

EITI Implementing Countries Peer Learning  
Geneva, Switzerland

June 17 & 18 2024

Enhancing EITI implementation:  
Challenges and Opportunities

# Session objectives

- Build on challenges and opportunities discussed on Day One.
- Articulate new strategies to implement EITI mandates for sustainable development impact.
- Assess pathways for transformational yet sustainable practices to strengthen natural resources governance.

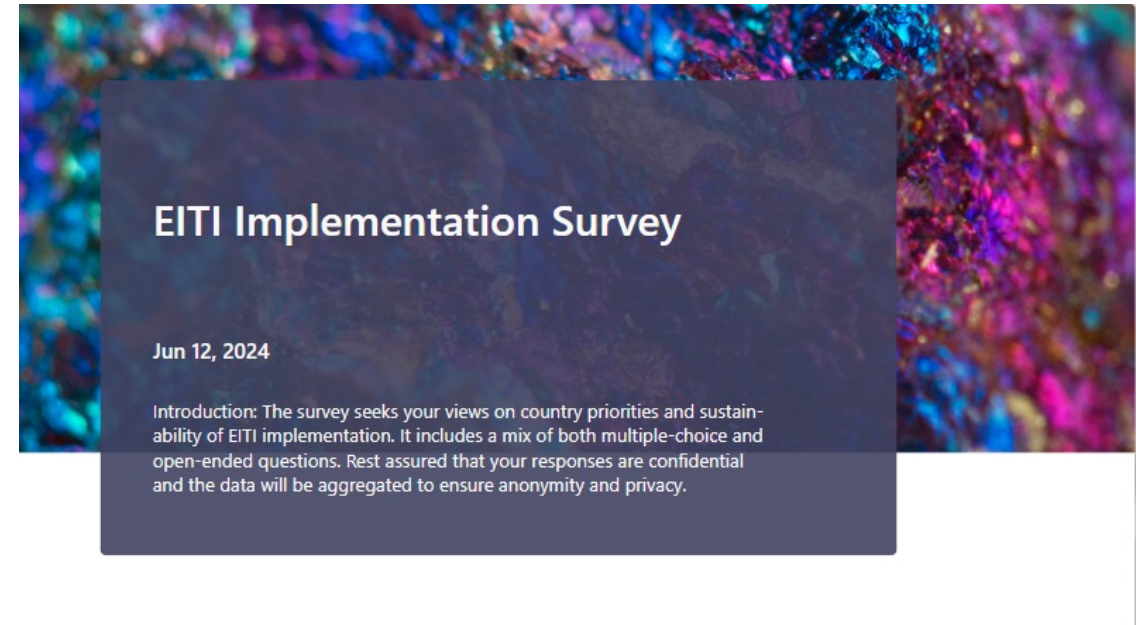
# Questions for reflection

- How can the exploitation of natural resources support inclusive growth and poverty reduction?
- How can countries leverage the EITI process to collect more revenue/create fiscal space to fund national investment programs?
- How can countries and their development partners effectively manage risks to create the right conditions for an extractive-led economic growth?

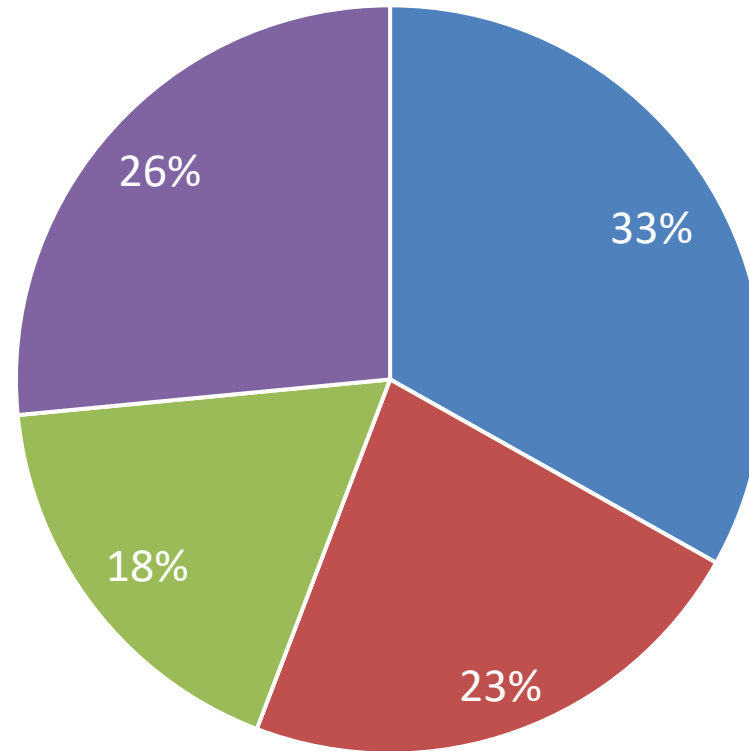
# EITI Implementation Survey

Electronic survey distributed to National Coordinators and members of multi-stakeholder groups on May 6-31, 2024

- ✓ Learn how best EGPS can support EITI implementation
- ✓ Gather inputs to enhance peer learning
- ✓ 181 responses from 51 countries



