payments and transfers involving SOEs had been fulfilled. Neither of the two SOEs in the mining sector were considered material in the 2019 EITI Report, which confirmed the lack of financial flows between the Federal Government and YMAD in 2019 and the lack of dividends from YCRT in 2019, while unilaterally disclosing the value of the Federal Government’s transfer of USD 49m to YCRT in 2019. In oil and gas, the 2019 EITI Report provides the government’s unilateral disclosure of YPF’s dividend payments to the state in 2019 and confirms that all other YPF payments to government are the same as private companies (and thus covered under Requirement 4.1). However, Argentina’s EITI reporting does not disclose any information on any extractive companies’ payments to YPF, if applicable. There is no evidence of the MSG or IA’s review of extractive companies’ payments to YPF, including from YPF’s subsidiaries, JVs and affiliates, to assess the materiality of transfers. While subsidiaries and joint ventures’ transfers to YPF may be disclosed at the required level of disaggregation and reliability in YPF’s audited financial statements, it is less clear whether any affiliate extractive companies’ payments to YPF are disclosed. There is no evidence of a comprehensive review of these systematic disclosures by the MSG in preparing the 2019 EITI Report.</th>
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<tbody>
<tr>
<td>Quasi-fiscal expenditures (Requirement 6.2)</td>
<td>Mostly met</td>
<td>The Secretariat’s assessment is that Requirement 6.2 is mostly met in Argentina in the period under review. Several stakeholders from different constituencies highlighted the public interest in YPF’s expenditures, particularly at the provincial level, and considered that this issue had not been sufficiently discussed by the MSG in the early stages of implementation. Several stakeholders considered that</td>
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significantly more work was required to achieve the objective of ensuring accountable management of extractive-funded expenditures by SOEs on behalf of the government that are not reflected in the national budget. The MSG’s comments on the draft assessment implied that YPF did not undertake quasi-fiscal expenditures in the period under review, and they explained that the company’s corporate social expenditures were comprehensively disclosed through its annual Sustainability Reports. However, the Secretariat’s view is that, while Argentina’s review of provisions related to quasi-fiscal expenditures in provincial legal frameworks is welcome, it has not yet developed a methodology involving extractive SOEs to identify and disclose any quasi-fiscal expenditures.

The MSG has considered Requirement 6.2 as not applicable in its EITI reporting to date, albeit without providing sufficient evidence to support this assessment in any public EITI documents. Neither of the two SOEs in the mining sector was considered material for EITI reporting (see Requirement 2.6). In oil and gas, the 2019 EITI Report indicates that the MSG agreed that this requirement is not applicable at the national level in Argentina. At the MSG’s 9th meeting in October 2020, a brief discussion is recorded regarding YPF’s potential quasi-fiscal expenditures, principally through the development of infrastructure at the provincial level. The MSG’s October 2020 discussion concluded by indicating that more work was needed to identify QFEs, particularly at the subnational level, in Phase II of Argentina’s adapted implementation. A government representative stated that these kinds of quasi-fiscal expenditures are common in concession agreements and that these were always carried out at the provincial level. The MSG’s comments to the draft assessment provide additional detail on its discussions on quasi-fiscal expenditures. The MSG concluded that the legal framework in the provinces included arrangements that could be described as quasi-fiscal expenditures, but that given the adapted implementation framework, these would only be included in future reporting cycles. The MSG’s initial review of the legal framework for quasi-fiscal expenditures at the provincial level is welcome.

The 2019 EITI Report notes that while Requirement 6.2 is considered not applicable due to Argentina’s adapted implementation, which covers disclosures by subnational governments, disclosure of quasi-fiscal expenditures was considered of central importance in Argentina’s next reporting cycle that would extend to provincial-level reporting. However, while public documents reflect the MSG’s discussions related to YPF’s potential quasi-fiscal expenditures, they do not document any decision by the MSG on whether any expenditures by YPF could be considered quasi-fiscal. While extensive public documentation of YPF’s expenditures in 2019 are publicly available through the SOE’s systematic disclosures, they do not categorise expenditures as quasi-fiscal and there is no evidence of the MSG’s review of these expenditures with a view to identifying quasi-fiscal expenditures. While arguing that the requirement was not applicable, the MSG’s comments noted that it planned to revisit the applicability of Requirement 6.2 in its future EITI reporting.

New corrective actions and recommendations
In accordance with Requirement 2.6, Argentina should ensure public disclosures of the prevailing rules and practices regarding the financial relationship between the government and material extractive SOEs, i.e. 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 disclosures of transfers, retained earnings, reinvestment and third-party financing related to SOE joint ventures and subsidiaries. Argentina should ensure public disclosures from the government and SOE(s) of their level of ownership in mining, oil and gas companies operating within the country’s oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility for covering expenses at various phases of the project cycle, e.g. full-paid equity, free equity or carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government and SOE(s) have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed, including loan tenor and terms (i.e. repayment schedule and interest rate). The MSG may wish to consider comparing loans terms with commercial lending terms. Argentina is encouraged to use EITI reporting to describe the rules and practices related to SOEs’ operating and capital expenditures, procurement, subcontracting and corporate governance, e.g. composition and appointment of the Board of Directors, Board’s mandate and code of conduct.

To strengthen implementation, Argentina may wish to consider extending EITI disclosures to in-kind revenues collected by YPF from its own commercial activities (e.g. ‘equity oil’, or YPF’s share of oil and gas production), with a view to ensuring public disclosures of YPF’s collection of a share of oil and gas production in line with the level of detail prescribed by Requirement 4.2.a. Given that some companies buying oil and gas from SOEs such as YPF are already publicly disclosing volumes received from YPF and payments made for the purchase of oil and gas, Argentina is encouraged to develop an integrated approach to reporting that ensures comprehensive disclosures by all buying companies as well as YPF of oil and gas sales information in accordance with Requirement 4.2.a for all oil and gas sales by YPF.

