

# Guinea Validation

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# News

## EITI countries progress on path to transparent and accountable extractive sectors

*EITI Board assesses implementation in eight countries*

The EITI Board assessed the status of eight implementing countries, including [Ethiopia](#), [Ghana](#), [Guinea](#), [Malawi](#), [Mauritania](#), [Nigeria](#), [Norway](#) and [Trinidad and Tobago](#) at its meeting in Kyiv on 27-28 February. The Board agreed that Nigeria and Norway had achieved satisfactory progress overall in implementing the EITI Standard. In the other cases, the Board noted progress and outlined the corrective actions needed to meet this Standard.

### Why the EITI Validates countries

The status of an EITI implementing country is determined through [Validation](#), the EITI's quality assurance mechanism. The process assesses the country's performance against the requirements of the [EITI Standard](#) by reviewing documentation and consulting with government, company and civil society stakeholders. A Validation outlines and identifies a country's weaknesses and strengths and prescribes a set of corrective actions that must be addressed within a 12 to 18 month period, after which a country will undergo a second Validation to assess progress. The Validation [scorecard](#) provides an overview of a country's results. The EITI Board makes the final decision on a country's EITI status.

*"Over half of all EITI countries have now undergone Validation against the EITI Standard," said EITI chair Fredrik Reinfeldt. "The overall travel of direction is positive and governments, companies and civil society across regions are demonstrating strong commitment to bringing transparency and accountability to the management of their natural resources and using EITI data to instigate reforms. Validation has shown that many EITI countries are going beyond the EITI Standard, with innovative disclosures related to extractives contracts, licensing and sales of the state's share of oil, gas and minerals."*

### Validations: Mapping the sector, assessing strengths, recognising impact and diagnosing weaknesses

Ethiopia, Guinea, Malawi and Trinidad and Tobago have recently undergone their first Validations and have all achieved meaningful progress against the EITI Standard.

The Board welcomed [Ethiopia's](#) effort to report on issues of national importance such as artisanal and small-scale mining and socio-environmental issues. The Board commended ongoing reforms to shift the mandate of government agencies from control and monitoring, to supporting and enabling civil society to contribute to public debate. Going forward, the EITI can play a key role in improving the relationship between companies and affected local communities. Validation has also shown that work remains to ensure comprehensive disclosures on state participation in the sector and reporting at the subnational levels of government. This will be important as the country embarks on the development phase of oil and gas projects in the Ogaden basin and pursues efforts to formalise the mining sector. In taking this decision, the Board took note of the government's efforts to repeal or amend laws that restrict civil society's freedom of expression, operation and association, which have

had an impact on their ability to engage in the EITI process. Nonetheless, the Board commended the efforts to include civil society groups in ongoing reforms.

[Guinea](#), which has a rapidly developing bauxite sector and is rich in iron ore reserves, made improvements in the comprehensiveness and quality of its EITI reporting. The Board outlined eight corrective actions, including disclosing more information on infrastructure agreements, direct subnational payments and quasi-fiscal expenditures. The Board noted that the EITI should play a role in overseeing the new Local Economic Development Fund (FODEL).

[Malawi](#) has established its multi-stakeholder group as a platform for fact-based debate and allowed its production and export data to be scrutinised through the publication of its second EITI Report. While the country has significant deposits of bauxite, coal, limestone, phosphate and uranium, the extractive sector is still in development, with few large-scale mining operations in place and a petroleum sector in exploration phase. To ensure terms of operations are accessible to the public, Malawi has published all contracts in line with the encouragements in the EITI Standard. These contracts have been used by civil society to create financial models and clarify the precise terms associated with the agreements. More work remains to be done to ensure clarity surrounding Malawi's off-budget petroleum funds, a gap in an otherwise transparent environment. There are also concerns regarding data quality and who receives social contributions.

[Trinidad and Tobago](#) was acknowledged for having built a dynamic platform to collect, publish, and debate information about how the country's natural resources are managed. EITI Reports have identified gaps in revenue collection, production and cost monitoring and cadastre information. Moving forward, there are opportunities to strengthen oversight of mining licence management to ensure that information on beneficial owners are made publicly accessible, and to enhance public trust in official production and export data. Victor Hart, chair of the TTEITI steering committee, said the country will "continue innovating through the EITI by promoting contract transparency, environmental reporting and reaching out to midstream and downstream companies to participate in EITI implementation."

