

How can SAls use EITI data and implementation in their work?

Strengthening public oversight of extractive industries, 11 October 2022



The global standard for the good governance
of oil, gas and mineral resources.

How can SAs use EITI data and implementation in their work?

Session 4: Group Discussions



Relevance of EITI for SAls

The EITI as an annual diagnostic:

- The EITI requires an annual diagnostic of the rules and practices of extractive governance.
- The EITI as a forum for raising deviations from international audit and assurance procedures in practice.

EITI recommendations for reform:

- The EITI can uncover irregularities that SAls have the legal mandate to follow up on.
- EITI recommendations relate to broader public finance and extractive industry reforms

Multi-stakeholder consensus-building via EITI:

- The EITI MSGs convene key stakeholders in the extractives (gov, industry & civil society).
- The EITI provides a forum for multi-stakeholder consensus-building on analysis of current practices and reform proposals.

The EITI as a driver of transparency reforms:

- The EITI has led to transparency and governance reforms in many countries.
- Scope for greater complementarities between EITI and SAls in recommending & driving reforms in government.

Legal & fiscal framework, contracts & licenses

- Diagnostic of deviations from the legal environment & fiscal regime in practice.
- Disclosure of government entities' roles and responsibilities in the extractive industries.
- Contracting & licensing performance review.
- Public disclosure of contracts (inc. terms).
- Beneficial ownership transparency.



Implemented in 57 countries, the EITI provides a platform for peer learning on extractive industry governance. Given that assessment of public policies is one of SAIs' roles, the EITI provides an opportunity to share good practises in extractive sector governance.

LEITI Liberia Extractive Industries Transparency Initiative

MOORE STEPHENS

LIBERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
(LEITI)

POST AWARD PROCESS AUDIT

FINAL REPORT

License award performance audit in Liberia



Using BO data on state contractors in Colombia



State participation in the extractive industries

- Diagnostic of deviations from rules on financial relations between SOEs & state.
- Analysis of SOE financial management (inc. retained revenues, quasi-fiscal spending).
- Traceability of extractive revenues managed by SOEs on behalf of the state.
- Assessment of commercialisation of the state's in-kind revenues in minerals, oil & gas.
- Disclosures on SOE corporate governance, procurement, expenditures, financial statements.



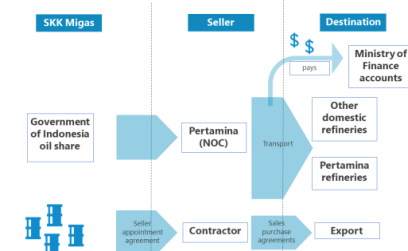
ITIE

Rapport thématique sur le renforcement
des divulgations des entreprises
publiques du secteur extractif de la
RDC
Exercice 2017 et 2018

Analysis of SOE financial statements in the DRC



Indonesia: Identifying corruption risks in
commodity trading



Corruption risks in commodity trading in Indonesia

Production & exports

- Disclosure of production & export data.
- Description of systems for production and reliability of government data on extractives production & exports.
- Cross-reference export data with export destination countries' import statistics.
- Increasing granularity of production data, at a project level.

Zambia

In Zambia, production and revenue data have been used to create a financial model to inform discussions on the mining fiscal regime. The country has made several changes to its mining taxation policies over the past decades, giving rise to substantial debate and discussion.

In this context, Zambia EITI has been able to provide data to inform debate, as Zambia adjusts to fluctuating commodity prices. Zambia's 2020 EITI Report included recommendations to strengthen the country's production monitoring system and to use these mechanisms for public disclosure of disaggregated production data to improve oversight of extractive revenue collection.

➔ [Zambia 2020 EITI Report](#)



Nigeria

Nigeria EITI (NEITI) has drawn attention to the reliability of available data on crude oil production in the country. A policy brief published by NEITI in 2019 notes that Nigeria relies on companies to provide data on production, as well as losses caused by oil theft, but that these figures are not verified by government agencies. NEITI has advocated for improved infrastructure to independently track and monitor crude oil from the point of production through to the point of export.

➔ [Policy brief](#)