In accordance with Requirement 4.5, Argentina should ensure that the EITI reporting process comprehensively addresses the role of material extractive SOEs, including comprehensive and reliable disclosures of material company payments to SOEs (including on the part of SOE subsidiaries, joint ventures and affiliates), SOE transfers to government agencies and government transfers to SOEs.

In accordance with Requirement 6.2, Argentina should develop a reporting process for all quasi-fiscal expenditures undertaken by material SOEs with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

Argentina is not an extractive-dependent economy but is a significant producer of lithium, silver and gold (the world’s fourth, ninth and 17th-largest producer in 2019 according to the US
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Geological Survey\(^3\). Despite boasting the world’s fourth-largest shale oil and the second-largest shale gas reserves as well as large offshore conventional oil reserves\(^4\) Argentina remains a net importer of oil and gas due to high domestic demand.\(^5\)

Argentina’s EITI reporting has mapped out existing sources of government systematic disclosures of production data for both mining and petroleum but has not yet improved the disaggregation of this data nor provided additional commentary on the source and methodology for calculating production data. The newly established Federal Mining Information System has started disclosing mining production data disaggregated by individual project. Export data for all extractive commodities is systematically disclosed in Argentina, although the level of disaggregation in export data for oil and gas is slightly lower than for mining. In oil and gas, the Ministry of Economy hosts a webpage that discloses export volumes and values through dynamic excel tables and data visualizers, although this data is not disaggregated by region of origin, company, or project, which are all encouraged aspects of the requirement. In mining, the Federal Mining Information System (SIFIM) systematically discloses export volumes and values for each mineral commodity, disaggregated by commodity, region of origin, and country of export. None of the extractive export data has yet been published by company or by project.

Stakeholders consulted did not express any particular views on whether the objective of transparency in production and export data had yet been fulfilled, although several stakeholders from government and industry highlighted the SIFIM portal development as an important improvement in mining transparency. Thus, the Secretariat’s assessments are that Requirements 3.2 and 3.3 are fully met. Further disaggregation of systematically disclosed extractive production and export data and greater disclosures on the sources and methodology for published production and export data could allow Argentina to exceed these requirements in future.

Progress by requirement and corrective actions

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<th>EITI Requirement and assessment</th>
<th>Summary of progress in addressing the EITI Requirement</th>
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<tbody>
<tr>
<td><strong>Production (Requirement 3.2)</strong>&lt;br&gt;<strong>Fully met</strong>&lt;br&gt;</td>
<td>The Secretariat’s assessment is that Argentina has fully met Requirement 3.2. Oil and gas production volumes and values are systematically disclosed online both for federally administered offshore production and for onshore production governed by Provincial Governments. The Ministry of Economy’s website discloses oil and gas production volumes and values broken down by commodity sub-set and type of gas as well as by allotment, operator, field, well, province, and basin. While volumes and values are not disaggregated by project for the oil and gas sector as the 2019 EITI Report mentions, such disaggregation is only encouraged, not required under the EITI Standard. The</td>
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\(^4\) https://www.trade.gov/country-commercial-guides/argentina-energy-oil-gas

\(^5\) https://www.eia.gov/international/analysis/country/ARG
Federal Mining Information System (SIFIM) publishes mining production volumes and values. The 2019 EITI Report explains that unlike in oil and gas, all mining companies of first category have a tax ID number (CUIT) tied to the specific project they are associated with. Given that disclosure and payment occur at the CUIT level, this means that mining production data is systematically disclosed by individual project.

### Exports (Requirement 3.3)

**Fully met**

The Secretariat's assessment is that Argentina has fully met Requirement 3.3. Mining and oil and gas volumes and values are systematically disclosed through the Ministry of Economy’s website and the SIFIM website and also summarized through EITI reporting. Both volumes and values can be disaggregated by commodity through the dynamic excel tables but they are not broken down by region, company, or project in oil and gas (such disclosures are encouraged, not required, in the EITI Standard). In mining, export volumes and values are disclosed by region of origin as well as country of destination.

### New corrective actions and recommendations

- To strengthen implementation, Argentina is encouraged to ensure that production volumes and values of every extractive commodity produced are publicly disclosed disaggregated by region, company or project, and that the sources and methods for calculating production volumes and values are publicly described.
- To strengthen implementation, Argentina is encouraged to ensure that export volumes and values of every extractive commodity exported are publicly disclosed disaggregated by region, company or project, and that the sources and methods for calculating export volumes and values are publicly described.

### Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

#### Overview of progress in the module

Argentina has established a system for the disclosure of government revenues and company payments at the Federal Government level, in accordance with Phase I of Argentina’s Board-approved adapted implementation of the EITI. However, both the 2018 and 2019 EITI Reports have been published according to the “flexible” EITI reporting approach approved by the Board in response to the Covid-19 pandemic, departing from traditional EITI reconciliation in accordance with Requirement 4.1.c to focus on a mixture of unilateral disclosures by companies of their payments to the Federal Government and of government disclosures of extractive revenues collected at the federal level in more aggregated terms. This has resulted in disclosures of Federal Government revenues from oil and gas companies operating in the Federally governed offshore and mining companies’ tax payments to the Federal Government, with only reporting companies disclosing information on payments to government to the requisite level of granularity and according to the quality assurances agreed by the MSG for Argentina’s financial EITI disclosures.
While the general approach to disclosures of financial data was in accordance with Board-approved procedures both for adapted implementation and “flexible” EITI reporting, several aspects of the actual EITI scoping and disclosures were problematic in the first two EITI Reports. Company reporting has been universal among the 14 material metallic mining companies, but has been far weaker in oil and gas with only eight of the 25 material companies reporting in the 2019 EITI Report. Meanwhile, selecting companies for reporting based only on the types of minerals they produce and the value of their production or exports raises a significant risk of omitting other extractive companies from the scope of reporting due to the products they mine (e.g., non-metallic mining companies) or the lack of correlation between their production and levels of payment to government.