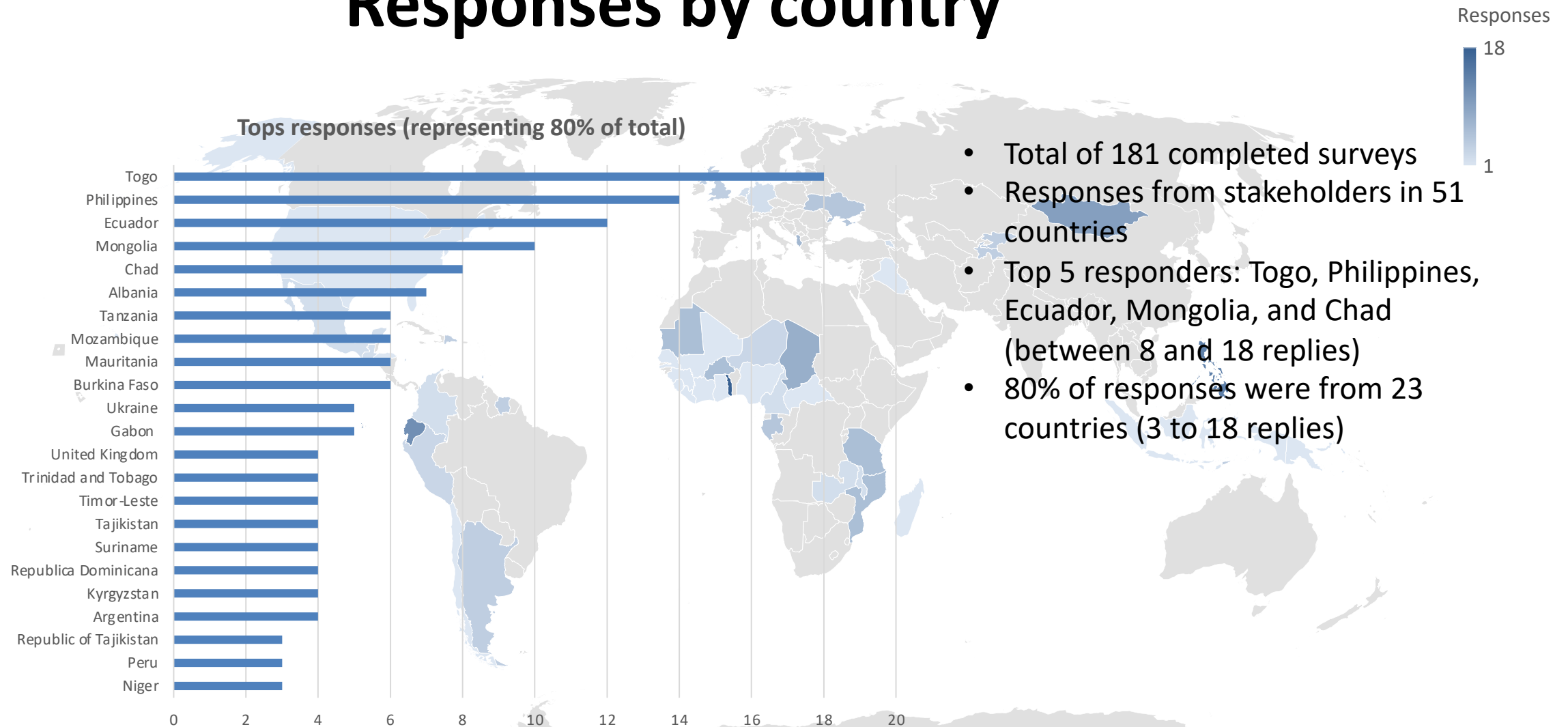
# Participation by constituency



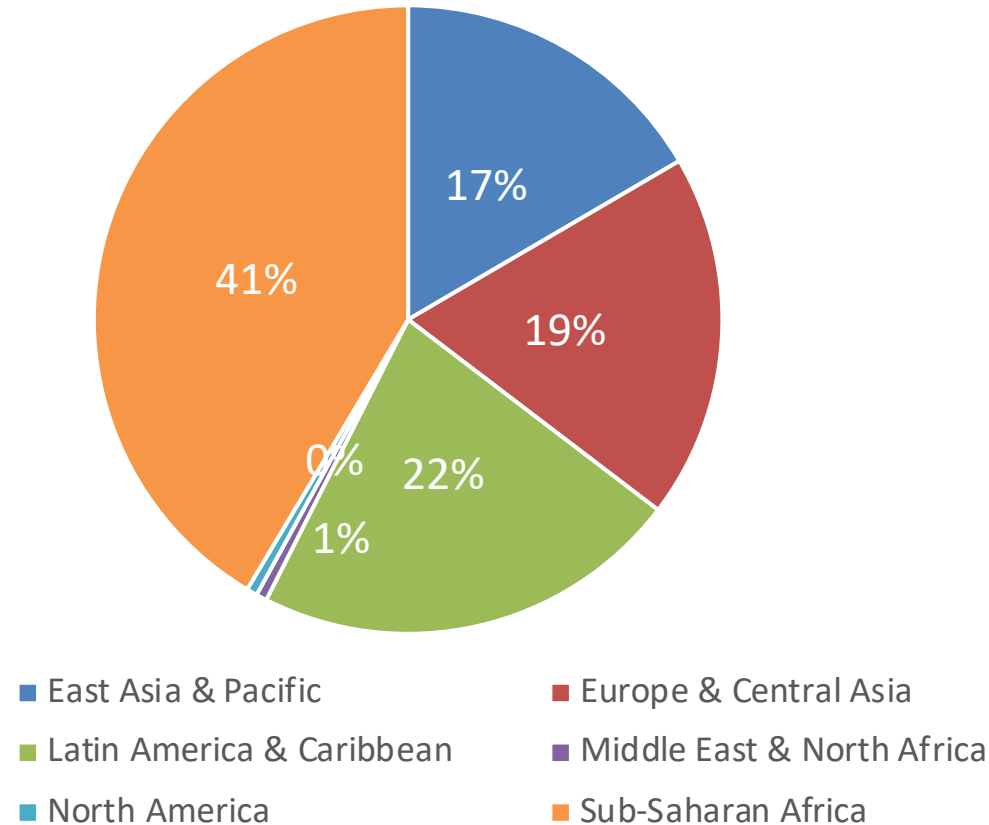
■ Civil Society ■ Government ■ Industry ■ National Coordinator

- Most participants from Civil Society (1/3)
- Industry was the least represented constituency

# Responses by country



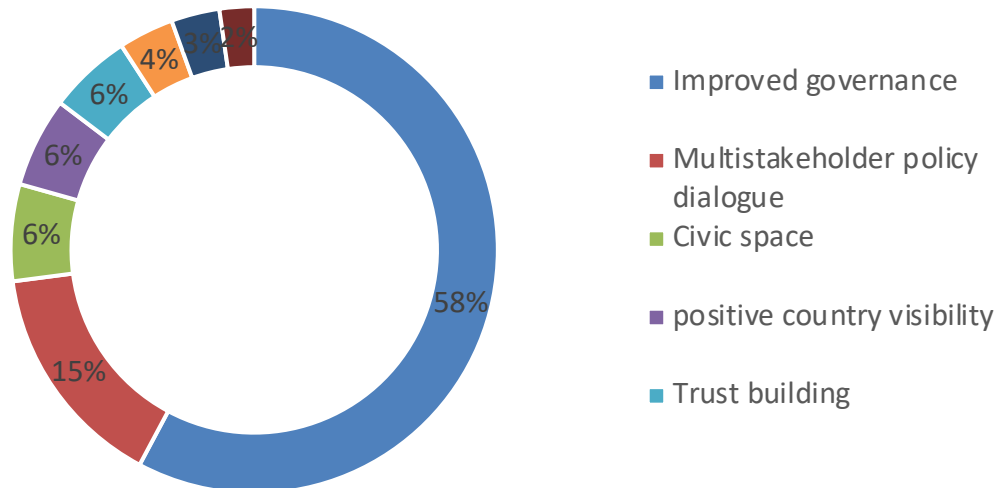
# Responses by region



- Sub-Saharan Africa with the most representation (41%)
- Followed by Latin America & Caribbean, Europe & Central Asia and East Asia Pacific.