## **Second Validations: deepening transparency and strengthening government systems**

*"Several EITI countries are now going through their second Validations and have made significant progress in bringing transparency to their oil, gas and mining sectors,"* said Mark Robinson, executive director of the EITI International Secretariat. *"These second Validations have shown that countries are successfully reforming their sectors and making noteworthy advancements in systematically disclosing EITI data, strengthening government systems."*

Ghana, Mauritania, [Nigeria](#) and Norway have undergone their second Validations and were evaluated based on the prescribed corrective actions.

[Ghana](#) was found to have made meaningful progress and fully addressed six out of the eight corrective actions. Ghana's implementation of EITI recommendations contributed to reforms that have increased the government's revenues from the sector, a priority for the government that wants to [decrease its reliance on foreign aid](#). The country was lauded for publishing all its mining, oil and gas contracts and making these accessible through online portals. Yet work remains to ensure comprehensive disclosure by the country's largest oil and gas companies.

Several large oil and gas projects are being developed in [Mauritania](#), a leading producer of iron ore. The country has achieved meaningful progress against the EITI Standard, having made

improvements in the oversight of EITI implementation by the government, industry and civil society. The Board recognised Mauritania's efforts in using EITI reporting as a diagnostic tool to drive reforms in the management of extractives licences and state participation in the mining sector. A set of corrective actions were assigned to enhance disclosures of licence allocations and the licence register, improve disclosures on state participation in the mining sector, and strengthen the evaluation of the EITI's impact. The Board welcomed ongoing efforts to ensure systematic disclosure of EITI data, which will strengthen government systems and make EITI implementation more meaningful moving forward.

[Norway](#), which has supported the EITI since its inception, has achieved satisfactory progress. Widely lauded as a success story in the management of oil wealth, it was the first OECD country to implement the EITI, publishing eight EITI Reports from 2008 to 2015. In 2017, Norway was the first country to make an application to the EITI Board to mainstream EITI implementation. Timely, comprehensive and reliable information is published through the government's [Norwegian Petroleum website](#) and in companies' country-by-country reports. Accordingly, the EITI Board agreed that standalone EITI Reports were no longer necessary and Norway applied to disband its EITI multi-stakeholder group. Transparency and inclusive governance are safeguarded through a range of forums that industry and civil society are using to promote good governance, including annual stakeholder meetings that address progress with EITI implementation.

Learn more:

- Overview of [Validation decisions](#) and documentation pages
- Validation scorecards:
  - [Ethiopia](#)
  - [Ghana](#)
  - [Guinea](#)
  - [Malawi](#)
  - [Mauritania](#)
  - [Norway](#)
  - [Trinidad and Tobago](#)
- EITI's [Validation process](#)

## The Board's decision

On 27 February 2019, the EITI Board came to the following decision on Guinea's status:

Following the conclusion of Guinea's Validation, the EITI Board decides that Guinea has made meaningful progress overall in implementing the EITI Standard.

The Board congratulates the Government of Guinea and the Multi-Stakeholder Group (MSG) on the progress made in improving transparency and accountability in the extractive industries. In the context of rapidly growing mining sector, the Board believes that Guinea EITI has the potential to

play a key role in supporting sector reforms and informing the public debate on natural resource governance.

The Board congratulates stakeholders for strengthening the comprehensiveness and quality of EITI reporting, and enhancing transparency in licence allocation procedures, the licence register, and in the disclosures of state-owned enterprises. The Board also recognises Guinea's efforts to go beyond the requirements of the EITI Standard in the disclosure of mining contracts through its contract transparency portal ([www.contratsminiersguinee.org](http://www.contratsminiersguinee.org)).

The Board encourages Guinea EITI to ensure that improvements in MSG oversight over the EITI process are commensurate with improvements in EITI reporting. The Board encourages Guinea EITI to deepen efforts in the disclosure of direct subnational payments, licence allocation, and quasi-fiscal expenditures by state-owned enterprises. It also encourages stakeholders to strengthen the MSG's follow-up on EITI recommendations and evaluation of outcomes and impact of EITI implementation.

The Board encourages Guinea EITI to shift the focus from overseeing the preparation of EITI Reports to supporting changes to enable systematic and regular disclosure of EITI data through government systems; and to support the implementation of the new Local Economic Development Fund (FODEL).








The Board has determined that Guinea will have **18 months**, i.e. until **27 August 2020** before a second Validation to carry out corrective actions regarding the requirements relating to industry engagement (1.2), MSG governance (1.4), license allocation (2.2), Infrastructure agreements (4.3), direct subnational payments (4.6), quasi-fiscal expenditures (6.2), follow up on recommendations (7.3), and documenting outcomes and impact of implementation (7.4). Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Guinea's MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.