The granularity of Argentina’s EITI disclosures has improved, with relevant payments to government data reported at a project level. The timeliness of Argentina’s EITI reporting has always been (just) within the two-year deadline, although there is scope for Argentina to significantly improve by using EITI reporting to integrate and strengthen existing systematic disclosures. Data reliability however is a greater concern, even if the MSG’s review of the rules and practices of companies’ audit and assurance systems is commendable. Neither the 2018 nor 2019 EITI Report includes a clear statement related to the comprehensiveness and reliability of the EITI financial data on company payments and government revenues reported. Thus, the Secretariat’s assessment is that Requirements 4.1 and 4.9 are partly and mostly met, respectively, and that Requirements 4.7 and 4.8 are fully met.

**Progress by requirement and corrective actions**

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<thead>
<tr>
<th>EITI Requirement and assessment</th>
<th>Summary of progress in addressing the EITI Requirement</th>
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</table>
| Comprehensive disclosure of taxes and revenues (Requirement 4.1) | The Secretariat’s assessment is that Argentina has partly met Requirement 4.1. Stakeholders from all constituencies considered that the objective of comprehensive disclosures of company payments and government revenues from oil, gas and mining had not yet been fulfilled, although several industry representatives shared their expectation that oil and gas company reporting would significantly improve in the third EITI Report currently under development. The MSG’s comments on the draft assessment argue strongly for its view that the objective was met and that Argentina’s two first EITI Reports “present quality information and reliable data”.

Due to Argentina’s adapted implementation, the MSG’s work on disclosures of company payments and government revenues focused exclusively on extractive revenues collected by the Federal Government, i.e., tax revenues from mining and onshore oil and gas companies and both tax and non-tax revenues from oil and gas companies operating in offshore areas under the Federal Government’s jurisdiction. The MSG’s decisions on materiality thresholds are clear for both the selection of revenue streams and of companies, although they are based on 2018 data reviewed in the MSG’s 2020 scoping study (Materiality Report) rather than on the basis of 2019 data. However, given taxpayer confidentiality... |
provisions, the MSG has not been able to confirm the lack of material payments (e.g. for tax) from companies that were excluded from the scope of reporting, for instance through confirmation from AFIP (either before or after data collection, in an anonymised manner) that no company making material tax payments to the Federal Government was excluded from the scope of EITI reporting. The approach to selecting companies based on production and exports may not capture the full scope given the lack of correlation between production levels and tax payments to the Federal Government. The selection of material revenue streams based on 2018 data could also miss some companies making significant payments, given the potential changes in revenue profiles between 2018 and 2019 (for instance due to lower Income Tax payments by YPF in 2018). For mining in particular, the selection of companies based only on the nature of mineral commodities mined (i.e. selecting only ‘Tier-1’ companies producing metallic minerals, rather than Tier 2 or 3 companies producing industrial minerals, construction materials) without consideration of the materiality of non-metallic mining companies’ payments to the Federal Government, raises significant concerns over the MSG’s approach to selecting material companies for EITI reporting. In its comments on the draft assessment, the MSG noted that it had agreed to continue based on the same scope for its second EITI Report as the one for its first EITI Report because of the context of the pandemic and the “flexible” approach followed for the EITI Report. It noted the MSG’s decision to extend the scope of EITI disclosures to refunds, transfers and offsets received by extractive companies from the Federal Government in accordance with Value Added Tax Law No.23.349. The MSG’s comments emphasised that materiality decisions had been extensively discussed in the context of the 2020 Materiality Report and that the MSG had taken an informed decision to focus on Tier-1 (metalliferous) mining companies based on a variety of factors including that they were more foreign-invested, export-oriented and had generated more “social and political conflict”. However, the Secretariat notes that the materiality decisions were not based on the materiality of their payments to government. The MSG noted in its comments that it planned to revisit the scope of its EITI Report and related materiality decisions with regards to subnational payments in particular in Phase 2 of its EITI adapted implementation.

While all mining companies and government entities disclosed the required data, only 8 out of the 25 material oil and gas companies reported, causing significant gaps in the coverage of government revenue data from the oil and gas sector (with only 34.83% of the Federal Government’s total oil and gas revenues covered by EITI disclosures, according to aggregate data disclosed by the Federal Government). The value of each non-reporting company's payments to government is not provided given taxpayer confidentiality constraints, as a basis for assessing the materiality of each company's omissions. The government's unilateral disclosure of total oil and gas revenues is provided. In its comments on the draft assessment, the MSG highlighted the systematic disclosures of companies’ payments to government in their sustainability reports, including both for YPF and mining companies through the Argentine Chamber of Mining Entrepreneurs (CAEM) website. However, the Secretariat’s review of these disclosures is that the level of granularity of disclosures vary considerably across different companies.
The 2019 EITI Report also notes concerns from the IA over the lack of reconciliation given the "flexible" approach to EITI reporting, with doubts over irregularities encountered in the comparison of financial data disclosed by companies and government entities that were not the subject of a detailed investigation. Despite the flexible approach to EITI reporting and Argentina’s adapted implementation, there remain gaps in the comprehensiveness of Argentina's EITI reporting, both in the comprehensiveness of the federal government's unilateral disclosure of total revenues and in the significant weaknesses in material oil and gas companies' participation in EITI reporting.

