



Extractive Industries Transparency Initiative
The Netherlands

Netherlands EITI (NL-EITI) Annual Progress Report 2020

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Introduction

The international “Extractive Industries Transparency Initiative” - EITI - was founded in 2003. The EITI is the global standard to promote the open and accountable management of oil, gas and mineral resources. The EITI Standard requires the disclosure of information along the extractive industry value chain from the point of extraction, to how revenues make their way through the government, and how they benefit the public. By doing so, the EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide the data to inform reforms for greater transparency and accountability in the extractives sector. In each of the 55 implementing countries, the EITI is supported by a coalition of government, companies, and civil society.

The government of the Netherlands has been closely involved with the Extractive Industries Transparency Initiative (EITI) since its inception in 2002. The steps taken by the Netherlands regarding the EITI are listed in chronological order in attachment 1.

The MSG agreed that the objective of the EITI in the Netherlands is:

“to provide each member of Dutch society with factual and understandable information about the extractive industry in the Netherlands and the money flows between the extractive industries and the government, in order to contribute to a well-informed debate about the extractive industry value chain in the Netherlands.”

The extractive industry in the Netherlands include the oil and gas industry as well as the salt industry. The context of the extractive industry value chain in The Netherlands also refers to certain forms of sustainable energy, such as geothermal and wind energy.

The implementation of the EITI in the Netherlands (NL-EITI) is vulnerable. In 2020, the NL-EITI functioned with a NL-EITI secretariat of 2 part-time workers (1 FTE), a relatively low budget and MSG members who participate on a voluntary basis in the NL-EITI MSG. As a result, the NL-EITI MSG tries to approach the implementation of the EITI in the Netherlands in a pragmatic, efficient and effective manner.

Foreword

I am delighted to be able to present to you the Netherlands Annual Progress Report on the implementation of the Extractive Industries Transparency Initiative (EITI) in the Netherlands. The report provides an overview of the activities of the multi-stakeholder group (MSG) of the NL-EITI and the NL-EITI Secretariat in 2020.

The second NL-EITI Report was approved and published by the MSG in January 2021. The Report has been set up in accordance with the EITI standard 2019 and covers the fiscal year 2018. I would like to take the opportunity here to thank both the MSG-members for their continued dedication to the EITI agenda and the EITI International Secretariat for their support.

The MSG has discussed the next steps, now that we have laid a solid base for the yearly reporting process. The ambition is to better unlock the information of the NL-EITI report and to contribute to the public debate about the present and future role of minerals in the Dutch society. Amongst other a new NL-EITI website will be developed in 2021, to help realizing the ambition of the MSG and create a tool to provide Open Data sources.

I am confident that the NL-EITI MSG will continue to learn from experience, so I look forward to a successful year.

Joost Haenen, Chair of the NL-EITI Multi Stakeholder Group

Chapter 1: General assessment of year's performance

Overview

The NL-EITI MSG met 6 times in 2020 in a formal setting. Due to the Covid-19 crisis, the meeting was held twice face-to-face, and 4 times through virtual means. Minutes from all NL-EITI MSG meetings as well as other useful information can be found on the NL-EITI website: www.eiti.nl.

MSG Membership and Secretariat changes

During the year, the NL-EITI MSG welcomed the following new MSG members, replacing members of their organizations:

- Taco Westerhuis as representative from the Dutch Ministry of Foreign Affairs; and
- Serv Wiemers, first as representative from Transparency International and as of September 2020 as representative for the Open State Foundation.

NL-EITI Workplan 2020

An update of the workplan was adopted by the NL-EITI MSG on 22 January 2020. The workplan was the basis for the activities of the NL-EITI MSG in 2020.

NL-EITI MSG Terms of Reference

The NL-EITI MSG Terms of References (NL-EITI ToRs) was updated and approved by the MSG on 1 December 2020.

Publication of second NL-EITI Report

The second NL-EITI Report was approved and published by the NL-EITI MSG in January 2021. The Report has been set up in accordance with the EITI standard 2019 and covers the fiscal year 2018.

EITI Board meeting in October

The coordinator of the NL-EITI Secretariat and the NL-EITI MSG representative of the Dutch Ministry of Foreign Affairs attended the 48th EITI Board meeting that was held virtually on 14 and 15 October.

