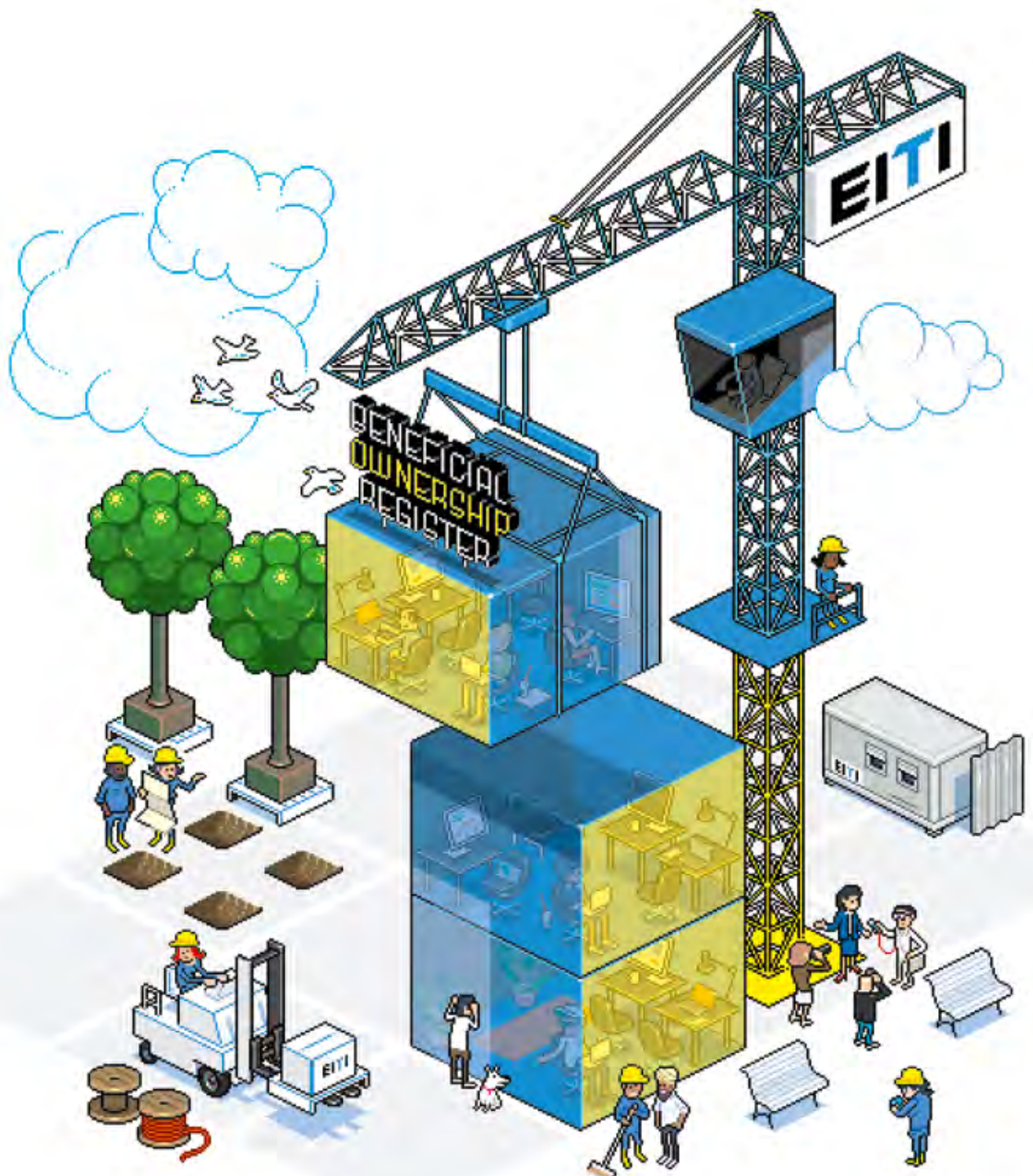


2017 PROGRESS REPORT



Ending company anonymity

The key to fighting corruption

Table of contents

Progress report

Message from the Chair	4
Message from the Head of the Secretariat	5
The EITI: A tool for reformers	6

Disclosing beneficial ownership

Ending company anonymity – key to fighting corruption	10
Road to 2020	14
Reviewing and reforming the law	15

Frontier issues

Mainstreaming EITI disclosures	16
Moving from reports to reporting	17
Making EITI data open and accessible	18
Contract transparency	19
Commodity trading transparency	20
Artisanal and small-scale mining	21

Public debate

Bridging the information gap	22
------------------------------	----

Regional focus

Africa	26
Asia	28
Americas	29

Impact and synergies

Measuring impact	31
Analysing impact	33
Academic research	34
Synergies	35

Validation

EITI's quality assurance mechanism	36
EITI country status	37

Working together

Working together	39
Capacity building	41
Funding	43
EITI Board	44

Message from the Chair



2016 shows us that around the world there is voter dissatisfaction with politicians and elites. The social compact between citizens and their political representatives is being challenged like never before.