<table>
<thead>
<tr>
<th>Infrastructure provisions and barter arrangements (Requirement 4.3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not applicable</td>
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The Secretariat's assessment is that Requirement 4.3 is not applicable in the period under review. The MSG has considered the applicability of the requirement and concluded it was not applicable in the scope of Argentina’s adapted implementation, although there is scope for a more detailed review of whether any such agreements are in force ahead of future EITI reporting. Consultations with industry and government indicated that there were no infrastructure provisions of extractive agreements in accordance with the definition in Requirement 4.3 at the Federal level, but that there may be such infrastructure provisions in contracts with Provincial Governments. In its comments on the draft assessment, the MSG noted that it had approved the non-applicability of Requirement 4.3 in the scope of Phase 1 of Argentina’s adapted implementation, with reference to relevant MSG meetings in the 2020-21 period.

While the 2019 EITI Report and the 2020 scoping study (Materiality Report) state that there are no infrastructure and barter arrangements in the oil and gas sector at the national level (the scope of Argentina's adapted implementation), the basis for the MSG’s assessment is unclear from publicly accessible Argentina EITI documents. It remains unclear whether the MSG and IA have reviewed relevant agreements and revenue flows as a basis for assessing the applicability of Requirement 4.3. It is unclear from YPF’s annual financial statements whether any of the expenditures covered by investment agreements involving YPF in the federally administered part of the oil and gas sector (offshore) include the provision of any public infrastructure in full or partial exchange of extractive exploration or production rights, or the physical delivery of extractive commodities. Minutes of the MSG’s 9th meeting in October 2020 record statements from public officials that infrastructure expenditures are a widespread feature of oil and gas contracts, although the MSG considered this beyond the scope of the terms of Argentina’s current adapted implementation given that they were undertaken at the provincial level. However, there is no public evidence of whether the MSG has yet formed a view of whether these provisions meet the definition of barter arrangements and infrastructure provisions in Requirement 4.3. In its comments on the draft assessment, the MSG noted that it would revisit the issue of identifying any barter-type infrastructure arrangements in future EITI reporting.

<table>
<thead>
<tr>
<th>Transportation revenues (Requirement 4.4)</th>
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<tr>
<td>Not applicable</td>
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The Secretariat's assessment is that Requirement 4.4 is not applicable in Argentina in the period under review. The 2019 EITI Report indicates that transportation revenues have not been included in EITI reporting as they are not considered material in the period under review. However, no further information is provided in the 2019 EITI Report to document the MSG’s assessment of the materiality of transport revenues based on 2019 figures. The MSG’s 2020...
A scoping study (materiality report) distinguishes between upstream oil and gas company payments for the transportation of hydrocarbons on one hand and payments to government by private pipeline operators (e.g., taxes). The 2019 EITI Report states that pipeline companies are private in Argentina and the amount paid to the responsible government entity (ENARGAS) is considered immaterial, although it only provides the value of such pipeline company payments in 2018 as a basis for this assessment, not 2019 figures. It is assumed that the MSG’s assessment that these revenues were not material was based on the general 1% materiality threshold for selecting companies for EITI reporting. Despite the lack of documented review by the MSG of 2019 data, there is no evidence of material transport revenues collected by the Federal Government in the period under review by the latest EITI Report.

### Level of disaggregation (Requirement 4.7)

**Fully met**

The Secretariat’s assessment is that Argentina has fully met Requirement 4.7. Most stakeholders consulted did not express any particular views on whether the objective of enabling the public to assess the extent to which the government can monitor its revenue from individual projects had been fulfilled, although some civil society representatives considered that EITI data provided the basis for tracking individual projects.

Despite concerns over the comprehensiveness of disclosures of material company payments and government revenues (see Requirement 4.1), the financial data disclosed in the 2019 EITI Report is disaggregated by government entity, revenue stream and company. The ToR for the 2019 EITI Report, which is publicly accessible, confirms the MSG’s agreed definition of project. The MSG appears to have adequately scoped the specific material revenue streams collected by the Federal Government that are levied at a project level, even if it does not appear to have yet published descriptions of any projects that cover several substantially interconnected licenses and contracts.

There appear to be only two types of revenue streams in the oil and gas sector that are levied on a per project basis: royalties and exploration/exploitation fees. While this excludes mining, oil and gas revenues that are levied on a per project basis by subnational government entities, these disclosures are currently beyond the scope of Argentina’s initial EITI reporting given its adapted implementation. In practice, company disclosures of payments to the Federal Government related to royalties and exploration and exploitation fees are presented disaggregated by individual project, although only 8 of the 25 material oil and gas companies participated in EITI reporting for 2019 (see Requirement 4.1).

### Data timeliness (Requirement 4.8)

**Fully met**

The Secretariat’s assessment is that Requirement 4.8 is fully met in Argentina. Argentina EITI financial data has been published in a sufficiently timely manner in its first two rounds of EITI Reports (covering 2018 and 2019), and the MSG has approved the period for reporting. It remains unclear whether there are concrete plans by the MSG to improve the timeliness of reporting in future EITI reporting cycles beyond the Argentina EITI’s work plan activity related to ensuring the systematic disclosure of all required EITI data within four years of the start of implementation.
**Data quality and assurance (Requirement 4.9)**

*Mostly met*

The Secretariat’s assessment is that Argentina has mostly met Requirement 4.9. Most stakeholders consulted considered that the objective of the EITI contributing to strengthening routine government and company audit and assurance systems and practices and ensuring that stakeholders can have confidence in the reliability of the financial data was in the process of being fulfilled. In its comments on the draft assessment, the MSG argued that it has taken adequate and sufficient measures to ensure the reliability of disclosures of company payments and government revenues from mining, oil and gas.