# Key Country Achievements from EITI Implementation

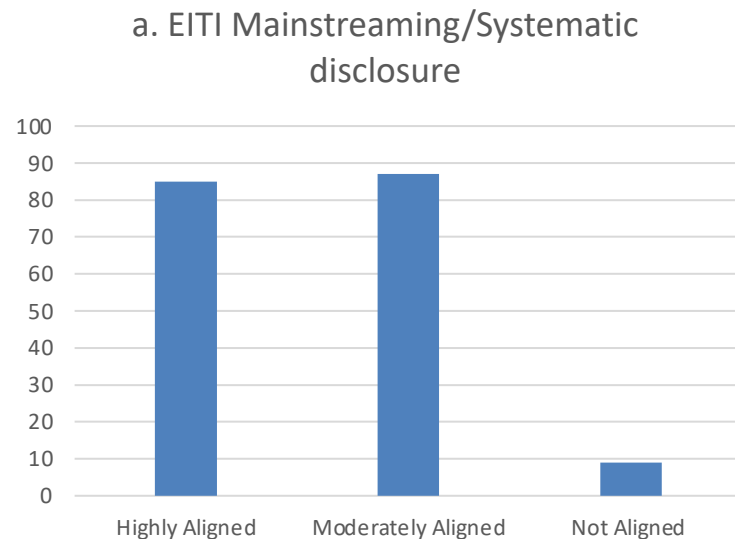
Key benefits from EITI Implementation



*Improved governance refers to: improved access to sector data (e.g., systematic disclosure, EITI reports, etc.), beneficial ownership disclosure, contract transparency, inter-institutional coordination, increased transparency of sector management.*



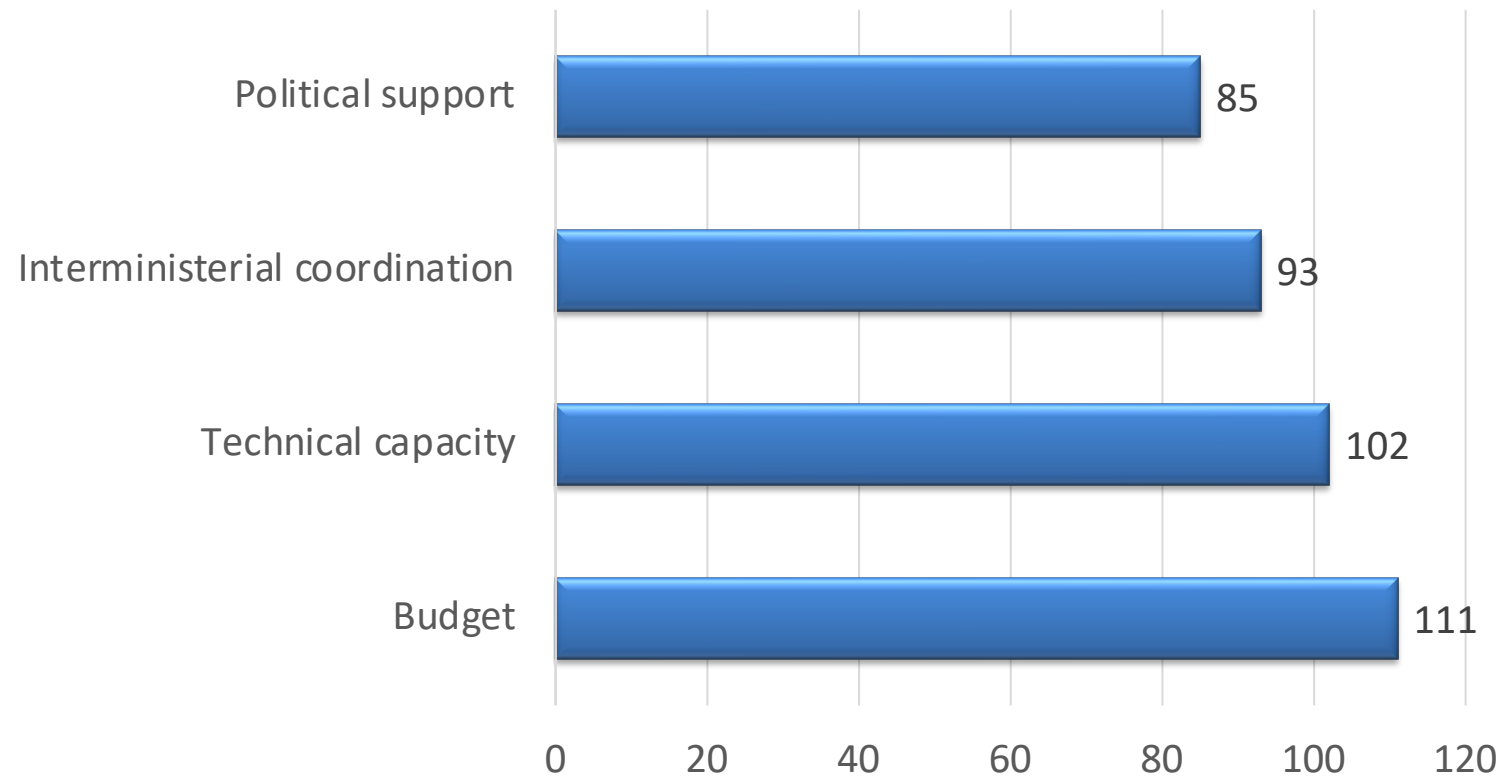
# Alignment of EITI objectives with countries' policy priorities in the extractive sector? (1/2)



EITI Mainstreaming/Systematic disclosure: 45% of respondents find it to be highly aligned with country priorities and the other 45 % find it moderately aligned. A small fraction find it not aligned.

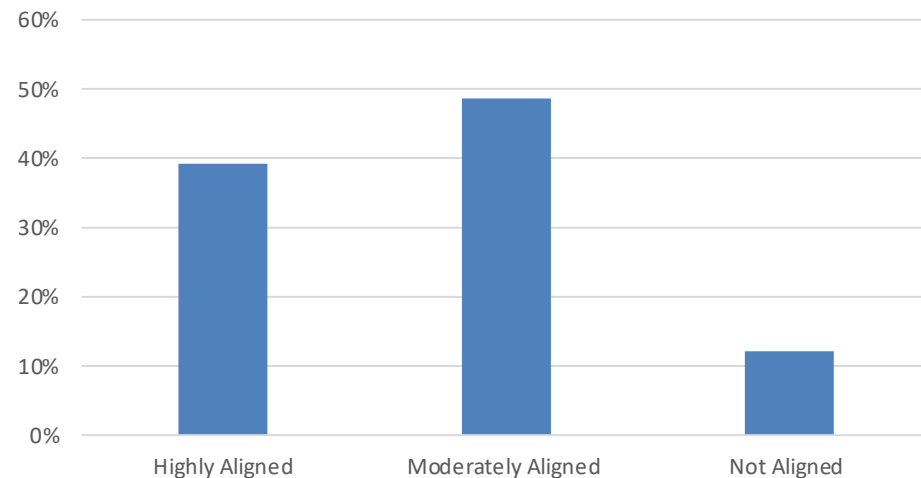
# Challenges to the adoption of systematic Disclosure/ Integration of EITI Requirements in Public Financial Management

