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# Open Financial Modelling: The Next Stage of Contract Transparency

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[anton.ruehling@openoil.net](mailto:anton.ruehling@openoil.net)

# Contracts: complex interlocking financial web

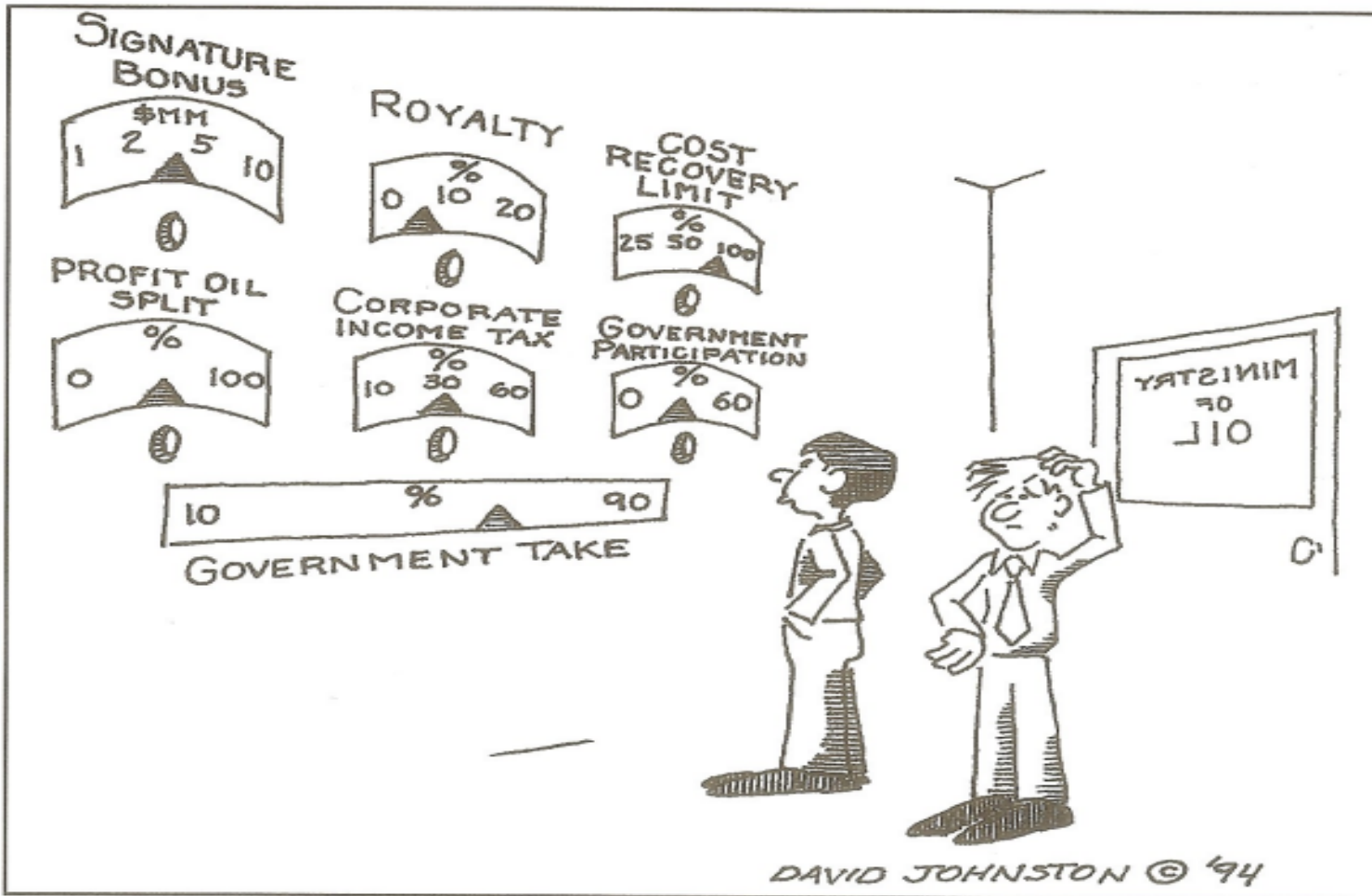


Illustration 4-1 Fiscal design

# Gov't revenues: which terms bring most money over project life?

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1

Fiscal parameters	
5.00%	Royalty
80%	Cost recovery limit
30%	Government share of profit oil
30%	Income tax rate
5	Depreciation of development costs (years)
10%	State participation (from development)