The MSG agreed to an approach for the disclosure of payments and revenues that is aligned with the ToR approved by the EITI Board for “flexible” EITI Reports. All relevant MSG deliberations and decisions related to the ToR, reporting templates and methodology for the 2019 EITI Report are documented in the public domain. All non-financial information in the 2019 EITI Report appears clearly sourced. The 2019 EITI Report provides a review of government and company audit and assurance practices in 2019 as a basis for agreeing quality assurances for EITI reporting. While eight of the 14 material companies in the mining sector publish audited financial statements that are referenced in the 2019 EITI Report, only two of the 25 material companies (or of the eight reporting companies) did so in the oil and gas sector. The quality assurances for EITI reporting by both companies and government entities consisted of management certification of the reporting templates, although these assurances were provided by all reporting entities. However, while the 2019 EITI Report includes a review of adherence to quality assurances for EITI reporting, it does not include a statement from the IA or MSG related to comprehensiveness and reliability of financial data on company payments and government revenues disclosed in the 2019 EITI Report. Significant gaps in disclosures by a majority of material oil and gas companies means that all material government revenues or company payments were not disclosed in the 2019 EITI Report to levels of disaggregation mandated under Requirement 4.7. Likewise, the lack of confirmation that all material extractive companies’ 2019 financial statements are publicly accessible raises questions about the reliability of company payments disclosed in the 2019 EITI Report. In its comments on the draft assessment, the MSG noted that it considered the data in the first two EITI Reports on company payments and government revenues from the extractive industries to be reliable given that the comparison of payments from reporting companies and aggregate revenues from the government identified differences that were not considered to be “very significant”. However, the Secretariat’s view is that weaknesses in company adherence to agreed quality assurances combined with the lack of statement in the EITI Report on the overall comprehensiveness and reliability of disclosures on financial data on company payments and government revenues from the extractive industries represent gaps in progress towards the objective of ensuring that appropriate measures have been taken to ensure the reliability of disclosures of company payments and government revenues from oil, gas and mining, which has been mostly fulfilled.

**New corrective actions and recommendations**
In accordance with Requirement 4.1, Argentina should ensure comprehensive public disclosure of all extractive companies’ material payments to government and material government revenues from the extractive industries to levels of disaggregation required under Requirement 4.7. The expectation is that Argentina will disclose the requisite information through routine government and corporate reporting (websites, annual reports, etc.), with EITI Reports used to collate this information and address any concerns about gaps and data quality. To strengthen implementation, Argentina is expected to ensure that all extractive companies publicly disclose their audited financial statements, or the main items (i.e., balance sheet, profit/loss statement, cash flows) where financial statements are not available.

To strengthen implementation, Argentina may wish to revisit the materiality threshold for disclosure of government revenues collected from the transportation of oil, gas and minerals to ensure comprehensive and disaggregated disclosures of these revenues in accordance with Requirement 4.7, where there is public demand for this information.

To strengthen implementation, Argentina is encouraged to document the existence of any extractive project that constitutes a substantially interconnected agreement, i.e. a set of operationally and geographically integrated contracts, licenses, leases or concessions or related agreements with substantially similar terms that are signed with a government, giving rise to payment liabilities and covered by a single contract, joint venture, production sharing agreement or other overarching legal agreement.

To strengthen implementation, Argentina is encouraged to explore ways to improve the timeliness of its EITI reporting to ensure timelier and more relevant disclosures that can inform policy-making and public debate.

In accordance with Requirement 4.9, Argentina should ensure that an assessment is published of whether the payments and revenues disclosed through EITI reporting are subject to credible, independent audit, applying international auditing standards. The expectation is that government and company disclosures as per Requirement 4 are subject to credible, independent audit, applying international auditing standards. The expectation is that disclosures as per Requirement 4 will include an explanation of the underlying audit and assurance procedures that the data has been subject to, with public access to the supporting documentation.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

Argentina’s Federal Government operates a single Treasury account system that ensures that all government extractive revenues collected at the federal level are transferred to the Treasury. The Ministry of the Economy’s website provides detailed information on the source and management of the Federal Government’s revenues. Despite the terms of Phase I of Argentina’s adapted implementation, there is no evidence of the MSG’s review of existing public disclosures by Provincial Governments on their management of extractive revenues. However, the Secretariat’s view is that the engagement of Provincial Governments in EITI reporting would have been necessary to comprehensively review whether all extractive revenues collected by Provincial Governments are recorded in provincial budgets. Stakeholders consulted broadly considered that there was sufficient transparency in the distribution of government extractive revenues at the federal level and that the objective had been fulfilled. Thus, the Secretariat’s assessment is that Requirement 5.1 is fully met.
Argentina has used its EITI reporting to provide a general overview of revenue management and expenditures and also provides direction to the Ministry of the Economy's national budget website. Two types of earmarked extractive revenues at the federal level are described in Argentina’s EITI Reports. The first consists of extractive revenues earmarked for the “Fideicomiso Austral” trust account that is used to promote oil and gas production in the Tierra del Fuego Province. Stakeholder consultations confirmed that these earmarked extractive revenues were recorded in the Federal Government budget and that the Federal Government was the custodian of the trust account. The second type consists of extractive revenues earmarked for the “Programa Hogares con Garrafas” programme that subsidizes natural gas supplies to low-income households. EITI reporting describes these two funds well but does not describe mechanisms for ensuring accountability and efficiency in the use of earmarked funds. While many government stakeholders consulted considered that the objective of strengthening public oversight of the management of extractive revenues was being fulfilled, other stakeholders considered that the objective of strengthening public oversight of the use of extractives revenues to fund specific public expenditures and the assumptions underlying the budget process was not yet fulfilled. Thus, the Secretariat’s assessment is that Requirement 5.3 remains not assessed given that encouraged aspects of the requirement have not yet been addressed.