There are many reasons for this lack of trust and confidence in how we govern our countries. Enormous wealth inequalities, fears of large migration flows, corruption and mismanagement are all amongst what contributes to the desire for change.

It will take many different efforts over a long time to rebuild what is not working. A common thread, however, is the need for openness and transparency. We need the EITI and similar efforts like never before.

Many of our 51 countries already provide project-level reporting, a growing number of countries publish contracts and many of the over 2000 articles in printed media about the EITI last year were about how this transparency is leading to change and reforms in how we govern precious natural resources. Remarkable achievements have been made, but we have so much further to go.

As I write, none of our countries have met all the requirements of the 2016 Standard. We have moved away from binary categorisation of countries as either candidate or compliant. With our new Validation approach, we have introduced more nuanced assessments of progress – satisfactory, meaningful, inadequate and no progress. I welcome this. We need to support committed governments to make sure that Validation becomes a learning experience leading to further reforms and improvements.

In April last year, the Panama Papers scandal broke, with 11.5 million leaked documents. The challenge became one of turning outrage into change.

The Panama Papers point the finger at the use of anonymous shell companies to hide or launder money. For citizens of resource-rich countries, the risk of losing out on extractive revenues is particularly acute.

The EITI had earlier last year agreed to adopt new rules on disclosing beneficial ownership for all extractive companies operating in its 51 member countries. By 2020, companies that bid for, invest in or operate extractive assets in an EITI country must report the name, nationality, and country of residence of the beneficial owner. Further, politically exposed persons in their extractive sector who own extractive assets will be identified and disclosed. This means that countries that produce oil, gas and minerals will know who the owners of the companies that develop their natural resources are, regardless of where these companies are registered, and regardless of how many layers there are between these companies and their ultimate beneficial owners.

The 51 governments will need substantial advice and political support in turning these commitments into reality. As well as supporting these governments, we need to show how companies can easily disclose their owners and help civil society to use the ownership information.

In a world where polarisation is common, it is likely that smaller coalitions of like-minded actors will come together around specific challenges and causes. The EITI is a good example of such a coalition. These groups do not sustain themselves; it takes political and other forms of leadership. We must look after the EITI. Therefore, I urge you to join in, provide leadership and remain part of our collective action. Unfortunately, many urgent global challenges will only be successfully addressed if we are prepared to work doggedly year in and year out on reform efforts like the EITI.

Fredrik Reinfeldt
Chair of the EITI Board
Stockholm 8 February 2017

Message from the Head of the Secretariat



In this 2017 EITI Progress Report we give a snapshot of where the EITI is at the beginning of 2017. Our aim is to provide a window on the 42 EITI Reports that were published in 2016, which collectively disclosed about USD 320 billion of taxes and royalties.

We have tried to give as many examples of good implementation as possible and how transparency has been used to hold governments and companies to account. We have put particular focus on beneficial ownership disclosure, on what the 44 national beneficial ownership roadmaps so far tell us and on what challenges lie ahead when countries move from commitments to action. This report also shows how information has become available on contract transparency, subnational payments, the artisanal and small-scale mining sector, revenue allocation in government budgets, the role of state-owned enterprises in opaque environments, license allocation, mergers and acquisitions and commodity trading transparency. Our members are using the EITI to implement reforms that are vital for reaching our goal – a better-governed sector working for the benefit of all.

We have a section in this report dedicated to capturing impact. However, this should not overshadow the fact that the whole of this report is about communicating the impact the EITI is having in many of our 51 countries. EITI implementation also faces many challenges and I hope that we reflect them as well.

Mongolia, Nigeria, Peru and Timor-Leste have now been assessed as having made meaningful progress in implementing the 2016 EITI Standard and 17 Validations will be carried out in 2017.

Validation, the EITI's quality assurance system, has continued to evolve. I hope that we have now landed on a model that tests whether the EITI Standard has been met that encourages countries to go beyond and that identifies the impact that the EITI is having.

Some 1400 people serve on EITI national commissions and every week thousands of people are involved in implementation. We have also had a new Board since early 2016. We thank all these people for their continuing contribution to the enormous challenge of improving extractive governance and implementation in order to make the EITI an ever sharper, more mainstreamed, more relevant and more influential tool.

In 2017, we count on you to analyse the data, contribute to public debate and hold your leaders accountable so that the EITI's work can lead to further reforms aimed at improving extractive sector governance.