Responses per challenge



# Alignment of EITI objectives with countries' policy priorities in the extractive sector? (1/2)

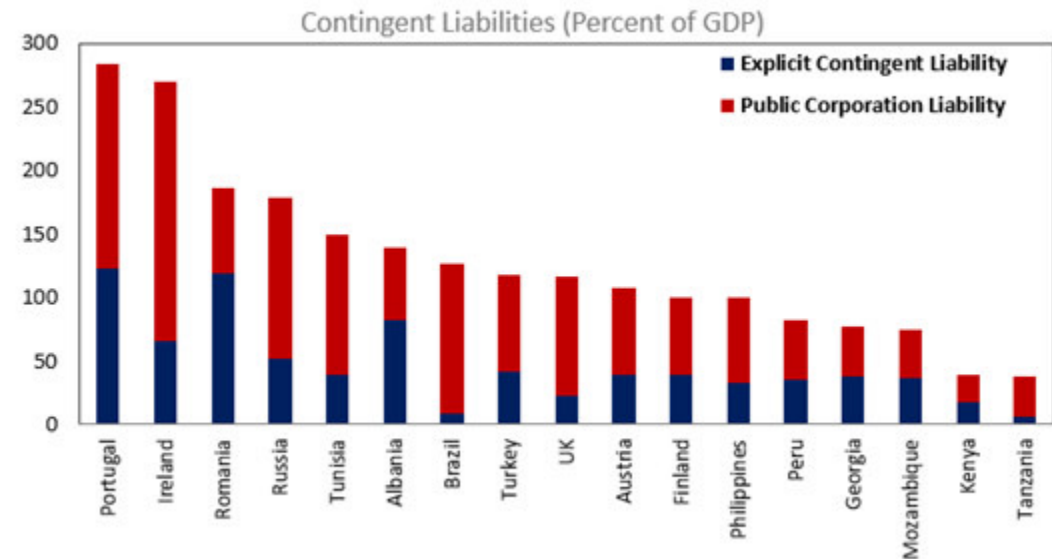
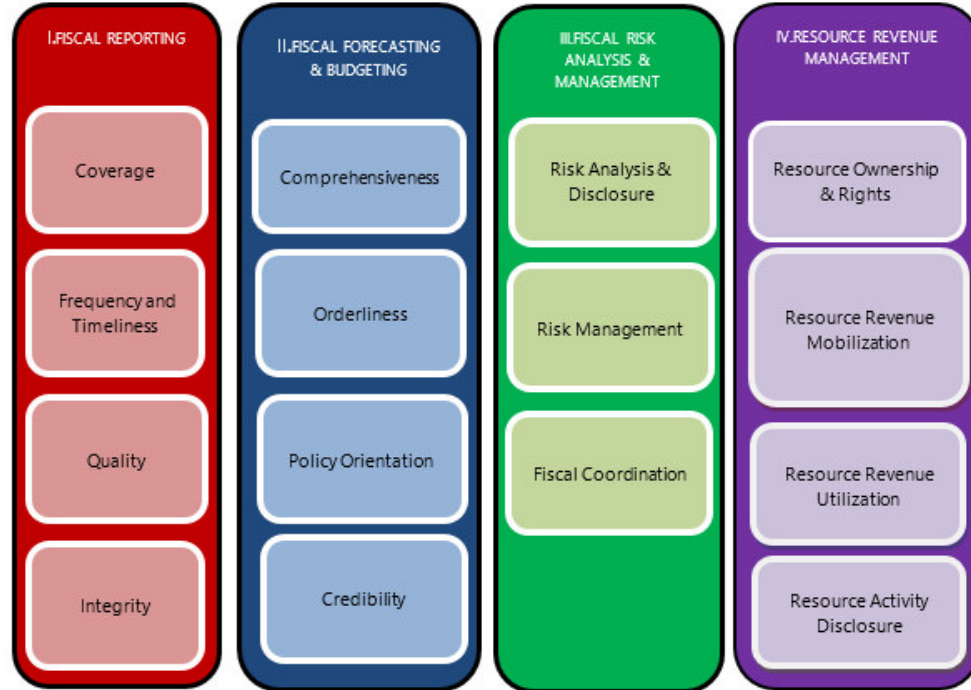
## b. Domestic Resource Mobilization



Domestic Resource Mobilization: 39% of respondents find it highly aligned with national objectives while 49 % find it moderately aligned. More than 10% find it not aligned at all.

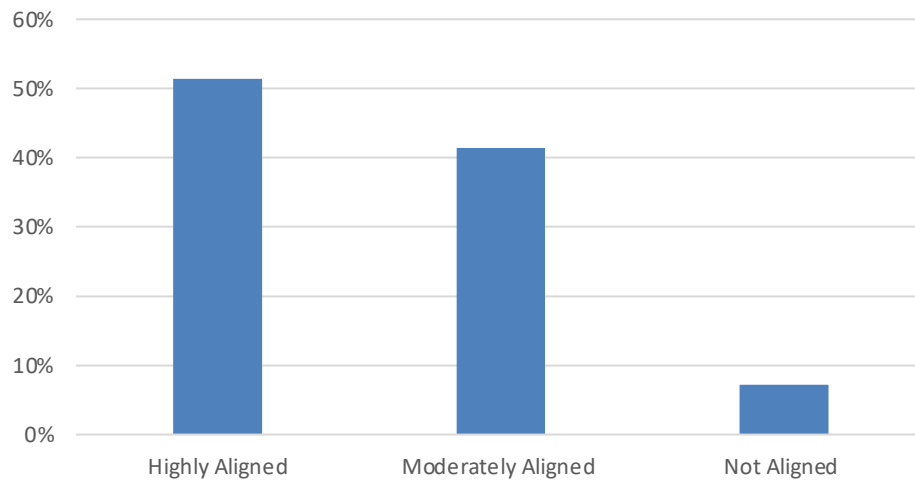
# IMF Fiscal Transparency Code

Set of principles built around four pillars: (i) fiscal reporting; (ii) fiscal forecasting and budgeting; (iii) fiscal risk analysis and management; and (iv) resource revenue management.



