

## Background information on Extractive Sector for EITI

Currently the EITI reporting process does not require any background information on the sector(s) covered. Accordingly, the report can give the impression of being presented in a type of void as for the uninformed or partially informed; it may not be clear how important the sector is in the economy. Accordingly, it is now recommended that all reports contain the basic information that provides the reader with an overview of the sector. The template for this information should include the following areas.

### 1/ Production

- Physical production by commodity
- Value of production by commodity and State/Region (when relevant)
- Physical exports by commodity
- Value of exports by commodity and State/Region (when relevant)
- Key companies in the extractive sector (private and state-owned)
- New large projects to start production (within the next two years)

### 2/ Fiscal Revenues and non tax revenues

- List of key laws, codes, decrees governing EI tax regime
- Description of fiscal regime:
  - Surface rental fees (Reconnaissance fees, Prospecting fees, Mining leases)
  - Mineral royalties
  - Corporate tax
  - Dividends/dividend tax
  - Indirect taxes (VAT, etc.)
  - Import/export tariffs and duties
  - Property rates
  - Land rent/fees
  - Production sharing agreements
  - Windfall charges
  - Equity participation
  - Capital gains
  - Subnational government payments
- Key institutions in charge of revenue collection

### 3/ Contribution to the Economy

- Direct contribution<sup>1</sup> of the sector, distinguishing where feasible between the contribution associated with exploration and exploitation vis-a-vis processing activities (such as refining and smelting):

---

<sup>1</sup> Direct contribution excludes the contribution of, for example, firms selling goods and services to the extractive sectors and multiplier impacts.

- Direct contribution to Gross Domestic Product (value added). The contribution should be in absolute terms and as a percentage of total GDP.
- Direct contribution to Gross National Income. The contribution should be in absolute terms and as a percentage of total GNI.
- Direct contribution to fiscal revenues. The contribution should be in absolute terms and as a percentage of total fiscal revenues, total government expenditure, and GDP. The report should distinguish between the private sector versus profits or losses of state-owned enterprises or the government's share of joint ventures or similar institutional arrangements.
- Direct contribution to exports. The contribution should be in absolute terms and as a percentage of total exports of goods and services.
- Direct contribution to net exports (that is, exports minus imported inputs). The contribution should be in absolute terms and as a percentage of the current account of the balance of payments.
- Direct contribution to employment. The contribution should be in absolute terms and as a percentage of total formal sector employment.
- The contribution of downstream industries that process the output of the country's extractive sectors—such as jewelry, specialized steel, copper pipes, et cetera—with respect to GDP, GNI, fiscal revenues, exports, and employment.
- Key regions/areas where production is concentrated