

The Board agreed that São Tomé and Príncipe has made meaningful progress in implementing the 2016 Standard.

Decision reference: 2018-36/BM-40/BP-40-6-E

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Continuous strengthening of petroleum transparency in São Tomé and Príncipe

The EITI Board commends São Tomé and Príncipe (STP) for its continued commitment to improving transparency in petroleum operations and revenue management ahead of any potential production.

29 June 2018 - São Tomé and Príncipe was today assessed as having made meaningful progress in meeting the EITI Standard. In making its decision, the EITI Board acknowledged the significant efforts of STP in addressing its [corrective actions](#) raised from the first Validation – the EITI’s quality assurance mechanism.

Moving beyond the minimum requirements

The Board recognised STP’s efforts in disclosing comprehensive information on the distribution of extractive industry revenues. The 2015 STP EITI Report provided a detailed description of how petroleum revenues are managed, including transfers from the national oil account to the central budget. This demonstrates STP’s efforts in going beyond the Standard to ensure more information is available to the public and other stakeholders.

José Cardoso, National Coordinator of STP EITI said,

‘Transparency in the terms of petroleum activities and revenues from exploration is essential for our nascent oil industry. Making continuous progress in meeting international standards for transparency remains a priority as we expect the economic contribution of the petroleum sector to increase in the coming years.’

Bridging extractives disclosure gaps

The Board recognised STP’s progress on pushing for transparency in the Joint Development Zone (JDZ) with Nigeria. STP has proposed to re-establish the Nigeria–STP EITI sub-committee, and both countries have engaged in constructive discussions on the management of the Joint Development Zone. STP has nominated members to the Joint Ministerial Committee.

The country’s second EITI Validation has shown there is a drive to systematically disclose extractives data online. An online license register has been established on [the National Petroleum’s website](#), and petroleum agreements are now published on [Resource Contracts](#).

The STP-EITI multi-stakeholder group aims to encourage more data to be systematically disclosed, in line with the EITI Board’s recommendation. Their updated workplan includes plans for mainstreaming and objectives related to promoting regular disclosures by government agencies.

Fredrik Reinfeldt, Chair of the EITI, said:

‘São Tomé and Príncipe has made commendable progress since its first EITI Validation, in particular to disclose oil contracts and revenue distribution. I encourage São Tomé and stakeholders to continue to make improvements in meeting the extractives transparency standard.’

Scorecard

Notes

- [Validation](#) is the EITI’s independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard.
- See [here](#) for a full explanation of the various levels of progress under the EITI Standard.
- See the interactive scorecard for Sao Tome e Principe [here](#).
- The documentation of Sao Tome e Principe's Validation can be found [here](#).
- For further information about the EITI in Sao Tome e Principe, please visit the [country page on the EITI website](#).

The EITI Board agreed that São Tomé and Príncipe has partly addressed the corrective actions from the country’s first Validation. Consequently, São Tomé and Príncipe has made meaningful progress overall with implementing the EITI Standard, with considerable improvements across several individual requirements.

The Board recognised São Tomé and Príncipe’s efforts to use the EITI to manage public expectations regarding the potential revenue and indirect contributions from the nascent oil and gas sector. São Tomé and Príncipe’s EITI implementation is also recognised as having increased collaboration among government agencies and improved the government’s public financial management systems. The second Validation has confirmed São Tomé and Príncipe’s efforts to use EITI reporting as a diagnostic instrument to support reforms in the licensing system, oversight of companies’ social expenditures and subnational revenue management.

The Board welcomed ongoing efforts to consider further the opportunities to improve government and company disclosures through systematic disclosures. The Multi-Stakeholder Group (MSG) should continue to ensure adherence to the EITI Principles and Requirements.

The Board has determined that São Tomé and Príncipe will have 12 months, i.e. until 29 June 2019 before a third Validation to carry out corrective actions regarding license allocations (2.2), license register (2.3) and data quality (4.9). Failure to achieve meaningful progress with considerable improvements across several individual requirements in the third Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, São Tomé and Príncipe’s MSG may request an extension of this timeframe or request that Validation commences earlier than scheduled.

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.

The EITI Board agreed the following corrective actions to be undertaken by São Tomé and Príncipe. Progress in addressing these corrective actions will be assessed in a third Validation commencing on **29 June 2019**:

1. In accordance with Requirement 2.2.i and iii, São Tomé and Príncipe is required to disclose the technical and financial criteria used in awarding licenses and any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards related to the award or transfer of licenses pertaining to the companies covered in the EITI Report during the accounting period covered by the EITI Report.
2. In accordance with Requirement 2.3.b, São Tomé and Príncipe is required to maintain a publicly available register or cadastre system which includes the timely and comprehensive information on the date of application for each of the licenses pertaining to companies covered

in the EITI Report. Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.

3. In accordance with Requirement 4.9.a, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. The MSG should ensure that future EITI reporting includes a clear statement from the IA on the comprehensiveness and reliability of reconciled financial data.