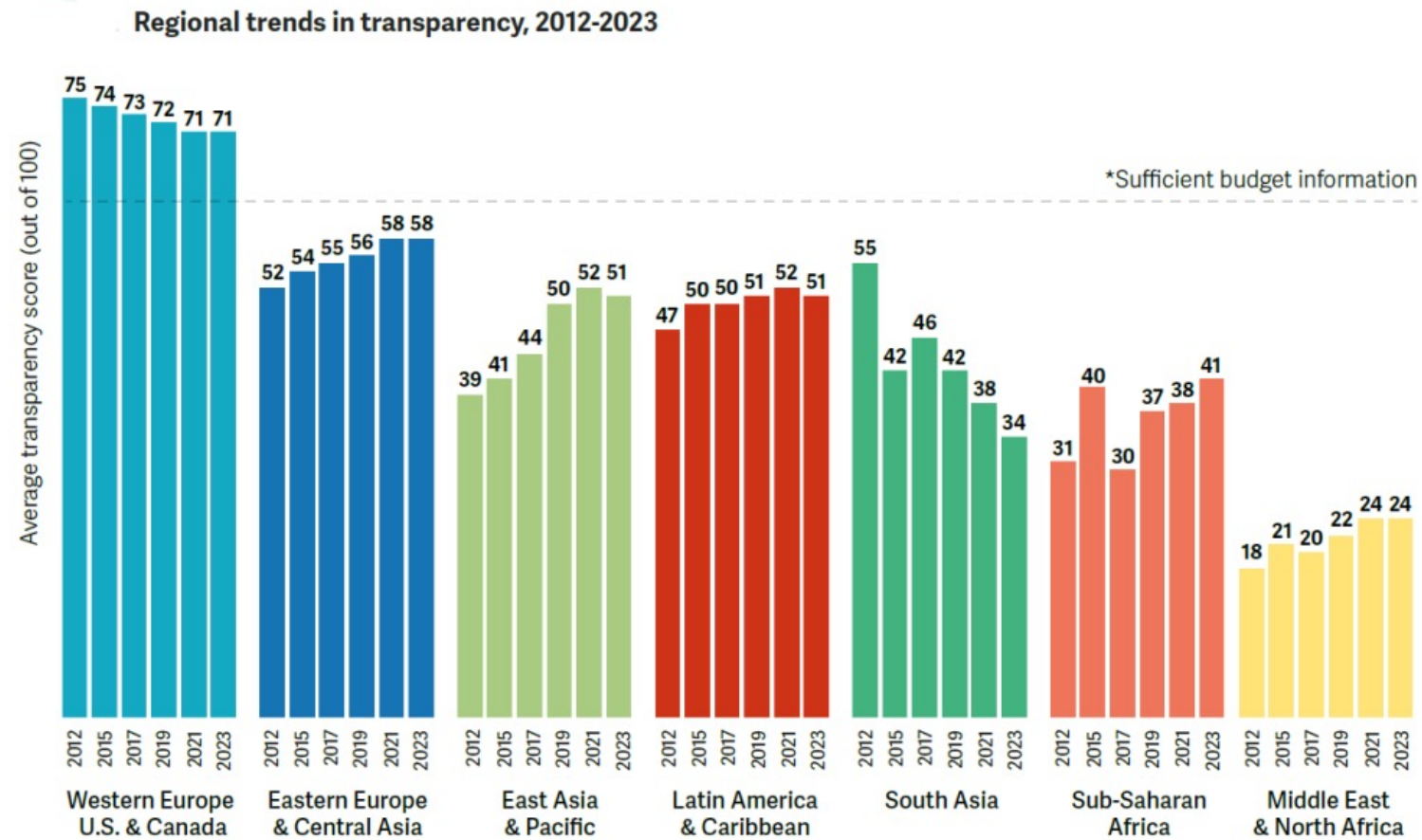
# Alignment of EITI objectives with your country's policy priorities in the extractive sector? (2/2)

c. Budgetary Transparency



Budget Transparency: 51% most respondents consider, while 41% consider it to be moderately aligned.

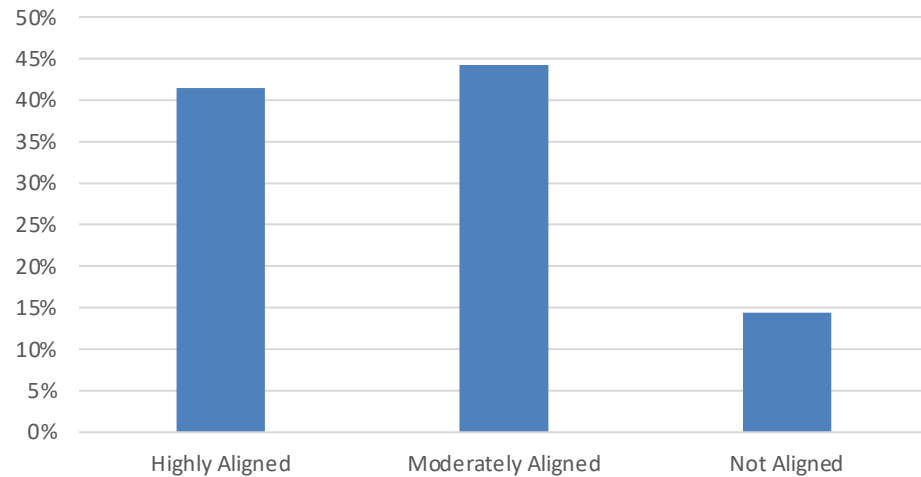
# International Budget Partnership Open Budget ranking



Note: Compares the 100 countries assessed since OBS 2012

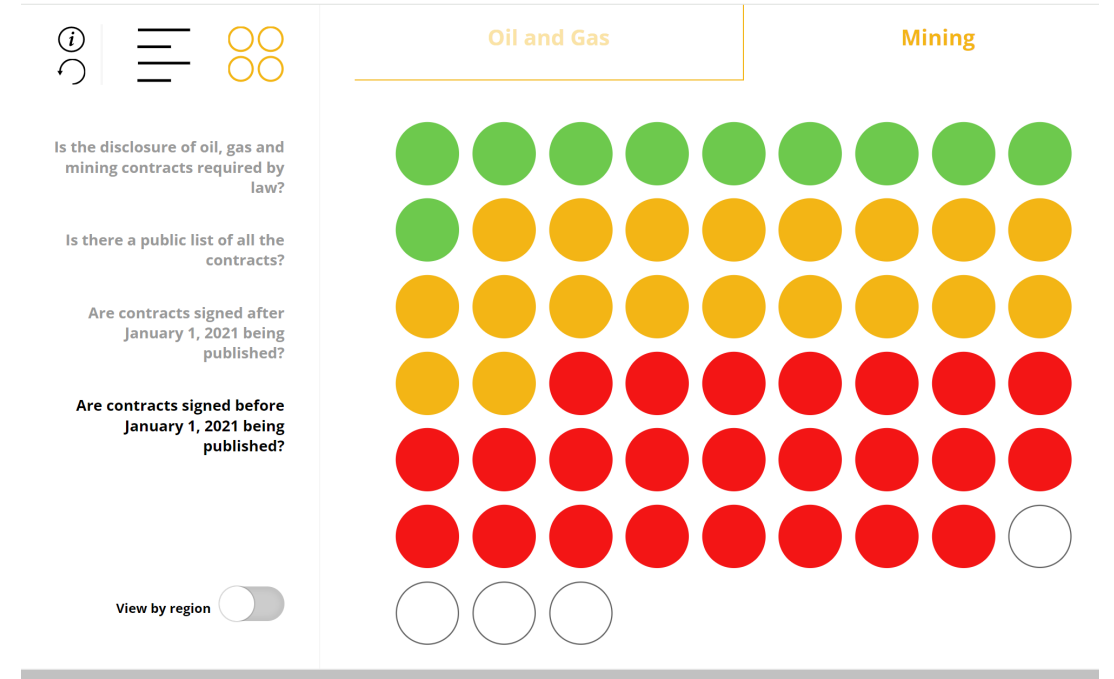
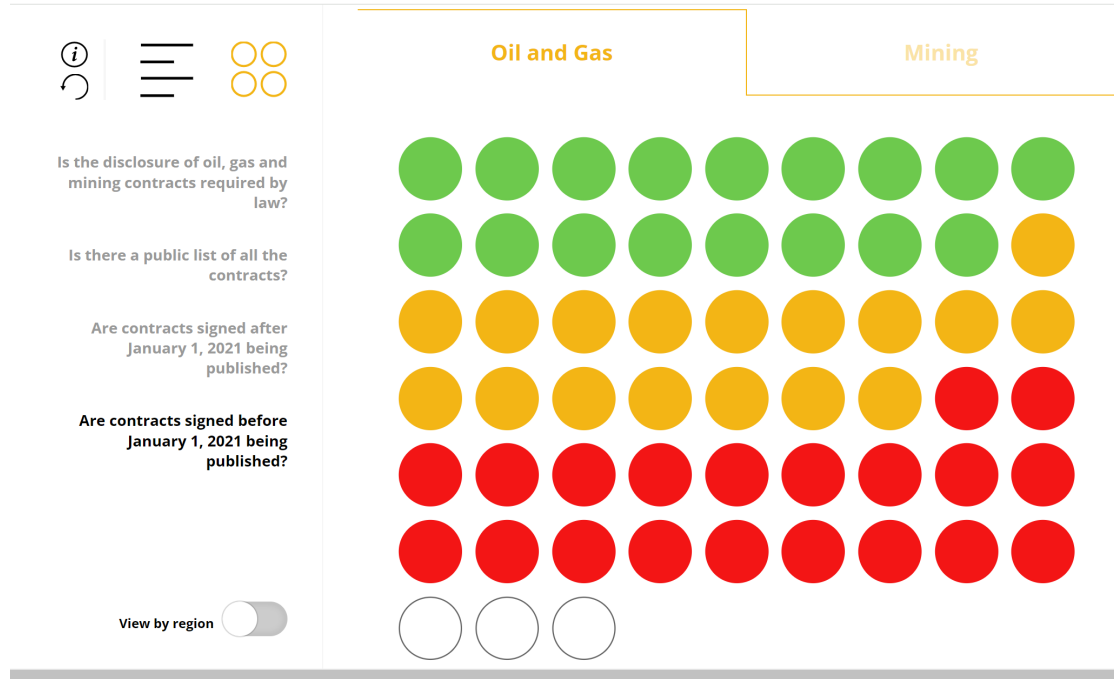
# Alignment of EITI objectives with your country's policy priorities in the extractive sector? (2/2)

