

The EITI and good governance in a time of low commodity prices

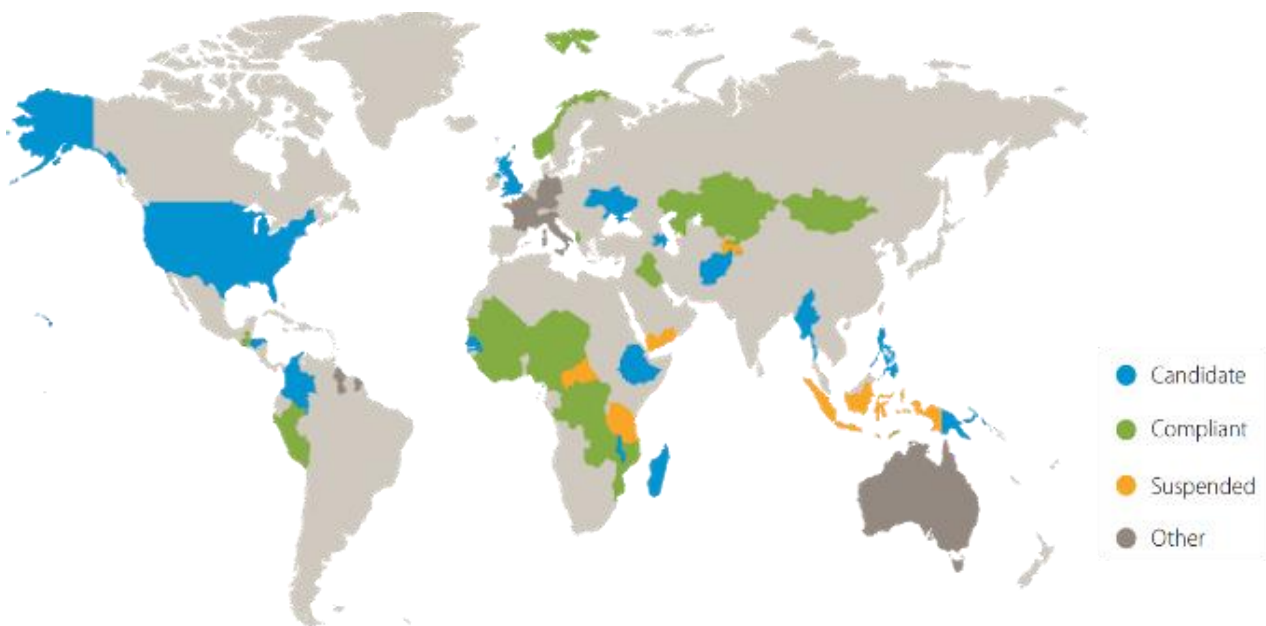
EITI International Secretariat

Oslo, 30 November 2015

Quick facts

The EITI is the **global standard for transparency and governance of the extractive industries**. 49 countries across all continents are implementing the EITI, of which 31 are compliant with the EITI requirements and 18 are candidates. Other countries, like Germany and Mexico are at different stages of preparing their candidature to the EITI. More than 340 people work daily on EITI implementation and over a thousand people around the world sit in national coalitions and in the EITI International Board.

EITI countries



EITI Reports have been published by **41 countries**, covering **250 fiscal years** and over **USD 1.67 trillion** in government revenues.



EITI reports like this one from the Philippines contain information about the **legal** and **fiscal** provisions relevant to extraction, organisation **of state-owned enterprises, production, licence allocations and registers**. The Standard contains recommendations on **beneficial ownership** disclosure and pilot implementation of these provisions is currently done in a number of countries. If companies make mandatory **social payments** or payments to **subnational** levels of government, these should also be reported.

In a context of low sustained commodity prices, EITI Reports can provide information on the contribution of extractive industries to the country.

This appendix from Norway's EITI Report, compiled by Deloitte shows the core of the EITI Reports; a simple list of the companies that produce, how much they report they have paid and how much the government reports it has received.

Appendix 1: Total reported payments per company

Company	2013	2014	2015	Total
Abu Dhabi	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 2	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 3	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 4	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 5	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 6	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 7	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 8	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 9	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000
Abu Dhabi 10	1,000,000,000	1,000,000,000	1,000,000,000	3,000,000,000

This means that taxes, royalties and license fees in a large number of oil producing and mining rich countries have been independently verified and made public through the EITI, often for the first time.

In other words, EITI implementing countries are at the cusp of providing more detailed and better explained information. Once analysed, these reports can help stakeholders identify where gaps exist in terms of governance, red-tape, efficiency and in general on how the sector is managed.