Jonas Moberg
Head of the EITI International Secretariat
Oslo 8 February 2017

The EITI: A tool for reformers

Transparency is good for everyone: civil society, governments and companies. It informs public debate and empowers all stakeholders to contribute to how the sector should be governed. The EITI Standard is used across the world by a variety of actors working alone or in concert with others to bring about change in the way natural resources are managed and governed in their countries.



The National EITI has been empowering citizens with the critical information they can use to hold the government and other players in the extractive industries to account and make recommendations that drive reforms in these strategic sectors of our national life.

HE Muhammadu Buhari
President of Nigeria at 71st UNGA in September 2016



The EITI Standard provides a real tool for participatory diagnosis and for decision-making to lead reforms required to support an efficient management of the oil, gas and mining sectors in a smooth social and economic context for the benefit of the population.

HE Macky Sall, President of Senegal



The EITI has identified a wide range of reforms, including on how to modernise the records for production audits and revenue collection.

Victor Hart, chair of the EITI Multi-Stakeholder Group in Trinidad and Tobago and EITI Board member





“ **We are committed to the EITI, which will help us recover earnings from natural resources.**

Daw Aung San Suu Kyi, State Counsellor of Myanmar



“ **The governance of our country’s extractive resources can be improved, and the EITI, an independent body, provides the unique opportunity for representatives from government, industry and civil society to join forces and push for reforms.**

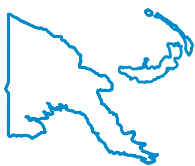
María Isabel Ulloa, EITI Board member, Colombia



“ **Many of the changes and reforms the government is now pushing through are directly attributable to the work of NEITI.**

Zainab Ahmed, Nigerian Minister of Budget and National Planning, EITI Board member and previous Executive Director of NEITI, at a recent call of the EITI Board’s Implementation Committee





Using recommendations to drive reform in Papua New Guinea

Papua New Guinea's first EITI Report provided recommendations that could curb corruption, increase accountability of public officials and improve delivery of public services. Patrick Pruaitch, Minister of Treasury, is leading the process in taking forward the reform recommendations to the National Executive Council (NEC), a high-level inter-ministry decision-making body, for further consideration.

Specific recommendations included:

1. State-owned enterprises to fully disclose their accounts.
2. Minister for Petroleum and Energy to implement a reliable electronic registry system to supersede the current paper ledger system that lends opacity to license allocation processes.
3. Amendment of the National Economic and Fiscal Commission's Budget and Fiscal Reports to disclose information on subnational payments and transfers.
4. Improvement of payment collection and audit procedures to reduce vulnerability to corruption.
5. Disclosure of information on the management of mining revenues and trust accounts.

The state-owned companies are now engaged in the EITI process.



The EITI Report highlights the very sound fiscal settings surrounding the sector, but also illustrates where information management may give rise to better systems and enhance the ease of doing business in PNG.

Patrick Pruaitch, Minister of Treasury, Papua New Guinea





Ensuring benefits for local communities in the Philippines

Philippine law requires mining companies to allocate 75% of 1.5% of their operating expenses to social development projects. Lacking an adequate tracking system, the local population has questioned the implementation of these projects and their responsiveness to local needs. EITI Reports have revealed that some companies allocated less than 50% to social projects, with some allocating as little as 13%.

The EITI multi-stakeholder group is pushing for reforms to ensure adequate benefits for local communities from mining operations. A new administrative order is laying down the framework to evaluate the economic benefits for communities. The Department of Environment has started to examine mining companies' compliance with government regulations, including the implementation of social development projects. The government intends to compare the monetary and non-monetary benefits and the impact of mining before granting a company the right to operate.

Identifying who should determine whether mining operations should continue in a locality has always been a contentious issue in the Philippines. While the mining sector is regulated by a central government agency that issues licenses, certain taxing and permitting powers are devolved to local government units that can pass ordinances prohibiting mining activities in their areas. This shared authority has created tension among the different levels of government, the companies and local communities, and which, prior to EITI implementation, was aggravated by a lack of comprehensive and reliable data from subnational units. EITI reporting on the mining sector's contribution to national and subnational governments should aid stakeholders in evaluating the actual contribution of mining to local communities.



We want the extractive industries to put primary importance on the welfare of affected communities and the environment, comply with the economic, social and environmental policies of the land and adhere to international standards. The Extractive Industries Transparency Initiative (EITI) helps us in this regard.

Gina Lopez, Secretary for the Department of Environment and Natural Resources, The Philippines



Ending company anonymity – the key to fighting corruption

Beneficial ownership transparency can help improve the investment climate, reduce reputational and financial risks, prevent corruption and illicit financial flows, improve the rule of law, increase trust and accountability and enhance revenue collection.