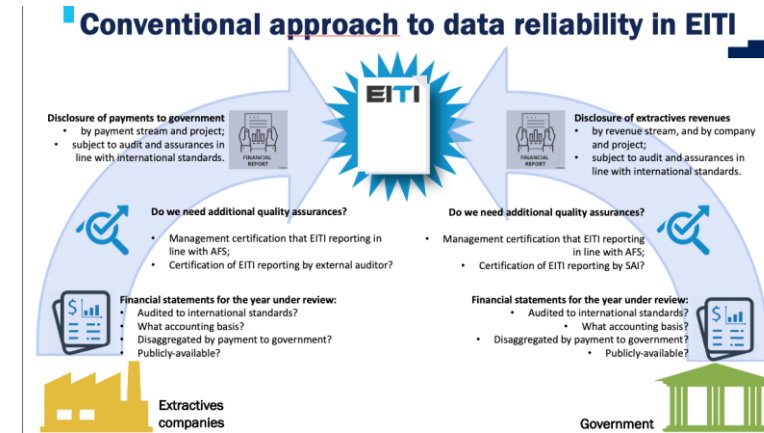




REVENUE
COLLECTION

Revenue collection

- Granular disclosures of government extractive revenues according to IMF GFS at national & subnational levels.
- Tracking execution of resource-backed agreements (e.g. minerals-for-infrastructure, swaps & resource-backed loans).
- Accounting for transportation revenues.
- Annual diagnostic of government and extractive company audit & assurance practices vis-à-vis international standards.
- Shift towards assessing whether companies pay what they are required to.



Annual diagnostic of audit and assurance practices in government & extractive companies

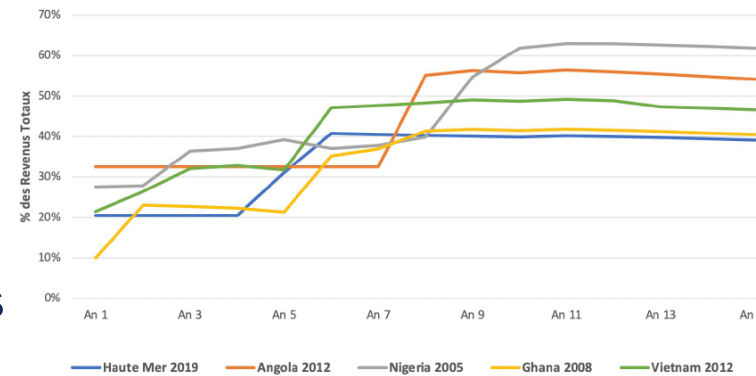
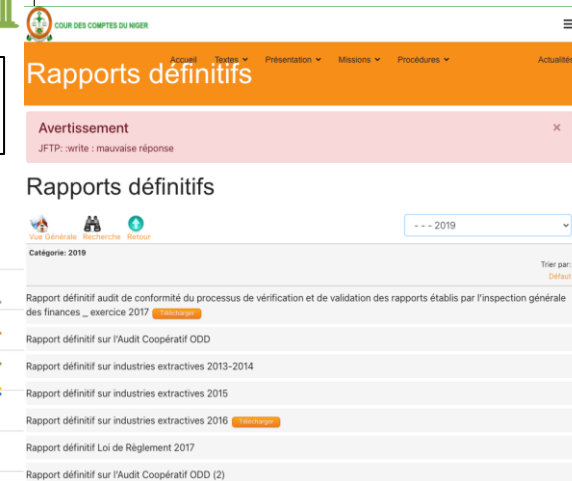


Figure 11 : Revenus de l'État en pourcentage des revenus totaux
Champ de taille moyenne à 70 \$/bbl

Financial modelling in Republic of Congo: comparing government oil revenues to other countries



Reports of the First Chamber of the Cour des Comptes in Niger on the extractive industries

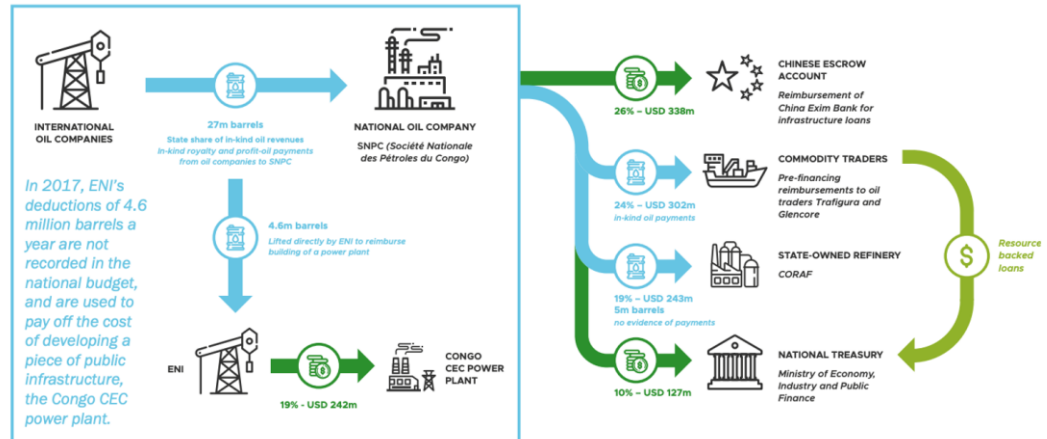


REVENUE ALLOCATION

Revenue allocation

- Ensuring traceability of revenues not transferred to the single Treasury account.
- Assessing deviations in practice in subnational transfers of extractive revenues.
- Disclosure of data and assumptions underpinning budget process, inc. forward looking projections to inform public of resource dependence and revenue sustainability.