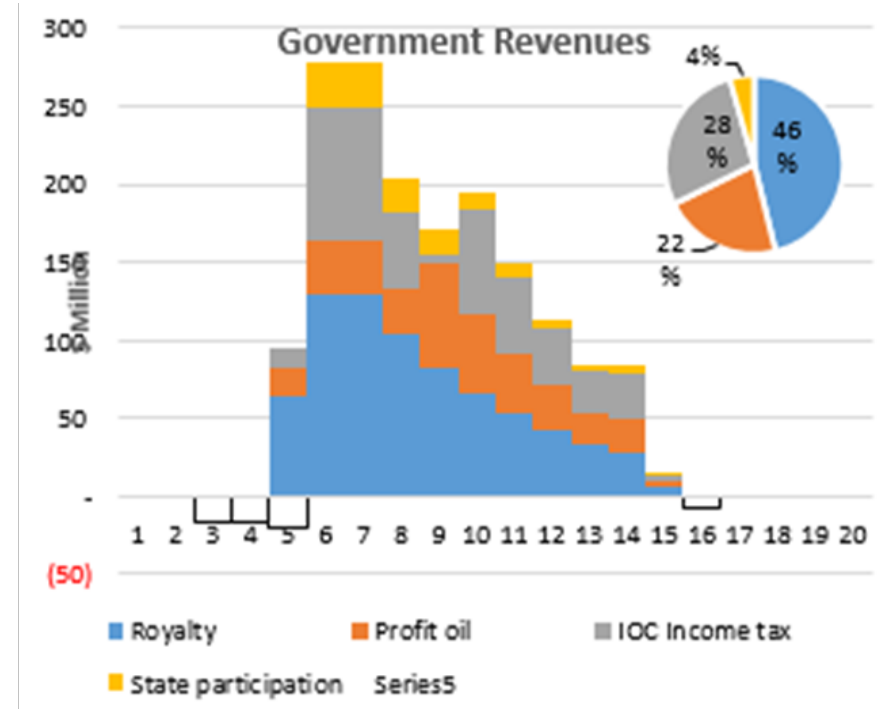
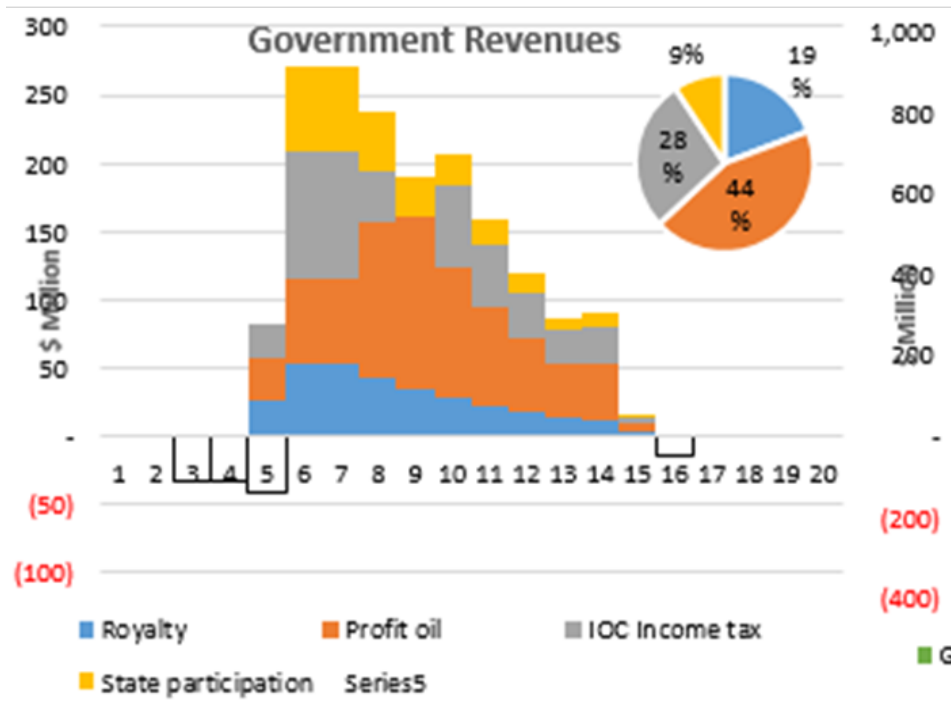
2

Fiscal parameters	
12.00%	Royalty
80%	Cost recovery limit
18%	Government share of profit oil
30%	Income tax rate
5	Depreciation of development costs (years)
5%	State participation (from development)