The Board's decision followed a Validation that commenced on 1 July 2018. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

## Scorecard

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Workplan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Revenue management and expenditures (#5.1)					
	Subnational transfers (#5.2)					
	Distribution of revenues (#5.3)					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Socio-economic contribution	Mandatory social expenditures (#6.1) 					
	SOE quasi-fiscal expenditures (#6.2) 					
	Economic contribution (#6.3) 					
Outcomes and impact	Public debate (#7.1) 					
	Data accessibility (#7.2) 					
	Follow up on recommendations (#7.3) 					
	Outcomes and impact of implementation (#7.4) 					
Overall Progress						

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

## Corrective actions

The EITI Board agreed the following corrective actions to be undertaken by Guinea. Progress in addressing these corrective actions will be assessed in a second Validation commencing on **27 August, 2020**.

1. In accordance with Requirement 1.2, the industry constituency should demonstrate that they are fully, actively and effectively engaged in the EITI process. In accordance with requirement 8.3.c.i, the industry constituency should develop and disclose an action plan for addressing the deficiencies in industry engagement documented in the Validator's report within three months



of the Board's decision, i.e. by 27th May 2020.

2. In accordance with requirement 1.4b, the MSG should update the 2012 Decree and Ministerial Order on MSG membership, and the June 2018 ToR to ensure that they align with the 2016 EITI Standard. The industry and civil society constituencies should develop, publish and implement procedures for an inclusive, fair, and transparent nomination of their representatives on the MSG. The MSG may also wish to consider options to broaden industry participation on the MSG. The MSG may wish to clarify the MSG governance framework, which is currently described over four different documents. It may wish in particular to combine the Ministerial Order on the composition of the MSG, the Internal Rules and the ToR into a single document.
  3. In accordance with Requirement 2.2, Guinea should ensure that the detailed technical and financial criteria for both license awards and transfers be publicly accessible. In light of significant public concern over the legacy of non-trivial deviations from statutory licensing procedures, Guinea should ensure that its approach to publicly disclosing non-trivial deviations be commensurate with the number of licenses awarded and transferred in the year under review.
  4. In accordance with Requirement 4.3, Guinea should assess the existence of infrastructure provisions during the scoping phase for its next EITI reporting cycle to ensure disclosure of any agreements, or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities. Guinea should gain a full understanding of the terms of the relevant agreements and contracts, the parties involved, the resources that have been pledged by the state, the value of the balancing benefit stream (e.g. infrastructure works), and the materiality of these agreements relative to conventional contracts.
1. In accordance with Requirement 4.6, Guinea should ensure that information on extractives company direct payments to subnational governments, where material, be comprehensively disclosed and reconciled with each local government's receipts of these payments.
  2. In accordance with Requirement 6.2, Guinea should undertake a comprehensive review of all expenditures undertaken by extractives SOEs that could be considered quasi-fiscal and develop a reporting process with a view to achieving a level of transparency on all types of quasi-fiscal activities linked to extractives revenues commensurate with other payments and revenue streams. To strengthen implementation, Guinea is strongly encouraged to consider the extent to which routine publication of SOEs' annual audited financial statements would help promote greater trust in the quality and comprehensiveness of public disclosures of quasi-fiscal expenditures.
  3. In accordance with Requirement 7.3, the MSG should introduce a systematic and structured mechanism to track and follow up on recommendations, with a clear timeframe and clear responsibilities for following up. The MSG should also take a more proactive role in formulating its own recommendations. The MSG may also wish to include Validation, as a means of ensuring closer attention to implementation. The MSG may also wish to consider utilising the Supervisory Committee to follow-up on recommendations from past EITI Reports and Validation as a means of ensuring the sustainability and continued effectiveness of follow-up channels.
  4. In accordance with Requirement 7.4, the MSG should consider using the annual progress report to evaluate the impact of the EITI, beyond describing outputs and outcomes of workplan activities. The MSG should also undertake an impact assessment with a view to identify

opportunities for increasing the impact of implementation in Guinea. Greater effort could also be made to canvass the broader constituencies for input in assessing the outcomes and impact of EITI implementation through the annual progress report.

The government and the MSG are encouraged to consider the other recommendations in the Validator's Report and the International Secretariat's initial assessment, and to document the MSG's responses to these recommendations in the next annual progress report.