d. Contract Transparency



Contract Transparency: 41% of respondents find it highly aligned, 44% moderately aligned while 14% find it not aligned.

# EITI Country Contract Disclosure Tracker





# Leapfrogging Challenges & Opportunities

## Opportunities

- Trust and collaboration within MSG members/CSO contributions
- Adequate Governance
- Capacity & institutions
- Transparency
- Community engagement

## EI Challenges

- Compliance gap
- Accountability
- Regular consistent funding
- Political will
- Conflict
- Insufficient legal & regulatory framework

## Environmental & Social

- Expectations from local communities on project benefits-sharing.
- Conflicts on the rise
- Risks to biodiversity, water mgt, pollution
- Decommissioning & site closure
- Climate change

# Questions & answers

***EITI Implementing Countries Peer Learning Event  
June 17 & 18, 2024***

***Complementing Extractive Sector Governance  
Reforms to Achieve Impacts***

# Reaching Impact: Transparency for What?

Ending income  
inequality



Creating fiscal space for public  
investment (safety net programs,  
etc.)



Job creation & skills development

Boosting investment  
climate

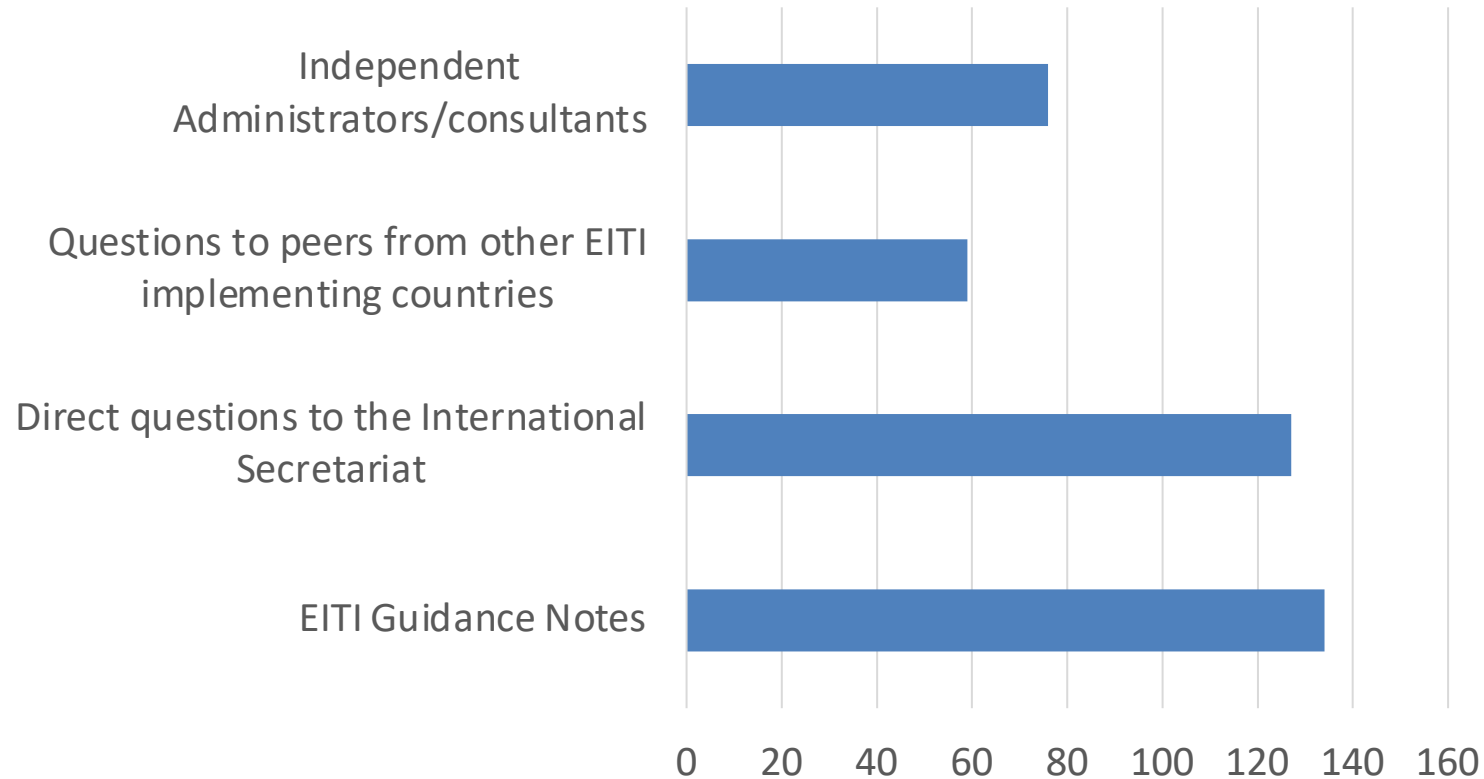


Developing local supply chains,  
foster trade & foreign direct  
investment

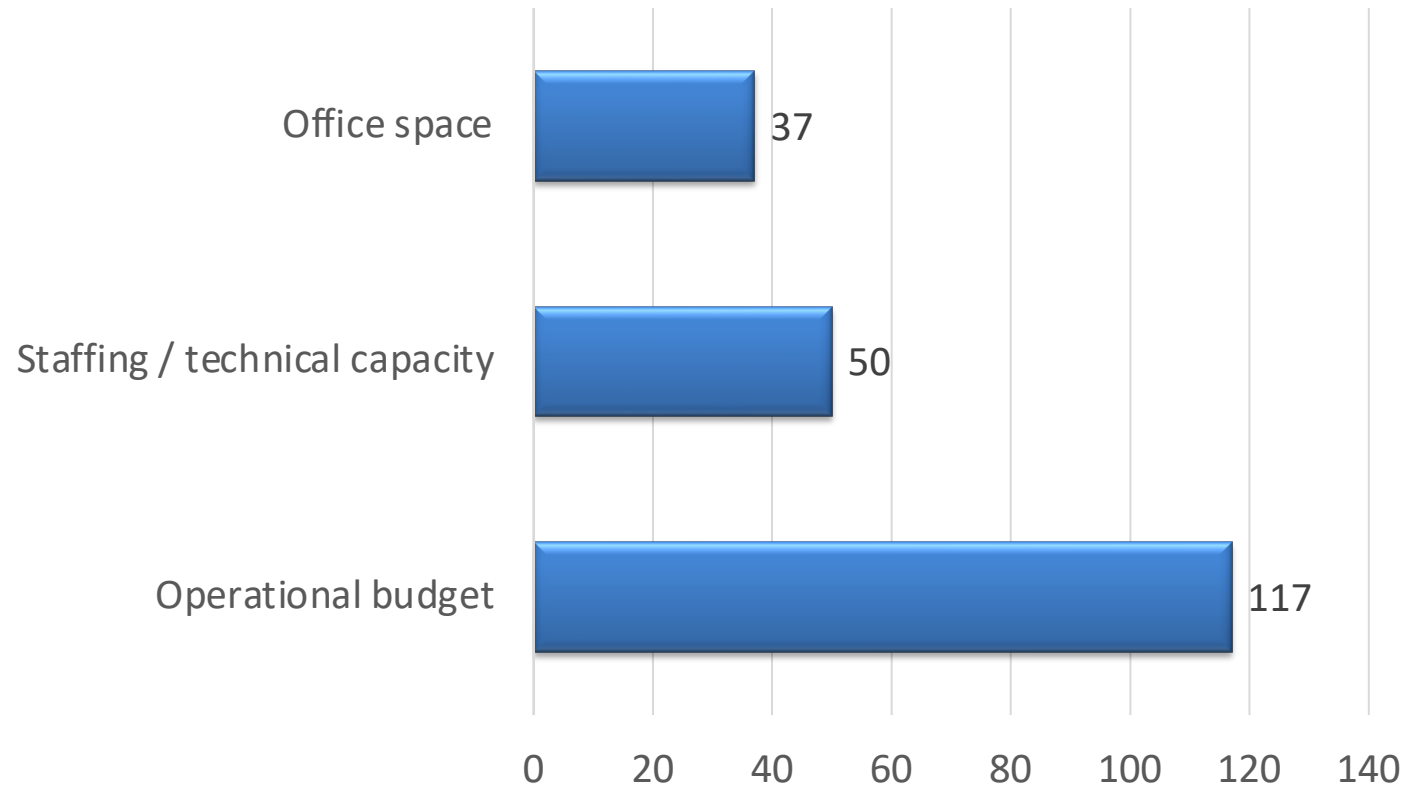


Infrastructure development

## *Resources for EITI Implementation Guidance*



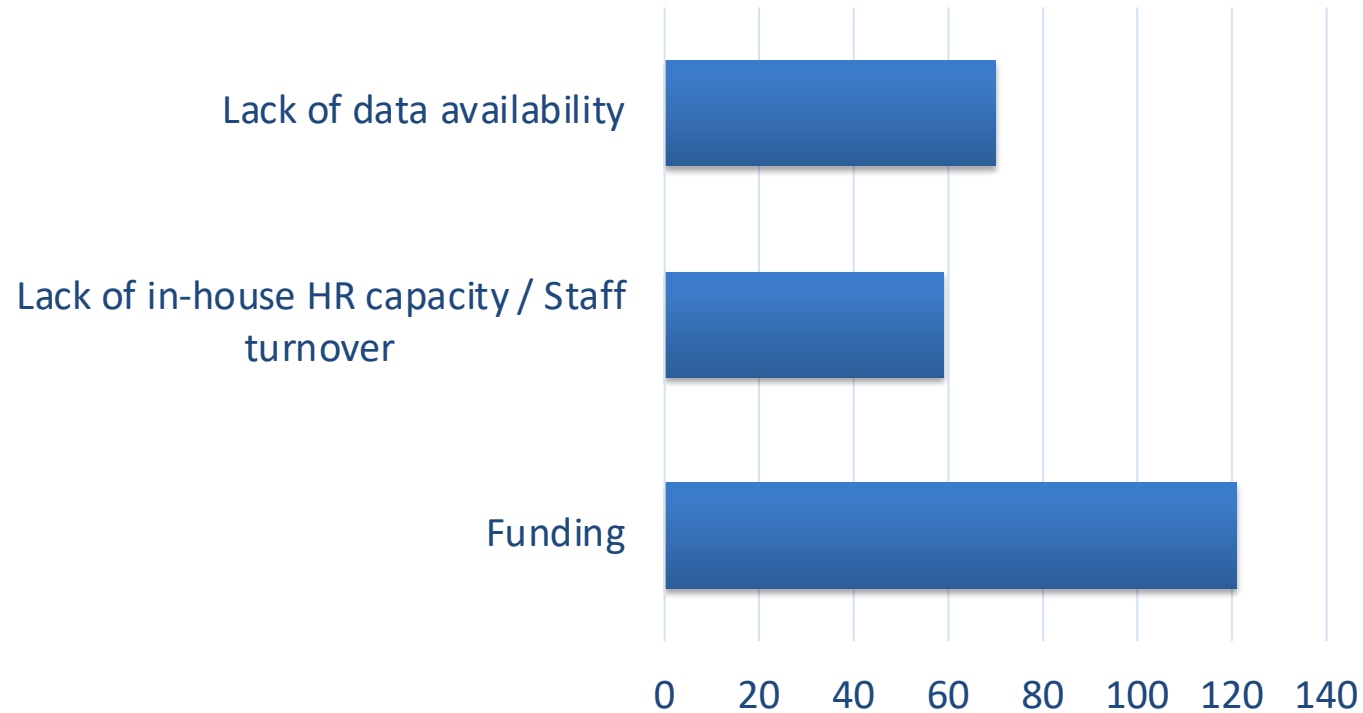
# Main Obstacles to National Secretariats



## Main Obstacles to National Secretariats (comments)

- Implementation of remedial issues highlighted by EITI reports
- Insufficient ownership of the last two adjustments to the EITI Standard (2019 and 2023) by stakeholders
- Difficulty in shaping a policy agenda
- Institutional resistance to reforms, inter-agency coordination and partnerships
- Political will/lack of governmental support
- Difficult to unlock financial resources, Logistic resources, cumbersome administrative procedures
- Lack of resources for MSG to work effectively
- Inadequate capacity and resources for civil society activities
- Insecurity in the country/political instability
- Subnational EITI implementation