MSG Sub-groups

In 2020, the NL-EITI MSG continued / installed 3 sub-groups that consisted of representatives from each sector and were facilitated by the coordinator of the NL-EITI Secretariat. All sub-groups reported back to the NL-EITI MSG on a regular basis to receive feedback and approval on next steps. These sub-groups worked on the following subjects:

- Sub-group on the European procurement of the Independent Administrator:
The purpose of this sub-group was to set-up and manage the European procurement process of an Independent Administrator. This process started in October 2019 and finalized in March 2020. The MSG has been involved during this process and approved the Terms of Reference for the Independent Administrator in their MSG meeting on 3rd December 2019. The European tender has been published just before Christmas 2019. The MSG agreed with the procurement of BDO Tunesia on 4th March 2020. The new Independent Administrator has been contracted as of 1st April for 2 years, with the option to extend twice with a year.
- Sub-group on the NL-EITI public event
The purpose of this sub-group was to develop the program and communication materials for the NL-EITI public event that was scheduled for 23rd April in The Hague. The concept program and communication materials that were developed by the sub-group were approved by the MSG at their meeting on 4th March. However, due to the corona crisis, the MSG decided at their meeting on 17th June to postpone the event until 2021. In the second half of the year the MSG talked a lot about how to go about communications around the NL-EITI during the corona crisis. At their meeting on 28th October, the MSG decided to first focus on the development and launch of a new NL-EITI website in 2021. The new website will then serve as a good basis for further communication about the implementation of the

EITI in the Netherlands. In 2021 a MSG sub-group on communications will be installed to work this out.

- Sub-group project-level reporting

The purpose of the sub-group was to establish the definition of a 'project' and the availability of government data for project level reporting in order to improve the NL-EITI report (EITI Requirement 4.7.). The MSG sub-group met once in February and presented their results in the MSG meeting on 4th March 2020. The MSG approved their proposal, i.e. the definition of a 'project' is the same as the definition that is used in the 'Decree on Disclosing Payments to Government Entities of 10 November 2015 and the 2013 EU Accounting Directive. The payment streams that are available on a project-basis have been reconciled on a project-basis in the NL-EITI report 2018.

- Sub-group on GasTerra

The purpose of this sub-group was to establish the implementation of EITI Requirement 4.2 ('Sale of the state's share of production or other revenues collected in kind'). The MSG sub-group met once in February and presented their results in the MSG meeting on 4th March 2020. The MSG approved their proposal, i.e. to have EBN describe the general system for the sale of gas, oil and condensate, including the general NIP sales contract system for the sale of gas to GasTerra.

Chapter 2: Assessment of performance against targets and activities set out in the work-plan

The NL-EITI MSG adopted its workplan 2020 on 22 January. This workplan formed the basis of the activities of 2020. The milestones were:

1. Compile and publish NL-EITI Annual Progress Report 2019;
2. Compile and publish NL-EITI Workplan 2020;
3. Translate the 1st NL-EITI Report into English;
4. Organizing a pre-validation workshop;
5. Contract an Independent Administrator (IA);
6. Go through the process of the work of the Independent Administrator (IA), including scoping, waivers, templates, workshop for participating companies and the actual reconciliation;
7. Work on an open-data format;
8. Evaluate the process of the publication of the 1st NL-EITI report;
9. Define the content of the 2nd NL-EITI report in accordance with the EITI standard 2019;
10. Develop a plan to reach systematic disclosure (mainstreaming) within 3 years to the international secretariat on the basis of the experience with the 1st NL-EITI report 2017;
11. Establish 2 MSG subgroups, i.e. GasTerra and project level-reporting;
12. Organize a public event for the 1st NL-EITI Report 2017;
13. The edit and design of the 1st NL-EITI Report 2018;
14. Publish the 2nd NL-EITI Report 2018 before 28 December 2019 (Dutch version);
15. Start the validation of the 2nd NL-EITI report in December;
16. Regular exchanges with the EITI National Secretariats in the UK and Germany, and the EITI International Secretariat;
17. Perform the presidency of the NL-EITI MSG;
18. Perform administrative duties for the MSG;
19. Maintaining the NL-EITI website.

All milestones were achieved successfully, except for milestones 7, 10, 12 and 14:

- Milestone 7: The MSG did preparatory work on an the development of an open-data format with regard to the 1st NL-EITI Report 2017 and an Open Data strategy. Due to a delay in progressing this within RVO, as a result of the Covid-19 crisis, and the decision of the NL-

EITI MSG in October to develop a new NL-EITI website, including Open Data, this milestone has been postponed until 2021.

- **Milestone 10:** This milestone has not been a priority in 2020 and therefore has been postponed until 2021.
- **Milestone 12:** Due to the corona crisis, the MSG decided at their meeting on 17th June to postpone the public event to 2021. In the second half of the year the MSG talked a lot about how to go about communications around the NL-EITI during the corona crisis. At their meeting on 28th October, the MSG decided to first focus on the development and launch of a new NL-EITI website in 2021. The new website will then serve as a good basis for further communication about the implementation of the EITI in the Netherlands. In 2021 a MSG sub-group on communications will be installed to develop this.
- **Milestone 14:** The second NL-EITI Report was ready in December 2020, and approved by the MSG and published on the NL-EITI website in January 2021.