Natural resources

Oil, gas and mining projects can yield great profits both to extractive companies and governments. However, some extractive assets have been misallocated, putting people who live in resource-rich countries at risk of losing out. The use of anonymous companies exacerbates the effects of the resource curse, where countries with abundant oil, gas and mineral resources are economically poorer than countries with fewer of these resources.

Companies

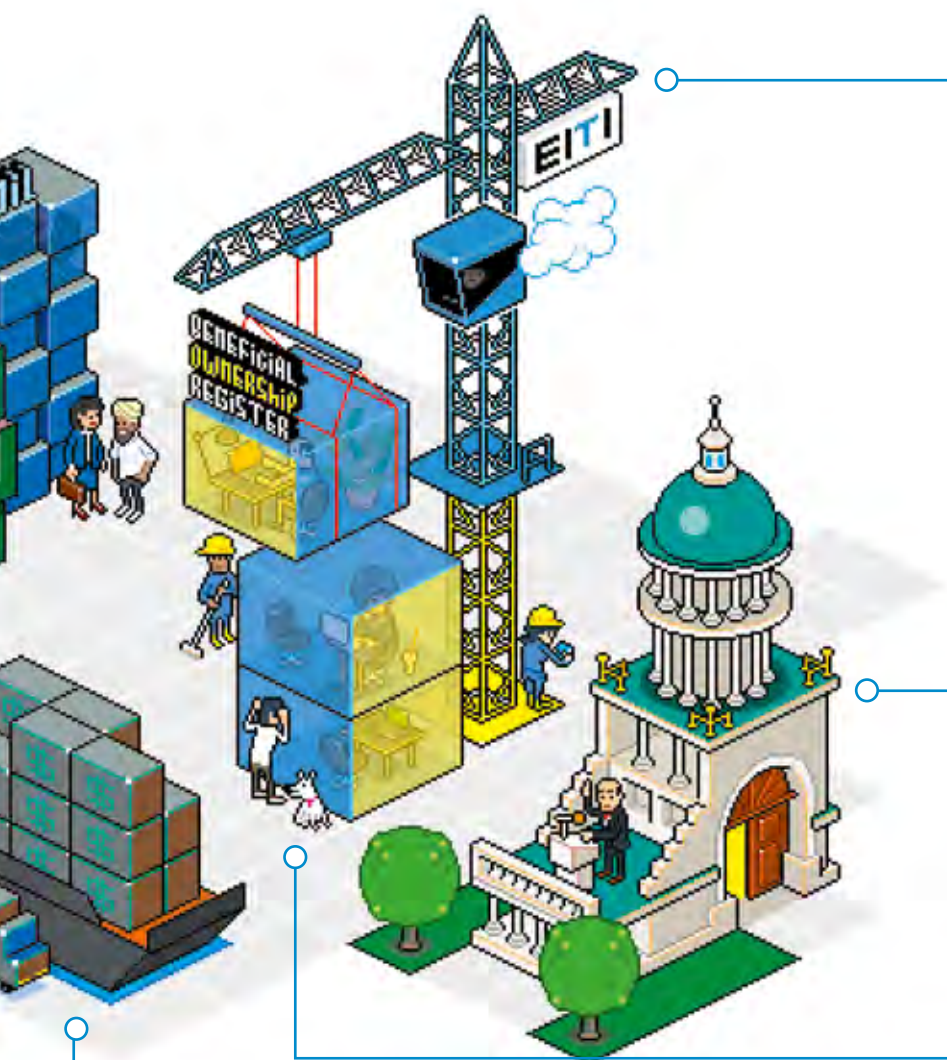
Millions of companies are established all over the world every year. But sometimes, the identity of the real owners – the ‘beneficial owners’ – of the companies that have obtained rights to extract oil, gas and minerals is unknown, hidden by a chain of unaccountable corporate entities. Anonymous companies make it harder to curb money laundering and corruption as it enables wrongdoers to hide behind a chain of companies often registered in multiple jurisdictions.

Anonymous ownership poses problems for other companies that don’t know who they are doing business with. Publishing the real owners will help ensure that there is a level playing field for all companies.

Public services

It has been estimated that developing countries lose USD 1 trillion each year as a result of corrupt or illegal deals, many of which involve anonymous companies. In 2013, the Africa Progress Panel suggested that the Democratic Republic of the Congo (DRC) in the period 2010–2012 lost at least USD 1.36 billion from five mining deals hidden behind a structure of complex and secret company ownership. This figure is equal to almost twice the DRC’s combined annual budget for health and education in 2012.





EITI

The Extractive Industries Transparency Initiative has made significant contributions to improving governance of the extractive sector at the national and global level. Debates on transparency in the sector are unrecognisable from ten years ago, and the EITI is seen as being at the forefront of many frontier debates including beneficial ownership, commodity trading, and artisanal and small-scale mining.