3

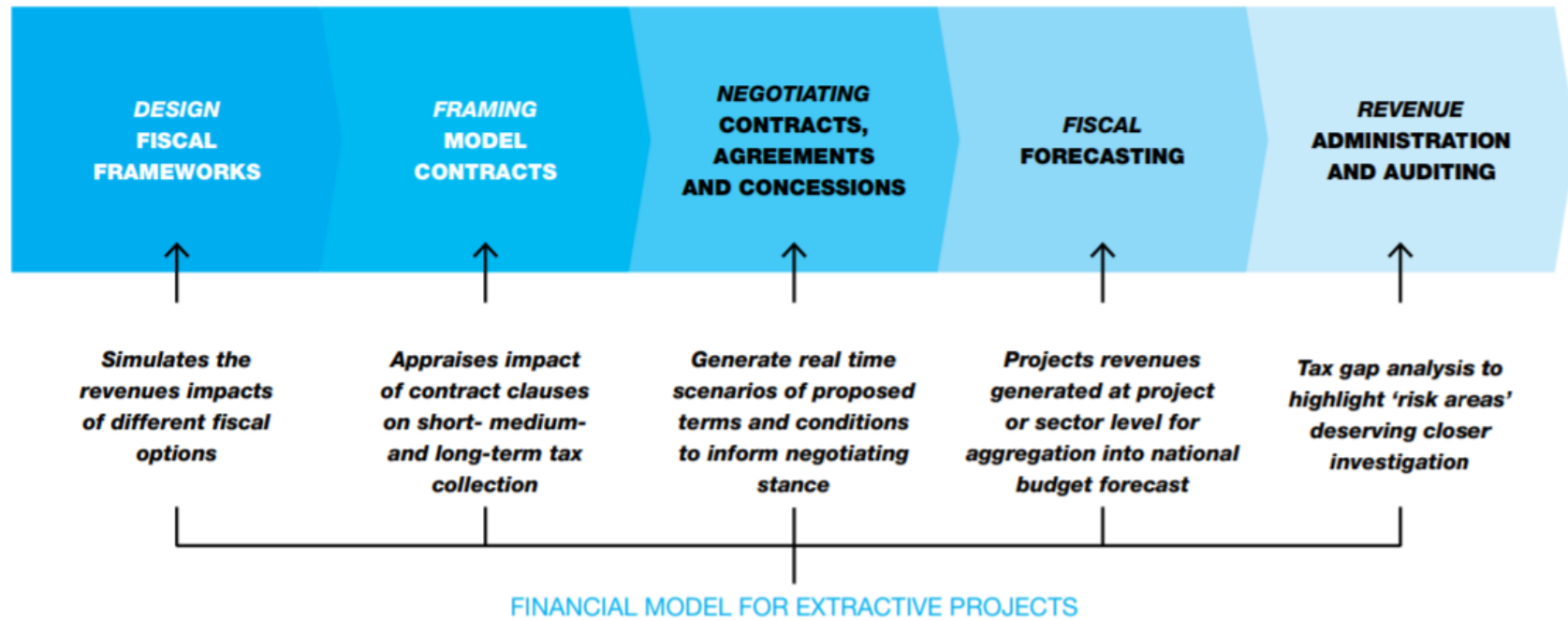
Fiscal parameters	
5.00%	Royalty
40%	Cost recovery limit
20%	Government share of profit oil
30%	Income tax rate
5	Depreciation of development costs (years)
10%	State participation (from development)