Chapter 3: Assessment of performance against EITI requirements

The Netherlands has satisfied Requirements 1.1 to 1.5. NL-EITI has set up a well-functioning multi-stakeholder group (the NL-EITI MSG). The updated workplan for 2020 was approved by the NL-EITI MSG on 22 January 2020. An updated NL-EITI MSG Terms of Reference was approved by the MSG on 1 December 2020. Both documents have been published on the NL-EITI website www.eiti.nl. Government, companies and civil society are fully, actively and effectively engaged in the EITI process.

The NL-EITI MSG has been involved during the process of the procurement of the Independent Administrator (IA) in 2018-2019 and approved the Terms of Reference for the Independent Administrator as well as the selected Independent Administrator. By doing this, the NL-EITI MSG meets Requirement 4.9. The IA in 2019 was contracted in January 2019 for one year. In October 2019, NL-EITI started up an European procurement process for 2 years (including the option for the Contracting Authority – RVO.nl – to extend the contract twice with 1 year). This process was finalized at the end of March 2020. The new Independent Administrator has been contracted as of 1st April for 2 years, with the option to extend twice with a year.

By approving and publishing the NL-EITI Annual Progress Report 2019, the NL-EITI MSG meets Requirement 7.4(a)(i),(ii), (iv) and (b). The NL-EITI Annual Progress Report 2019 has been approved by the NL-EITI MSG at its meeting on 22nd January 2020.

By publishing two reports that cover the fiscal year 2017 and 2018, the NL-EITI MSG meets Requirement 4.8. Government, companies and civil society – as well as their constituencies – have been fully, actively and effectively engaged in the EITI process of approving the NL-EITI report (Requirement 1.4b (iii)).

Chapter 4: Overview of multi-stakeholder group's response to the recommendations from reconciliation¹

Recommendation in NL-EITI Report 2017	Implementation	Comments
1. Lack of EITI Database		
<p>It is recommended that, in the first instance, the NL-EITI Secretariat should create its database following the current reconciliation exercise. The NL-EITI Secretariat should then liaise with the government agencies to ensure it obtains adequate information regularly and updates its database accordingly. To this end, it is vital that any new entrants to the extractive sector are registered with the NL-EITI Secretariat as part of the process before or at the same time as they obtain their operating licence. A regular review with the government agencies of the list of extractive companies licenced to operate in the sector is also recommended.</p> <p>Each extractive company and government agency previously included in the reconciliation work must appoint a single point of contact to take responsibility for comprehensive EITI reporting and the company and government entity should notify the NL-EITI Secretariat of the name and contact details of that focal person.</p>	<p>On going</p>	<p>A list of E&P companies participating to the EITI process is held by the NL-EITI Secretariat. The list includes the identity of the focal persons and their contacts.</p>
2. Limited authorisation from extractive companies for data disclosure		
<p>It is recommended that the confidentiality waiver should be extended to all government agencies involved in the collection of revenues from extractive companies. The extension should also cover all types of payment streams covered by the EITI process.</p>	<p>Yes</p>	<p>For the 2018 reconciliation exercise, 3 different authorisations were issued to the companies (NTCA, EZK and EBN).</p>
3. Lack of Reporting Templates and assurance procedures for the Government agencies for EITI reporting		
<p>It is recommended that future government reporting process is discussed and that separate templates are developed for the 2018 EITI Report. In particular, it should be clarified whether EBN should</p>	<p>Yes</p>	<p>Soft copies, in Excel, of the Reporting Templates were sent directly to companies and to the government agencies</p>

¹ This chapter has been prepared by BDO Tunesia and is part of the NL-EITI report 2018 (Chapter 6).