In February 2016, the 51 EITI members agreed new rules, requiring that all oil, gas and mining companies operating in their countries must disclose their beneficial owners from 2020. The government must also publish this data, ideally in beneficial ownership registries. The EITI is assisting countries to reform their legal and institutional set-ups in preparation.

Politically exposed persons

The 2016 EITI Standard requires Politically Exposed Persons to be transparent about their ownership in oil, gas and mining companies. This is because the owners of some companies might use their political connections to obtain favourable access to lucrative extractive projects. Publishing the identity of those who are given the rights to exploit resources helps prevent conflicts of interest.

Beneficial ownership register

20 EITI countries have decided to build public beneficial ownership registries. This is welcome and needs to be backed up by law enforcers, civil society and others who have a responsibility to scrutinize the information, and to take action to hold to account those who misuse anonymous companies. The EITI is assisting countries to establish beneficial ownership registries. Once complete, information on the corporate structures of companies and their parent companies or subsidiaries will make it easier for tax authorities to understand which transactions are liable to taxation.

Offshoring

The Panama Papers confirm that persons behind oil, gas and mineral extraction may well hide behind offshore shell companies. Attention on closing down the possibilities for hiding money in places like Panama is welcome. But this alone will not put an end to financial secrecy facilitating tax dodging and corruption. It has to be matched with better rules and enforcement in countries where the money is generated in the first place, which is why EITI's new ownership requirements are so important. Publishing beneficial ownership information can prevent illicit financial flows and reduce the risks of money laundering and corruption.



See how EITI countries are planning to disclose beneficial owners of oil, gas and mining companies:

www.eiti.org/beneficial-ownership

Hidden ownership is a particular challenge in the extractive sector



Millions of companies are established all over the world every year. But sometimes, the owners of those companies are anonymous and untraceable.

The identity of the real owners – the ‘beneficial owners’ – of the companies that have obtained rights to extract oil, gas and minerals is often unknown, hidden by a chain of unaccountable corporate entities. People who live in resource-rich countries are at particular risk of losing out, as extractive assets are too often misallocated for corrupt reasons.

In February 2016, the 51 EITI implementing countries agreed new rules, requiring that all oil, gas and mining companies operating in their countries disclose their beneficial owners. The government must also publish this data. Additionally, the 2016 EITI Standard requires Politically Exposed Persons to be transparent about their ownership in oil, gas and mining companies. Publishing the identity of those who are given the rights to exploit resources helps prevent conflicts of interest.

EITI countries are pursuing beneficial ownership transparency for the following reasons:

- 1. To know who is bidding for and being granted rights to operate in the sector and to assess the suitability of the companies to successfully explore and exploit extractive resources.**

For these reasons, Liberia, Sierra Leone and Togo want to collect more comprehensive beneficial ownership information.

“ We would like to know with whom we are entrusting the exploitation of our resources.

Didier Vincent Kokou Agbemadon,
Togo EITI, National Coordinator



- 2. To reduce the risk of conflicts of interest in license allocations by ensuring that government agencies and citizens have the right tools to access the beneficial ownership information.**

For example, Ghana and Nigeria want to move beyond the extractives by disclosing ownership details for all registered companies to prevent conflict of interest in public procurement and contract allocation processes.

“ Beneficial ownership information enables Nigerians to expose corruption and nepotism in the acquisition process.

Nigeria EITI Secretariat

USD 1tr+

annual estimated loss since 2011 by developing countries as a result of corrupt or illegal deals, many involving anonymous companies

Source: Global Financial Integrity

3. To address issues related to tax evasion and transfer mispricing.

Complete information on the corporate structures of companies and their parent companies or subsidiaries will make it easier for tax authorities to understand which transactions are liable to taxation. Beneficial ownership information can prevent illicit financial flows and reduce the risks of money laundering and corruption. Cameroon, Ghana and Indonesia are seeking to use beneficial ownership information to prevent illicit financial flows and to minimise the risks of money laundering and corruption. Zambia aims to prevent abuse of the country's tax and incorporation rules by improving information-sharing on beneficial ownership between government agencies.

“With changes in ownership in strategically important companies, it's important that the State has some sort of overview of share transfers to avoid unpleasant surprises. Knowing the beneficial owners contributes to further enhancing the transparency of such transactions.”

Agnès Solange Ondigui Owona, Cameroon
EITI National Coordinator



4. To attract and diversify investment.

Investors attach importance to knowing with whom they are doing business. Kazakhstan and Tajikistan are pursuing beneficial ownership transparency in a bid to attract and diversify investment.

“It is great for business and responsible companies that EITI now requires beneficial ownership disclosure – it is important for us to know who we are doing business with.”