# Factors that hinder timely publication of annual EITI reports





# Factors hindering timely publication of annual EITI reports

- Procurement delays of selecting an independent (IA) administrator
- Quasi-monopoly of a few international and foreign firms for EITI reporting + administrative burdens arising from the need to comply with the Public Procurement Code
- Data disclosure approvals, the issue of audited data
- Limited time resources also on the part of MSG members
- Slow responses from Companies and Government entities, disengagement from key stakeholders
- Time to provide the Independent Administrator with required documents
- Lack of mastery of the standard and implementation guidance
- Political Instability

# Best practices from countries to ensure sustainability (1/3)

## Effective MGS Oversight

- ✓ Regular dialogue, cooperation, robust framework and clear participatory guidelines
- ✓ Secure funding and permanent offices and infrastructure
- ✓ Involving members of parliament
- ✓ MSG led by high ranked government official
- ✓ MSG embedded with Ministry of Finance
- ✓ Annual MSG self-evaluation on implementation results
- ✓ Focus on the critical role of MSG to oversee implementation of EITI Standard
- ✓ Institutional capacity to support EITI continuity

## Legal and Institutional framework, policies

- ✓ Establishment of a Beneficial Ownership Steering Committee
- ✓ Setting of Local Content Policy in the Oil and Gas Sector
- ✓ The existence of a Law on Free, Prior and Informed Consultation
- ✓ Issuance of regulations to measure social and environmental impacts
- ✓ Extension of EITI standards to the forestry sector.

# Best practices from countries to ensure sustainability (2/3)

## Improved access to information

- ✓ E-cabinet of subsoil user (paperless approach)
- ✓ Disclosure of mining licenses
- ✓ Electronic auctions (transparency)
- ✓ Online systems to capture data at the subnational level
- ✓ Disclosure of Public information in web portal of Open Contract

# Best practices from countries to ensure sustainability (3/3)

## Revenue management and distribution

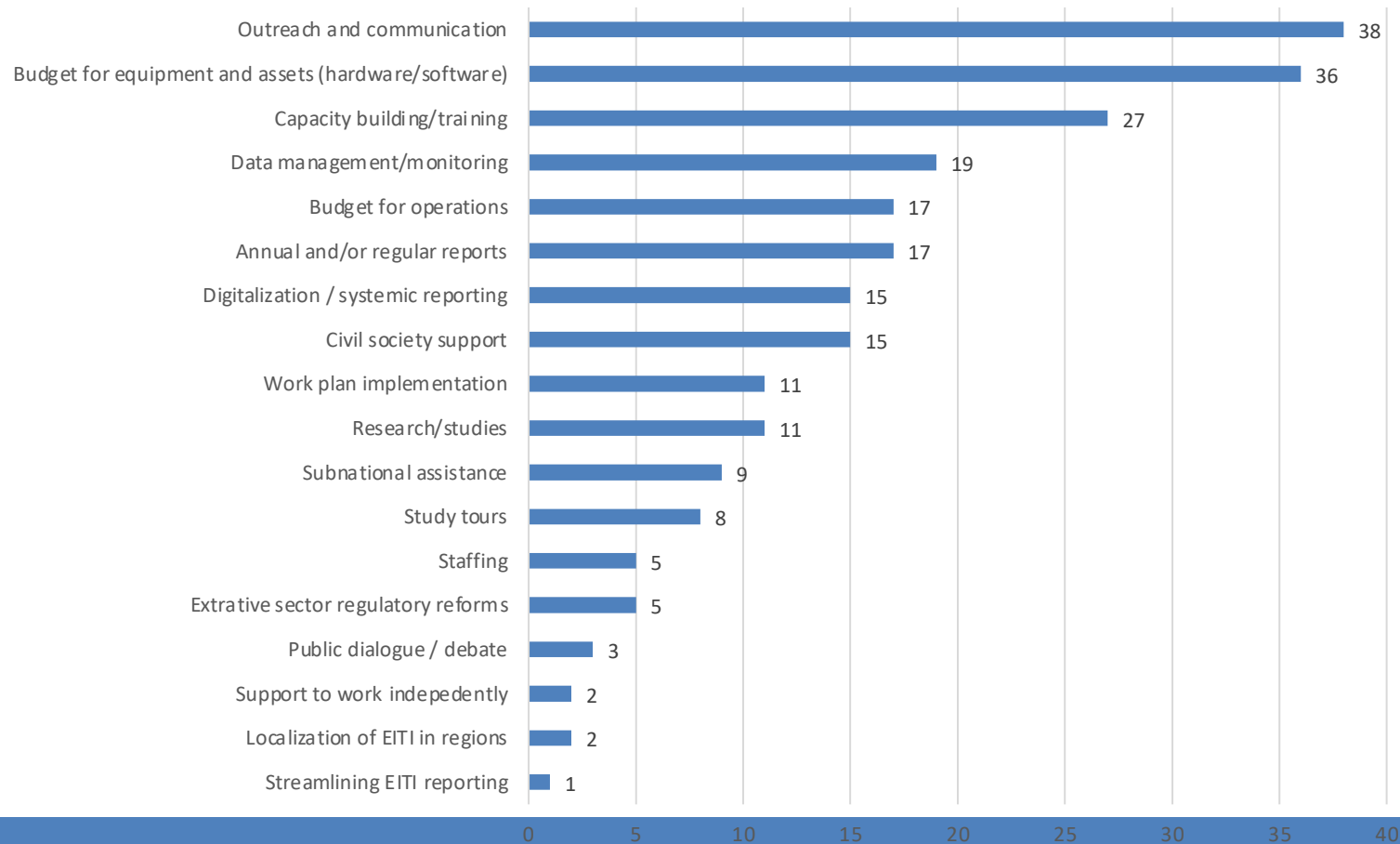
- ✓ Strong government oversight of Sovereign Wealth Fund
- ✓ Applying EITI system in SWF (Petroleum Fund)
- ✓ Strong support from the Ministry of Finance (DOF)
- ✓ Streamlining revenue mobilization at the Revenue Office and the Treasury
- ✓ Recovery of over \$5billion for government through public disclosure in EITI Reports.

## Social and economic spending

- ✓ Five-year Social Development and Management Program to sustain living standards of host communities
- ✓ Focus on Health, Safety and Environment (HSE) programs in companies
- ✓ Focus on local content policies to promote local business and workers, invest in capacity building
- ✓ Funds to be allocated for mine closure and proper planning
- ✓ Dedicated efforts and resources towards cleaner fuels, and reforestation projects

# Areas where donor support would bring the most value to your country EITI implementation

Areas of support



## Themes mentioned for support

- Beneficial ownership
- Systematic disclosure
- ASM
- Energy transition
- Anti corruption initiatives
- Energy security
- Gender development
- Local content
- Indigenous communities support
- Excellence award and recognition
- Training independent auditors
- Support academia
- Industry technical training

# Questions & Answers