MAPPING ALLOCATIONS OF IN-KIND OIL REVENUES IN THE REPUBLIC OF CONGO
IN USD FOR THE 2017 FISCAL YEAR



Tracking oil revenues not transferred to Treasury in the Republic of Congo



Etude sur les patentes versées aux collectivités

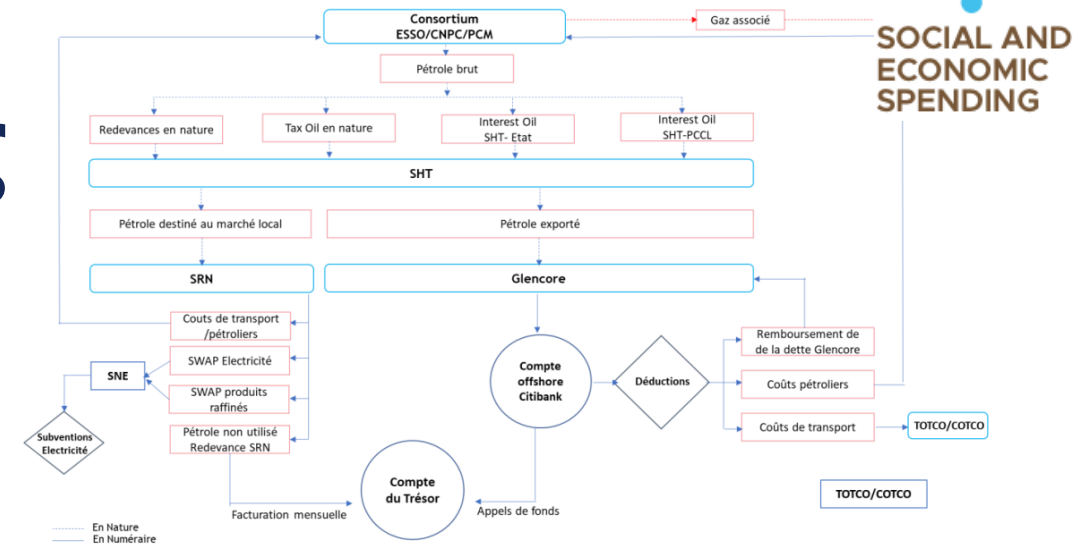


Tracking subnational transfers of 'la patente' in Mali

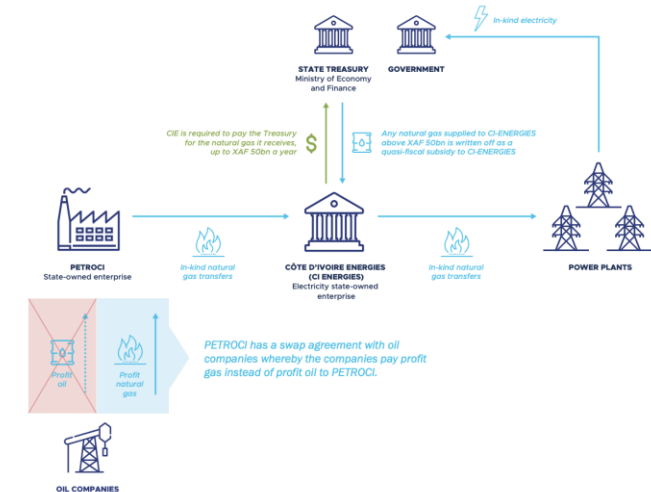
Social & economic spending

- Diagnostic of rules and practices of extractive companies' social spending and environmental payments & expenditures.
- Expanding transparency to off-budget management of extractive revenues & quasi-fiscal expenditures.
- Shedding light on the extractive industries' contribution to the national economy.
- Assessing rules and practices of mechanisms to manage environmental impacts of the extractive industries.

Figure 11 Recouvrement des revenus directs pétroliers



Tracking off-budget reimbursement of oil-backed loan from Glencore in Chad



Tracking off-budget gas-to-electricity subsidies in Côte d'Ivoire

Discussion points

- What do SAls see as the most relevant aspects of the EITI for their work?
- What areas of the EITI Standard are covered by different SAls' existing mandates?
- Do SAls feel sufficiently represented EITI MSGs?
- What are the lessons learned from SAls' use of the EITI process to date?
- What are the opportunities for greater use of the EITI process by SAls?





Extractive Industries
Transparency Initiative

www.eiti.org
@EITIorg

AUTHOR EITI International Secretariat

DATE 11 October 2022

OCCASION EITI-IDI workshop: Strengthening public oversight of extractive industries

E-MAIL secretariat@eiti.org **PHONE** +47 22 20 08 00

ADDRESS EITI International Secretariat, Rådhusgata 26, 0151 Oslo, Norway