# Answer: same amount of money, different revenue streams



# Financial Modelling Use-Cases

THE EXTRACTIVE POLICY CYCLE AND FINANCIAL MODEL

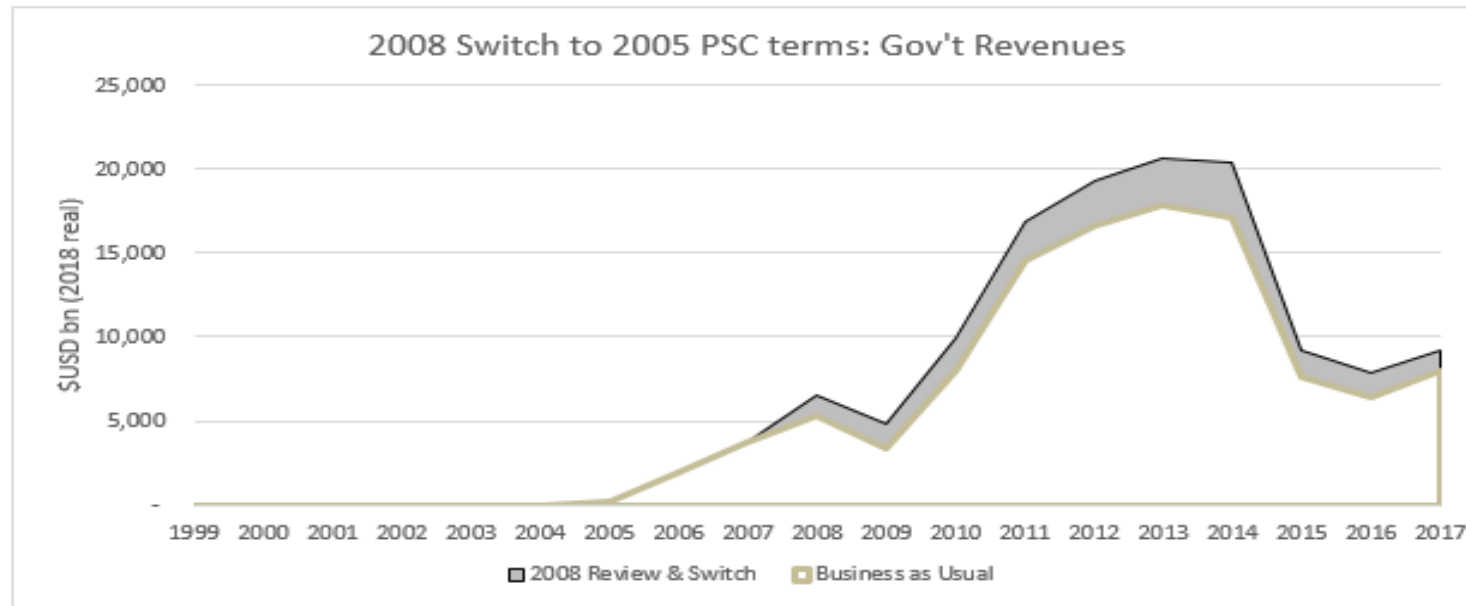


# In EITI: next-level reconciliation

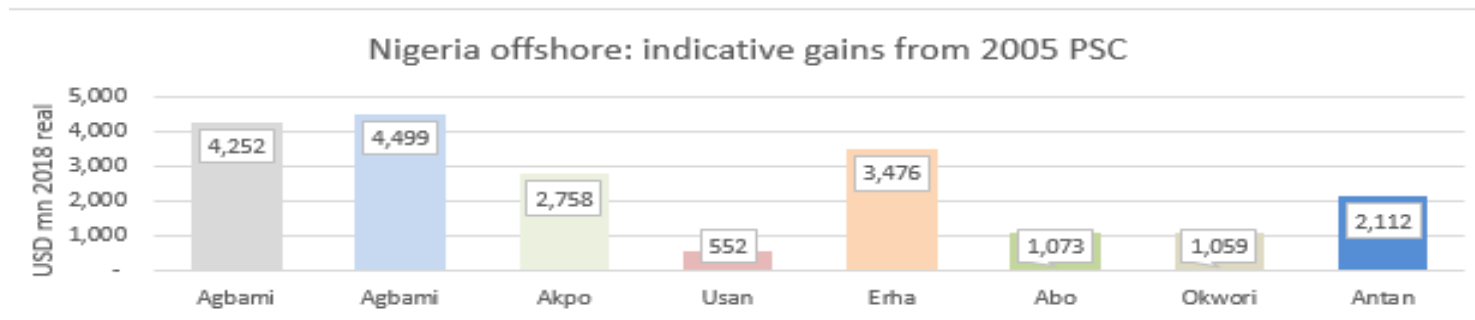
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- Move from: what *has* been paid to what *should have* been paid
- The litmus of public interest financial modelling: is the model *itself* published?
- EITI countries with projects modelled:  
Afghanistan, Ghana, Tanzania, (Guyana), Kyrgyzstan, Colombia, Mongolia, Cote d'Ivoire, Indonesia, Malawi, (Nigeria), (Philippines)
- Other EITI MSGs engaged:  
Zambia, Senegal, Albania, Trinidad & Tobago
- Other countries with financial models published or coming:  
Lebanon, Kenya, Argentina, Brazil, Ireland
- EITI convening power: standardisation can *massively* accelerate institutional capacity

# NEITI: 1993 PSC contract review



2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	TOTAL
1,250	1,429	1,885	2,245	2,648	2,789	3,326	1,590	1,460	1,158	19,781



# Guyana: Fiscal Regime Comparison