In each of the 49 countries implementing the EITI there is an EITI multi-stakeholder group. It is these groups that are responsible for implementation, for deciding the scope of the report, and for turning it into a nationally-owned and nationally-meaningful process.

Some 1,100 persons around the world serve on these commissions. It is hard to capture and quantify, but much of the value of EITI implementation lies in the dynamics in these commissions. They play a critical part in building trust, dialogue and mutual understanding.

The EITI Global Conference and the path ahead

The world today looks very different from when the EITI Standard was agreed in the 2013 EITI Global Conference. Low commodity prices seem likely to remain for the foreseeable future and will continue to have a profound impact in our industry.

The 2016 EITI Global Conference will be an opportunity to reflect on these changes and to map the way forward for the EITI in this very different world. Now more than ever it is important to ensure the good governance of the extractive industries in a way that is cost-effective and fosters cooperation between stakeholders.

The Global Conference will focus on highlighting the results from implementing the EITI Standard, informing policy dialogue, and integrating the EITI into how governments and companies operate.

- **Country highlights:** The EITI Standard, which was adopted at the 2013 Global Conference, has led to innovative reporting and policy changes in EITI countries. The Global Conference and the National Exhibition are an opportunity for countries to share their stories on increased scrutiny over license allocations, oil sales, reforms in the utilisation of subnational revenue, the impact of the disclosure of beneficial owners, recommendations from EITI reports leading to improvements, improving the timeliness of data, and many other themes.
- **Informing policy:** Informed public debate and better policy making will determine whether citizens benefit from their resources. EITI Reports cover nearly 250 financial years and over USD 1.7 trillion in revenue. More data is available than ever before. Citizens of EITI countries now have access to information about how licenses are awarded in their country, how much revenue local governments receive and how state-owned companies operate. But more needs to be done. The Global Conference provides a platform to share innovations and create new ones.
- **Mainstreaming transparency:** In the long term, extractive industry transparency should not be confined to EITI reporting, but become an integral part of how governments manage their sector. Countries are already increasingly making data about their oil, gas and mining sectors available through government and corporate reporting systems such as databases, websites, and portals. Mainstreaming helps make EITI data timelier and more useable. The Global Conference provides an opportunity to discuss the direction of EITI reporting to ensure sustainable transparency.

From Reports
to Results



EITI 2016 Global Conference
Lima, Peru 24-25 February

The EITI and its impact

It is of course hard to prove whether revenue from natural resources leads to less poverty, and even more so to demonstrate that this is due to the EITI.

Here is some emerging evidence of the impact that EITI is having both nationally and in setting the international agenda:

- Improving revenue allocation:** Revenue disclosure continues to be at the core of the EITI process. This is true in [Nigeria](#), where EITI Reports show that over USD 300 million have been collected in education tax from oil companies, to [Peru](#), where the regional Government of Piura is pioneering a subnational EITI which allows citizens to verify whether their local government receives what it is due. One example of why this is important is [Tanzania](#), where the 2009/2010 EITI Report showed that revenue flows from PanAfrican Energy Tanzania Limited were being misallocated.
- Improving data collection and accessibility of information:** [Liberia](#) has developed an online data repository to strengthen the collection of revenue figures from companies and government institutions. The open data portal in the [United States](#) allows the public to study the use of natural resources on federal lands. [Sierra Leone](#) has developed an online repository to provide the public with payment information in the extractive sector. With the finalisation of [Mali's](#) mining cadastre, updated company information is now available with a couple of clicks.
- Informing and strengthening the role of parliamentarians:** In the [Republic of Congo](#), parliamentarians use the EITI as a [control and planning tool](#) to check government figures of the previous fiscal year before adopting the state budget for the following year. In the [Philippines](#), EITI findings have been discussed in Parliament and are being used in debates over proposed reforms in mining taxation. The tax authorities in [Cameroon](#) are using data from EITI Reports in preparing their audit missions.
- Identifying beneficial owners:** The EITI is at the forefront of the international drive to identify the real owners - the '[beneficial owners](#)' – of the companies that have acquired rights to extract oil, gas and minerals. The [Democratic Republic of the Congo](#) listed the legal owners of 40 privately held companies in its 2012 Report. The next step is to ascertain the beneficial ownership underneath this legal ownership. The [United Kingdom](#) is developing a public beneficial ownership register, [Niger](#) has produced an inception report for beneficial ownership, and [Mongolia](#) has disclosed information on beneficial owners in their 2013 EITI Report.

EITI Briefs provide additional examples of the kind of information that EITI Reports make available (such as information on National Oil Companies), the kind of companies that report (including Chinese companies) and the ways in which this information can be used (for example by credit rating agencies).