Recommendation in NL-EITI Report 2017	Implementation	Comments
<p>report both incoming and outgoing payments. The level of details in the reporting should also be specified. Additionally, further clarification is needed on whether GasTerra are required to report payments relating to the sale of the state's gas.</p> <p>The NL-EITI MSG should also agree the assurances to be provided to the IA by government entities. For instance, these reporting templates could be signed off by an official from the government entity.</p>		
4. Sale of the state's share of production		
<p>It is recommended that in future NL-EITI reports, the NL-EITI MSG includes the required data relating the sale of the state's share of production. GasTerra should be approached to report the volume sold and revenues received disaggregated by individual buying company.</p> <p>It is also worth noting that EITI Standard 2019 introduced new requirements on commodity trading transparency. The implementing countries should report on revenues from the sale of the state's share of production of oil, gas, and/or mineral resources disaggregated by sales contract (rather than by buyer). Implementing countries are also encouraged to disclose the process of selecting buyers. Consequently, involving GasTerra in the EITI process is highly recommended.</p>	Yes	The requirement on commodity trading transparency is not applicable in the Netherlands.
5. Reporting at project level		
<p>To further strengthen EITI implementation, the NL-EITI MSG is encouraged to work with the government agencies and start early discussions on availability of government data for project-level reporting.</p> <p>As per the EITI Board decision of 8 March 2018, the NL-EITI MSG should agree on a definition of the term 'Project' that is consistent with relevant national laws and systems as well as international norm. The NL-EITI MSG should be able to disaggregate data by project in the 2018 NL-EITI report.</p>	Yes	Refer to section 5.2.4 and Annex 9.1 – 9.4 of this report.

Recommendation in NL-EITI Report 2017	Implementation	Comments
6. Overall coverage of the EITI Report		
<p>In view of the current legislation with regard to disclosure of confidential information, it is recommended that the NL-EITI MSG focuses on enhancing the communication aspects of the EITI process in order to encourage more companies to join the reporting process, notwithstanding the significant efforts already made in this respect. The NL-EITI MSG should introduce the EITI to extractive companies through a strong awareness campaign such as conferences, meetings, workshops, etc.</p>	On going	Despite the continuous effort made to include more non-NOGEPA companies and salt companies in the EITI reporting process, only one non-NOGEPA company joined the process for the NL-EITI Report 1018.
7. Reconciliation issues: Interests paid/repaid		
<p>It is highly recommended that before dispatching the reporting template, a workshop should be planned in order for the IA to present the reporting template and provide guidance to the different reporting entities in order to avoid any misunderstanding of the reporting requirements. The workshop will also be beneficial to both the IA and companies to exchange on practical aspects of the reporting process and agree on adequate approach for a successful and smooth reporting.</p>	Yes	A power point presentation and a training session was held to explain to each participant how to fill the template.
8. Late submission of reporting templates		
<p>It is recommended that the NL-EITI MSG considers the options available in order to try to achieve 100% on time submission by the reporting entities. The following options are to be considered:</p> <ul style="list-style-type: none"> • raising the awareness of the EITI programme and its importance; • extend the reporting deadline in order to provide the companies enough time to prepare the reporting template; • schedule the reporting template preparation in periods were companies have availabilities of staff (avoid holiday seasons and accounting closure periods). 	On going	The reporting templates were in general submitted on time without achieving the target of 100%.

Chapter 5: Total costs of implementation

The NL-EITI Workplan provides a detailed overview of the costs of the NL-EITI implementation. The total costs for the implemented measures and activities of the Workplan 2020 amount to €308.000.

Chapter 6: Details of membership of the MSG during the period

Overview of NL-EITI MSG representatives

Name	Title	Organisation	Status	Period
Ruud Cino	Mr.	Min. of Economic Affairs and Climate	member and interim	2020
Hans van Gemert	Mr.	Min. of Economic Affairs and Climate	alternate	2020
Carmen Hageaars	Mrs.	Min. of Foreign Affairs	member	2020
Martijn Reubzaet	Mr.	Min. of Foreign Affairs	alternate	Until 1 April 2019
Taco Westerhuis	Mr.	Min. of Foreign Affairs	alternate	As of September 2020
Dorris Raijmann	Mrs.	Tax Department	member	2020
Marco van Driel	Mr.	Tax Department	alternate	2020
Jo Peters	Mr.	NOGEPA	member	2020
Marieke van den Akker	Mrs.	NOGEPA	alternate	2020
Martijn van der Deijl	Mr.	NAM B.V.	member	2020
Joost Kutsch Lojenga	Mr.	Shell International B.V.	alternate	2020
Tijmen Zaal	Mr.	TAQA Energy B.V.	member	2020
Joris Hengeveld	Mr.	Vermilion Energy Netherlands B.V.	alternate	2020
Gerno Kwaks	Mr.	Open State Foundation	member	2020
Wilma Haan	Mrs.	Open State Foundation	alternate	Until August 2020
Serv Wiemers	Mr.	Open State Foundation	alternate	As of September 2020
Serv Wiemers	Mr.	Transparency International NL	member	Until August 2020
Paul Vlaanderen	Mr.	Transparency International NL	alternate	2020
Joosje de Lang	Mrs.	FNV	member	2020
Henk Korthof	Mr.	FNV	alternate	2020

Attachment 1 – Steps taken by the Netherlands regarding the EITI

The steps taken by the Netherlands regarding the EITI in chronological order

The government of the Netherlands has been closely involved with the Extractive Industries Transparency Initiative (EITI) since its inception in 2002. The steps taken by the Netherlands regarding the EITI are listed in chronological order below.