**Progress by requirement and corrective actions**

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

<table>
<thead>
<tr>
<th>EITI Requirement and assessment</th>
<th>Summary of progress in addressing the EITI Requirement</th>
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<tbody>
<tr>
<td><strong>Distribution of extractive industry revenues (Requirement 5.1)</strong></td>
<td>The Secretariat’s assessment is that Argentina has fully met Requirement 5.1. Most stakeholders consulted considered that the objective of traceability of extractive revenues to the national budget had been fulfilled since all extractive revenues of the Federal Government were recorded in the national budget. EITI reporting indicates that all extractive sector revenues included in the scope of reporting (i.e., revenues collected by the Federal Government) are recorded in the national budget. This was confirmed in stakeholder consultations. While the lack of evidence of MSG review of the management of extractive industry revenues at the subnational level based on public documents is a concern, given the significant value of extractive revenues collected at the provincial level, the Secretariat considers that the terms of Phase I of Argentina’s adapted implementation mean that these disclosures would have required the engagement of Provincial governments. Neither of Argentina’s two EITI Reports to date have referenced either national or international revenue classification systems.</td>
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<tr>
<td><strong>Revenue management and expenditures (Requirement 5.3)</strong></td>
<td>The Secretariat's assessment is that Argentina has made some progress in disclosing information on extractive revenue management and expenditure, although all encouraged aspects of Requirement 5.3 have yet to be addressed. Therefore, Requirement 5.3 remains not assessed, pending comprehensive disclosures of all information encouraged to be disclosed in accordance with Requirement 5.3. Stakeholders consulted did not express any particular views</td>
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Not assessed on progress in fulfilling the objective of strengthening public oversight of the management of extractive revenues was being fulfilled, although some civil society representatives considered that more disclosures on budget planning and assumptions would be welcome.

The 2019 EITI Report and government portals such as the Ministry of Economy's website provide information on earmarked extractive revenues, the federal government's budget and audit procedures as well as some information on projections and assumptions underpinning the budget. While the two funds partly financed by extractive revenues are well-described, there are no descriptions of the methods for ensuring accountability and efficiency in the use of earmarked funds.

New corrective actions and recommendations

- To strengthen implementation, Argentina is urged to conduct a comprehensive review of all publicly available information on the distribution of extractive industry revenues and revenue management and expenditure at the subnational level, in accordance with the terms of Argentina's adapted implementation. Argentina may wish to use its EITI reporting to document the national revenue classification system, with reference to international revenue classification standards.

- To strengthen implementation, Argentina may wish to use EITI reporting to describe any extractive revenues earmarked for specific programmes or geographic regions, such as the ‘Austral’ fund for the benefit of the Province of Tierra del Fuego. Argentina may wish to consider using EITI implementation as a means of ensuring timely government disclosures that would further public understanding and debate around issues of revenue sustainability and resource dependence, including the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

Argentina’s MSG set out a proposal for its Board-approved adapted implementation that included a two-step approach to implementation. In the first phase, until this Validation, Argentina’s MSG was expected to undertake outreach to provincial governments to ensure piloting of EITI reporting at the subnational level, while referencing relevant data already published through existing public disclosures by subnational governments in EITI reporting. The EITI Reports and other EITI publications document the MSG’s view that Requirement 4.6 is not applicable to Argentina due to its adapted implementation. Yet there is insufficient evidence that Argentina has addressed both aspects of Phase I of its adapted implementation, namely a public mapping of disclosures at the subnational level and strategic outreach to Provincial Governments. While there has been outreach by the Federal Government and delays due to the impact of political changes and the Covid-19 pandemic and understandable, but the lack of underlying strategy to the outreach to Provincial Governments is a concern if Argentina is to progress to Phase II of its...
adapted implementation. Thus, the Secretariat’s assessment is that Requirement 4.6 is partly met in the 2019-2021 period. In accordance with the terms of Argentina’s adapted implementation however, the MSG is required to revert to the EITI Board with a proposal for Phase II of its adapted implementation.

The International Secretariat’s understanding is that there are no subnational transfers of a share of extractive revenues collected by the Federal Government, and thus that Requirement 5.2 is not applicable in the period under review.

Argentina’s EITI work in improving the transparency of social and environmental expenditures of extractive companies has remained limited given the MSG’s documented view that there are no mandatory social expenditures of contributions to social development funds administered at the Federal Government level. However, there are legal requirements for mining, oil and gas companies to make contributions of 3% of total investment in provincial trust funds to support social causes. The terms of Argentina’s adapted implementation exempt provincial governments to report their receipts of these payments in Phase I of Argentina’s adapted implementation. However, several industry representatives consulted noted that companies would be pleased to disclose the details of their social expenditures, while civil society representatives consulted highlighted the public interest in this information. It would thus have seemed possible to request material mining, oil and gas companies to disclose information on their contributions to social funds as part of their EITI reporting. The MSG’s work on disclosing annual environmental tax payments and revenues is welcome, although the comprehensiveness and reliability of disclosures in the 2018 and 2019 EITI Reports remain highly questionable given the low response rate from companies and the significant discrepancies with government environmental revenue figures. Thus, the Secretariat’s assessment is that Requirement 6.1 is partly met.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