Carine Smith Ihenacho, Chief Compliance Officer at Statoil and EITI Board member



Road to 2020

In January 2020, EITI countries will be required to request beneficial ownership information from companies that bid for, operate in or invest in the extractive sector. Forty-four countries have published a beneficial ownership disclosure roadmap and these are, in many cases, the first time EITI countries have considered the policy steps for beneficial ownership transparency.

Most EITI countries plan to amend sector legislation, for instance mining or petroleum laws, while some are planning to introduce beneficial ownership transparency through amendments to company laws or other dedicated legal instruments. Countries are planning capacity building and awareness raising activities directed at specific stakeholder groups, such as parliamentarians, domestic and foreign extractive sector companies, civil society organisations, media and the general public.

The roadmaps include actions towards identifying why beneficial ownership disclosure is relevant in each country context, determining who beneficial owners are, identifying the appropriate laws and regulations and how to best disclose the information. As a result, 21 countries have committed to making beneficial ownership data available through a public register. While other organisations and countries are debating the pros and cons of public disclosure, these commitments put the EITI at the forefront of the global movement to tackle hidden ownership.

21

countries will be disclosing beneficial ownership information as part of EITI reporting in 2017



We advise the government to use the EITI as an available tool to address the problem of illicit financial flows by adopting and fully implementing the new EITI principle on beneficial ownership.

Joint statement by 12 civil society organisations working on extractives transparency issues in Zambia

Early signs indicate that beneficial ownership information will be published ahead of this deadline.

- The **United Kingdom** and **Ukraine** have already established beneficial ownership registers and **Colombia, Democratic Republic of the Congo, Ghana, Nigeria and Norway** are in the process of doing so. **Guinea, Kyrgyz Republic, Madagascar, Mali** and **Nigeria** have decided which agency will be in charge of beneficial ownership transparency.
- Several countries will code or tag beneficial ownership so that the information can be compared with other publicly available data.
- **Papua New Guinea** plans to apply beneficial ownership disclosure requirements to landowner companies involved in extractives.
- **Mongolia** is planning to establish a network of journalists to investigate the beneficial ownership information resulting from the reporting.
- Outreach related to beneficial ownership in **Malawi** will be focused on companies, and the roadmap proposes to designate the Chamber of Mines to serve as a forum for company capacity building.

[OpenOwnership](#)
[@OpenOwnership](#)

Ghanaian VP: Ghana has made tremendous progress toward international BO commitments via [@EITlorg](#) and others, including new legislation