2003: The Netherlands declares its support for the EITI at the first EITI conference.

2005: The Netherlands provides USD 1.5 million in funding to the Multi-Donor Trust Fund managed by the World Bank. In addition, the Netherlands becomes a member of the "supporting countries" group on the EITI board.

2010: The Dutch government commissions the consultancy firm Roland Berger to write the Extractive Industries Transparency Initiative (EITI) Feasibility Study (*Haalbaarheidsonderzoek Extractive Industries Transparency Initiative [EITI]*), which examines the advantages and disadvantages of EITI implementation in the Netherlands (please see: www.eiti.nl).

2011: The Dutch government sends the Raw Materials Memorandum (*Grondstoffennotitie*, please see: www.eiti.nl) to the House of Representatives, in which it specifies that:

- "it will provide financial support to the EITI";
- "based on the predicted international developments with regard to various transparency initiatives, including those initiated by the EU, the Netherlands will adopt the EITI or a similar initiative in due course";
- "it will lobby international financial institutions to give preference to companies that demonstrably adhere to EITI rules when it comes to tendering procedures, with a further advantage given to those companies that provide technical assistance and expertise during contract negotiations with developing nations about the exploitation of raw materials";
- "it will encourage developing nations who have implemented the EITI successfully to support other African nations".

2011–2020: The Dutch government provides USD 250,000 in funding to the EITI secretariat annually.

2012–2013: The Netherlands is an active member of the EITI board in a donor support group, together with France, Germany, Switzerland, Italy and the European Commission.

2012–2015: A member of staff of the Ministry of Foreign Affairs is on secondment to the EITI secretariat in Oslo.

2014: The Dutch government commissions the consultancy firm Roland Berger to update his 2010 study to reflect the actual state of affairs (please see: www.eiti.nl).

2015: The Dutch government sends two letters to the House of Representatives, in which it states its intention to implement the EITI in the Netherlands. In late 2015, the then Minister for Foreign Trade and Development Cooperation writes to the House of Representatives, also on behalf of the then Ministers of Economic Affairs and Finance, in order to announce the government's intention to put the Netherlands forward as a candidate country for EITI implementation (please see: www.eiti.nl).

2015: The Dutch government commissions Royal HaskoningDHV to carry out a scoping study for EITI implementation in the Netherlands (please see: www.eiti.nl) and a survey of civil society organisations to gauge their interest in taking part in NL-EITI.

2015: The Dutch government implements the EU Directive on the annual financial statements by publishing the Decree on Disclosing Payments to Government Entities (*'Besluit rapportage van betalingen aan overheden'*; please see: www.eiti.nl), among other things.

2016: The Ministry of Foreign Affairs tasks the Netherlands Enterprise Agency (RVO) with making preparations for EITI implementation in the Netherlands (NL-EITI). The RVO is to coordinate NL-EITI until after the publication of the first NL-EITI report in late 2019.

2016–2018: Prof. Dirk-Jan Koch, the Ministry of Foreign Affairs' special representative for raw materials, is an active member of the EITI board.

2017: The then Minister of Economic Affairs and the then Minister for Foreign Trade and Development Cooperation appoint Prof. Dirk-Jan Koch as the champion for NL-EITI (please see: www.eiti.nl).

In late 2017, those same ministers establish the multi-stakeholder group (MSG) for NL-EITI. The Dutch government is represented in the MSG by managers and/or senior members of staff at the Ministry of Economic Affairs and Climate Policy, the Ministry of Foreign Affairs, and the Tax and Customs Administration (please see: www.eiti.nl).

2018: On 17 April, the NL-EITI MSG submitted the Dutch Candidature application to the EITI Board. On 28 June, the EITI Board admitted the Netherlands as a Candidate country at its Board meeting in Berlin. The Netherlands is the fourth European country to receive this status. The Netherlands was required to publish the first EITI Report, in accordance with the EITI Standard, before the end of 2019.

2019/2020: The first NL-EITI Report was approved by the NL-EITI MSG in December and published on 14th January 2020. The Report has been set up in accordance with the EITI standard 2016 and covers the fiscal year 2017.

2020/2021: The second NL-EITI Report was ready in December 2020 and approved by the NL-EITI MSG and published on the NL-EITI website in January 2021. The Report has been set up in accordance with the EITI standard 2019 and covers the fiscal year 2018.