<table>
<thead>
<tr>
<th>EITI Requirement and assessment</th>
<th>Summary of progress in addressing the EITI Requirement</th>
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<tr>
<td><strong>Subnational payments</strong> (Requirement 4.6)</td>
<td>The MSG has argued in its 2018 and 2019 EITI Reports and its 2020 scoping study (materiality report) that Requirement 4.6 is not applicable due to Argentina’s adapted implementation. There is no evidence that the MSG has reviewed publicly available sources of any information on revenues from the extractive industries collected by subnational governments, despite terms of Argentina’s adapted implementation requiring Argentina’s EITI reporting to reference existing public sources of information on provincial governments’ revenues. While Argentina’s adapted implementation means that comprehensive disclosure of direct subnational payments is not strictly required, there is evidence of outreach to provincial governments to encourage their participation in the 2019-2021 period, although this has been slowed by elections in 2019 and 2021 as well as the impact of the Covid-19 pandemic. Stakeholders described several outreach activities that had successfully raised awareness about EITI within the Federal Government, as well as events targeting...</td>
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stakeholders in the provinces. The MSG held around three outreach events in provinces a year targeting a consistent selection of provinces (Jujuy, Neuquén, Río Negro, San Juan, Salta) while the Federal Government (Secretaries of Productive Development and of the Economy) issued two circulars to provincial governments about EITI. Provincial outreach was described as targeting stakeholders from industry and civil society, in addition to provincial governments, in line with Argentina’s two-stage adapted implementation approved by the EITI Board. Efforts to raise awareness and engagement with provincial governments have been unsuccessful in ensuring a formal piloting of EITI implementation at the provincial level to date, however. Despite multiple events and outreach efforts and early indications of interest from some provincial governments, including Salta and San Juan, no provincial governments have formally committed to implementing the EITI as part of the first phase of Argentina’s adapted implementation. Nevertheless, the MSG’s comments on the draft assessment highlighted statements by provincial legislatures in Catamarca, Salta and Neuquen expressing support for the establishment of mechanisms to implement the EITI at the provincial level. Stakeholders have speculated as to whether this can be attributed to changing political climates, or the Federal Government’s failure to engage systematically or consistently before and after federal and provincial election cycles. The example of the Salta Province was highlighted by several stakeholders consulted, who noted that the Salta Governor had agreed to pilot EITI implementation in 2019 before being replaced following elections shortly thereafter. Stakeholders consulted noted that there was no document clearly defining the government’s strategy of provincial EITI outreach, which they considered to be a weakness in government engagement. In its comments on the draft assessment, the MSG noted that the MSG had decided to prioritise awareness raising for provincial governments and civil society in light of the pandemic, with a view to formally inviting provinces to join the EITI in the course of 2021.

The lack of evidence of the MSG’s review of public sources of information is a concern, even if existing public disclosures on extractive revenues collected by provincial governments appears limited. The MSG’s comments on the draft assessment noted that the review of publicly accessible information on provincial systematic disclosures of extractive data had effectively been postponed due to the pandemic. They highlighted plans to undertake a comprehensive survey of publicly available information on extractive activities at the subnational level. The comments noted that some information on extractive revenues was published by Provincial Governments as part of their Savings-Investment accounts published by the Provincial Ministries of Finance, but that this information was usually two to three years out of date (citing the examples of San Juan, Salta, Catamarca, Jujuy, Neuquen, Santa Cruz). They also noted that information on some extractive non-tax revenues (e.g., royalties) was published on the National Congress website, which was considered a significant step in supporting systematic outreach at the provincial level. The MSG comments also highlighted the publication of information on the sector in open format by the Secretariat of Energy. In the mining sector, the MSG highlighted the information now available through the Federal Mining Information System (SIFIM). While noting the gradual nature of collaboration between Federal and Provincial Governments on disclosures of information such as licenses and contracts given the provisions for provincial ownership of natural resources enshrined in Argentina’s Constitution,
they noted ongoing reforms to develop tools to facilitate Provinces’ disclosures of licenses and contracts, such as the Mining Producers Register and SIGETRAMI.

Nonetheless, the Secretariat’s view is that there has been insufficient progress towards adhering to the terms of Phase I of Argentina’s adapted implementation. While the context of the COVID-19 pandemic must be taken into account to explain delays in formally piloting EITI disclosures at the provincial level, the Secretariat’s view is that the lack of a review of public systematic disclosures at the provincial level of information required by the EITI Standard is an important gap that has hindered progress in fulfilling the objective of the requirement. Thus, the Secretariat’s assessment is that Requirement 4.6 is partly met in the period under review.

