

Extractive Industries Transparency Initiative (EITI)

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An overview analysis of published EITI Reports and emerging issues

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Tangible progress of EITI implementation by EITI Reports being published in many countries

- EITI has come a long way since inception
- Approximately 11 countries have published one or more EITI Reports (Liberia EITI Report, issued this week, is the latest)
- These EITI Reports have in themselves begun to have an impact in these EITI countries:
 - ✓ often first time that revenue data is in public domain or one place
 - ✓ published Reports have generated debate among citizens, NGOs
 - ✓ have shown that collaborative EITI processes can and do work in these countries – esp. agreement on scope/depth of EITI Report

The table below contrasts and compares features of EITI Reports published by selected countries

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	Period covered by EITI Report	Reconciliation or Audit Firm	Who paid	Level of Aggregation		Type of Report		Number of Companies stated in Report	All companies reported, Decree?	All companies have reported, voluntarily?	Number of Companies that have not reported
				Disaggregated by Company	Disaggregated by Payment Type	Reconciliation only	Reconciliation with some Testing				
Azerbaijan	CY 2004+	Deloitte	Gov/Comp.	No	Yes	X		21	No	No*	5*
	CY 2005+	Deloitte	Gov/Comp.	No	Yes	X		22	No	No*	3*
	CY 2006	Moore Stephens	Gov/Comp	No	Yes	X		25	as above *		
	CY 2007	Moore Stephens	Gov/Comp	No	Yes	X		25	No	Yes	Only AIOC, explanation on *
Cameroon	CY's 2001-2004	Mazars; Hart Group	Gov	No	Yes	X		5	No	No	7
	CY 2005	Mazars; Hart Group	Gov	No	Yes	X		13	No	No	
Gabon	CY 2004	Ernst & Young	Gov	No	Yes	X			No	No	
	CY 2005	Ernst & Young	Gov	No	Yes	X		13 oil, 4 mining	No	No	8 oil, 19 mining
	CY 2006	Ernst & Young	Gov	No	Yes	X		20 oil, 10 mining	No	No	6 oil, 13 mining
	01/2004-06/2004	Boas & Associates	Gov	Yes	Yes		X	8 (makes up 99% of royalty payment)	Yes		Small-scale only
Guinea	07/2004-12/2004	Boas & Associates	Gov	Yes	Yes		X	8 (makes up 99% of royalty payment)	Yes		Small-scale only
	2005	Boas & Associates	Gov	Yes	Yes		X	8	Yes		Small-scale only
Kazakhstan	CY 2005	R. Michel / Ismael Nabe	Gov	Yes	No		X	6		By KPMG	Small-scale only
	CY 2005	Deloitte	Gov	No	Yes	X		40	Yes, except one		1
	CY 2006	Inaudit	Gov	No	Yes	X		110	Yes, except six		6

The table below contrasts and compares features of EITI Reports published by selected countries

Page 2	Type of Report											
	Period covered by EITI Report	Reconciliation or Audit Firm	Who paid	Disaggregated by Company	Disaggregated by Payment Type	Reconciliation only	Reconciliation with some Testing	Full Audit	Number of Companies stated in Report	All companies have reported, by Decree?	All companies have reported, voluntarily?	Number of Companies that have not reported
Kazakhstan	CY 2005	Deloitte	Gov	No	Yes	X			40	Yes, except one		1
	CY 2006	Inaudit	Gov	No	Yes	X			110	Yes, except six		6
	CY 2004		Gov	No	Yes	X, but see comment			2 initially, later 6	Mandatory for SOE	Recommended for private comp.	
Liberia	FY 08	Crane White & Assoc.	Gov	Yes	Yes	Reconciliation, but full audit may be applied if required (i.e. numbers remain unclear)			30, Including, oil (3), mining(25), and logging (2)	No	No	
	CY 2005	Ernest&Young	Gov	No	Yes	X			7 mining, 7 oil	No	No	12 mining, 8 oil
Mauritania	CY 2006	Ernest&Young	Gov	No	Yes	X			17 mining, 10 oil	No	No	4 mining, 7 oil
	FY 2006	Crane White & Assoc.	MDTF	Yes	Yes		X		25, but make up 8/9 of the sector	Only the 25 largest	No	100+ small and very small, but will be reconciliated by domestic auditor
Nigeria	CYs 1999-2004	Hart Group and CMA Ltd.	Gov	Yes	Yes			X	15			Mining, and independent companies
	CY 2005	Hart Group and S.S. Afemikhe	Gov					X	20			Onshore operations

A few issues stand out from this analysis ...

- EITI reports vary considerably in scope of coverage and nature/degree of disclosures - depending on the country
- **YET is in line with a basic pillar of the EITI framework - a global minimum standard to apply locally per country circumstances**
- Other key observations too from this comparative analysis:
 - ✓ varying follow-up treatment of discrepancies identified in Reports
 - ✓ disaggregation by company not always the case (although disaggregation by payment type is almost the norm)
 - ✓ presentation of the revenue and payments data is not always user-friendly in a way that non-specialists can easily understand

Hence emerging policy issues for debate

- In line with EITI policy framework, EITI Reports do vary in scope in light of country circumstances and nature of sector financial flows
 - **Is there a need for more consistency – and hence guidance on “core reporting standards” as applied by implementing countries?**
- EITI Reports show which reporting companies are included but may not always show what companies are not included
 - **Is there a need for all EITI Reports to disclose all companies (or categories of companies) which have not reported – and why?**
- Also, other issues raised at a 2008 workshop of Administrators / Audit firms (convened by World Bank and EITI Secretariat)
 - **See next slide for purpose and key outcomes of this workshop**

Highlights of issues raised at workshop for EITI Administrators / audit firms held in 2008

- The purpose of the workshop was to :
 - ✓ be a forum to convene EITI practitioners to discuss on recurrent issues arising in their EITI reconciliation / audit work for countries and multi stake-holder working groups (MSWG)
 - ✓ prioritise such issues to enable follow-up policy actions/ guidance
- Major recurrent issues discussed (as experienced by the firms):
 - ✓ expectation gaps between scope of work agreed for the EITI Report - and what stakeholders / MSWG expect from the Report
 - ✓ need for more dialogue between Administrators and stakeholders to minimize these expectation gaps (as to what agreed reconciliation / audit can and cannot accomplish in a EITI report)
 - ✓ need to find ways to improve quality of data submitted to Administrators by reporting companies and government agencies

Extractive Industries Transparency Initiative (EITI)

Thank you!

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**For information on EITI globally visit the website:
www.eitransparency.org**