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<tr>
<th>Subnational transfers (Requirement 5.2)</th>
<th>The Secretariat’s assessment is that Requirement 5.2 is not applicable in Argentina in the period under review. The 2019 EITI Report simply states that Requirement 5.2 is not applicable, although the MSG’s 2020 scoping study (materiality report) states that there are no legal or regulatory instruments requiring the transfer of a share of extractive industry revenues collected by the Federal Government to any subnational government entities. While the minutes of the MSG’s 9th meeting in October 2020 indicate that there is a mechanism for 50% of royalties from some parts of offshore oil and gas production are transferred to a trust fund named ‘Austral’ for the benefit of the Province of Tierra del Fuego, the International Secretariat understands that those represent a type of earmarked expenditure by the Federal Government rather than a subnational transfer to the province itself. There was consensus among stakeholders consulted that, while there were significant direct subnational payments by extractive companies, there is no constitutional, legal or regulatory mechanism for subnational transfers of extractive revenues collected by the Federal Government in Argentina at present.</th>
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<tr>
<td>Social and environmental expenditures (Requirement 6.1)</td>
<td>The Secretariat’s assessment is that Requirement 6.1 is partly met in Argentina. Stakeholders consulted from civil society noted that disclosures of social and environmental expenditures were a priority for their participation in EITI implementation, with some expressing frustration at the lack of disclosures to date. Industry stakeholders consulted highlighted their systematic disclosures of companies’ social expenditures and their willingness to disclose this data in even more disaggregated levels in accordance with EITI Requirement 6.1, if requested. Government stakeholders consulted did not express any particular views on whether the objective of transparency in companies’ social and environmental expenditures had yet been fulfilled, although some officials noted the existence of an annual survey of mining companies by the Ministry of Productive Development’s Department of Mines, which requested (but did not yet publicly disclose) this information. In its comments on the draft assessment, the MSG confirmed that it had agreed on the non-applicability of Requirement 6.1 in the period reviewed by the first two EITI Reports, given that information “that is not of national scope” is not considered to be in the scope of Phase 1 of Argentina’s adapted implementation. Nevertheless, the MSG’s comments include a commitment to disclose company sustainability reports through the Argentina EITI website in the future.</td>
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There is evidence that the MSG has considered the existence of mandatory social expenditures and environmental payments to government in preparing its EITI Reports, although the two EITI Reports to date, the 2020 scoping study and minutes of the MSG’s 9th meeting in October 2020 acknowledge the existence of obligatory payments to provincial governments but do not include the data due to Argentina’s adapted implementation. With regards to mandatory social expenditures, the MSG’s position has been that there are no mandatory social expenditures or contributions to funds administered at the federal level. The MSG’s comments on the draft assessment reference the MSG’s October 2020 discussion that noted that the Hydrocarbons Law required company contributions to social funds that were received by Provincial Governments, while oil and gas contracts included provisions for the development of infrastructure, and that mining companies were required to make social contributions and payments that were channelled through trusts at the provincial level. Thus, the MSG argued that disclosure of these contributions was not required under Phase 1 of Argentina’s adapted implementation given that they were channelled “at the provincial level” and were considered to be “unlikely” to be economically significant. However, the comprehensiveness of the MSG’s review of mandatory social expenditures is questionable. The MSG appears to have reviewed the existence of mandatory social expenditures collected by the Federal Government but not the terms of contracts of mining, oil and gas companies included in the scope of reporting related to social expenditures to the benefit of host communities. Indeed, the minutes of the MSG’s 9th meeting indicate that there are mechanisms requiring both mining and hydrocarbon companies to contribute to social funds operated by provincial governments, although these were excluded from the scope of company EITI reporting given the MSG’s view that Argentina’s adapted implementation did not require disclosure of any financial flows to provincial governments. Some civil society representatives consulted noted the existence of mandatory social expenditures in the terms of mining companies’ different contracts. The Secretariat’s view is that this is consistent with the adapted implementation, but it would have been possible to request disclosure of social contributions to provincial government funds on the part of companies included in the scope of EITI reporting, if the MSG chose to do so. It would also have seemed possible to require material companies to disclose their mandatory social expenditures targeting non-state beneficiaries, without the need for additional disclosures by subnational governments. Several industry stakeholders consulted highlighted that extractive companies already disclosed information on their social expenditures through their corporate sustainability reports, albeit not to levels of disaggregation required by the EITI Standard. Thus, the Secretariat’s view is that the MSG could have requested comprehensive disclosure of material mandatory social expenditures from companies included in the scope of reporting, even within the context of Argentina’s adapted implementation.

With regards to environmental payments to government, the 2019 EITI Report describes an annual environmental tax that is paid to the Hazardous Waste Directorate of the MAyDS, in accordance with the Hazardous Waste Law. While the MSG considered this revenue to be below the materiality threshold for selecting material revenue streams (see Requirement 4.1), it nonetheless included this government revenue stream in the scope of EITI reporting for both companies and the Federal Government in the 2019 EITI Report, at the behest of...
civil society representatives. A total of four of the 14 reporting mining companies disclosed payments of such environmental taxes to the Federal Government, with another four companies reporting such payments only to respective provincial governments. It is unclear from Argentina’s EITI reporting whether these disclosures are comprehensive of all material environmental taxes by extractive companies. There are significant discrepancies between reporting of environmental taxes by companies and by the Federal Government. The MSG’s comments on the draft assessment note that the significant discrepancies were due to some mining companies’ reporting of environmental payments to both the Federal and Provincial Governments, as well as the lack of MayDs reporting of environmental revenues from two of the 14 reporting companies. While the reconciliation of these payments and revenues narrowed the value of discrepancies, it was not able to reconcile all discrepancies.

New corrective actions and recommendations

- In accordance with the terms of its Board-approved adapted implementation, Argentina should make a proposal to the EITI Board on the next steps for expanding the scope of EITI reporting to subnational governments, to ensure comprehensive and reliable disclosures of material government revenues from the extractive industries, including at the subnational level. It is a requirement that Argentina establishes whether direct payments from extractive companies to subnational government entities are material. Where material, Argentina is required to ensure that company payments to subnational government entities and the receipt of these payments are comprehensively and reliably disclosed in accordance with Requirement 4.6.

- In accordance with Requirement 6.1.a, Argentina should ensure public disclosure of all material social expenditures to enable local communities to exercise adequate public oversight. Companies that are mandated by law or through contracts to make social contributions are required to disclose these payments. Where such benefits are provided in kind, it is required that the companies involved disclose the nature and the deemed value of the in-kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e., not a government agency, it is required that the name and function of the beneficiary be disclosed. In accordance with Requirement 6.1.b, mining, oil and gas companies in Argentina should ensure comprehensive public disclosure of their material payments to the government related to the environment that are mandated by law, regulation or contract that governs the extractive investment.
Background

Overview of the extractive industries
An overview of the extractive industries is accessible on the country page of the EITI website for Argentina.

History of EITI implementation
The history of implementation is accessible on the country page of the EITI website for Argentina.

Explanation of the Validation process
An overview of the Validation process is available on the EITI website. The Validation Guide provides detailed guidance on assessing EITI Requirements, while the more detailed Validation procedure include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat’s country implementation support team include Esteban Manteca and Francisco Paris, while the Validation team was comprised of Alex Gordy, Riley Zecca and Christopher Wilson. The internal review for quality assurance was conducted by Bady Baldé, Nassim Bennani and Francisco Paris.

Confidentiality
The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page here.

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders’ identities is respected, and comments are not attributed by constituency. This draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation
The Validation of Argentina commenced on 1 January 2022. A public call for stakeholder views was issued on 15 November 2021. Stakeholder consultations were held virtually on 24 January – 9 February 2022. The draft Validation report was finalised on 28 March 2022. Following comments from the MSG received on 25 April 2022, the Validation report was finalised for consideration by the EITI Board.
Resources

- Validation data collection file – Stakeholder engagement
- Validation data collection file – Transparency
- Validation data collection file – Outcomes and impact