2 Feb 2017

Reviewing and reforming the law

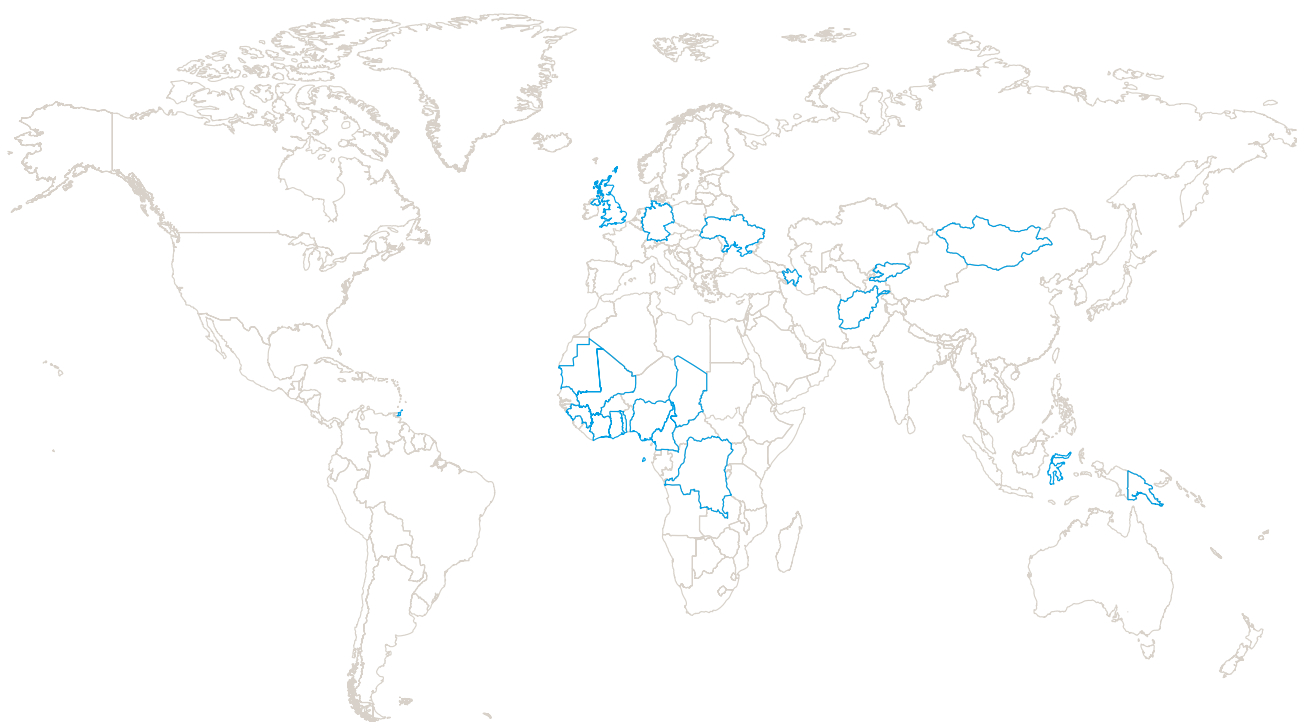


The EITI has contributed significantly to assisting countries to review and reform their laws.

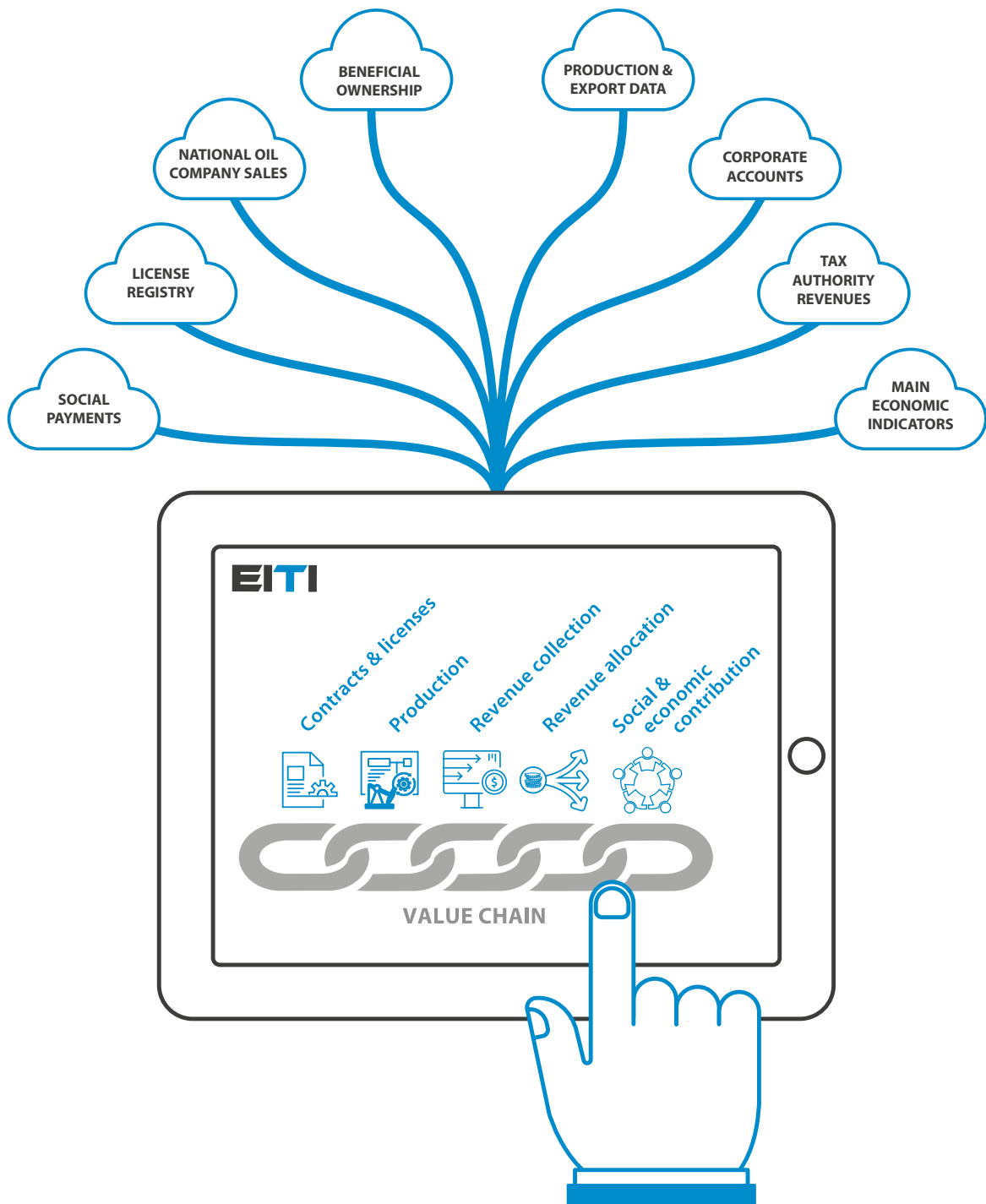
For example:

- **Azerbaijan** is considering amendments to the laws on subsoil use and on registration of legal entities, including removal of current provisions classifying beneficial ownership information as a commercial secret in the case of extractive companies.
- **Cameroon** has included new beneficial ownership provisions in the mining code.
- **Ghana** requires disclosure in a public register of the beneficial owners of all companies operating in the country. The law mandates the Registrar General to collect the information and to maintain the beneficial ownership register.
- **Kyrgyz Republic** has a subsoil law that requires beneficial ownership disclosure to obtain a mining license. However, the companies have found it hard to meet and the government has struggled to enforce it. The country is using the EITI platform and requirements to revise the law and reassess the implications of non-compliance.
- The **Republic of the Congo** has adopted a new law proposing that the government publishes information on the beneficial owners and associates of any public service concession holders, as well as any exploration or production permits related to oil, gas, mining and forestry.
- **Sierra Leone's** Ministry of Mines is developing beneficial ownership provisions for their new Minerals Policy, which will inform the planned amendments to the Mines and Minerals Act in 2017.
- **Tajikistan** is considering amendments to the subsoil law to include mandatory beneficial ownership reporting by oil, gas and mining companies and mandatory publishing of information in an open register.

21 EITI countries are establishing public beneficial ownership registers

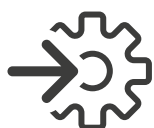


Mainstreaming EITI disclosures



- 1**
Government agencies and companies regularly disclose data online
- 2**
The EITI checks the data and can act as a one-stop portal for all extractive governance data.
- 3**
The EITI then analyses and disseminates the data and makes policy recommendations based on informed debate.

Moving from reports to reporting



EITI Reports have covered 331 fiscal years. However, the aim should surely be to embed the principles, requirements and recommendations of the EITI Standard into government and corporate systems rather than in separate EITI Reports. If data are systematically made available within governments and companies, the national EITI commissions should be better equipped to focus their attention on the real challenges of the sector.

EITI mainstreaming means that countries and companies regularly disclose information and that the disclosures are easily accessible and understandable. It also means that governments are transparent about quality assurances of this disclosed information to ensure timely, comprehensive and reliable information. Countries are making progress in mainstreaming the EITI.

Mauritania

The Public Treasury publishes online monthly reports on oil production and revenues, and its financial operations table contains an extractive industry line. The Ministry of Petroleum, Energy and Mines is working to establish an online mining cadastre, with the EITI providing a tool for filling gaps in the license register. The Customs department is considering reporting mineral export figures on its website and the national oil company has shown interest in publishing more information on how it sells in-kind revenues.

Timor-Leste

The government agency Autoridade Nacional do Petróleo e Minerais (ANPM) discloses all revenues from the petroleum sector as well as production data by field of operations on a monthly basis. The Central Bank website contains monthly information on the status and performance of the Timor-Leste Petroleum Fund. This enables policy makers, civil society and the wider public to regularly monitor the status of the fund and to demand accountability from parliament with regard to how the fund is managed and expenses are allocated.

By implementing the EITI, we are boosting transparency and dialogue in the raw materials sector. It is important to ensure that this process is understandable and easily accessible for all stakeholders, and also for the general public. For this reason, in future all the information about D-EITI will be explained on the website “www.rohstofftransparenz.de” and made available in the form of open data. In this way, D-EITI usefully complements the statutory reporting requirements for payments by raw materials companies to state bodies and the European register of beneficial ownership, which we have agreed on with our European partners.

Uwe Beckmeyer, Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy, Special Federal Government Commissioner for EITI Implementation in Germany



Making EITI data open and accessible



Reliable information on the extractive industry has long been sought after, and much has been achieved through EITI Reports. Increasingly, users have different needs and different views on how to make this information more useful, and open data is a way to accommodate all users simultaneously. Publishing in an open data format breaks down the barriers to accessing information locked in PDF format. The 2016 EITI Standard requires that EITI Reports are “comprehensible, actively promoted, publicly accessible, and contribute to public debate”.

For implementing countries, the first step is to ensure clear policies towards open data, creating a mandate for publications. Twenty-six countries have published their EITI Open Data policies with 18 of them linked and/or referring to government-wide policies and commitments towards open data. The second step is to compile and publish the information online in open data formats, such as excel or csv. This is an easy and manageable way of ensuring accessibility of information.

65%
of EITI countries
have submitted
summary data

The Standard includes the EITI Open Data Policy, and the mandate is fulfilled through data-driven webpages. These webpages use data from more than 300 EITI country years, compiled using a standard format called “EITI Summary Data”. The data and the raw excel files are available on data pages and a Google Drive repository.

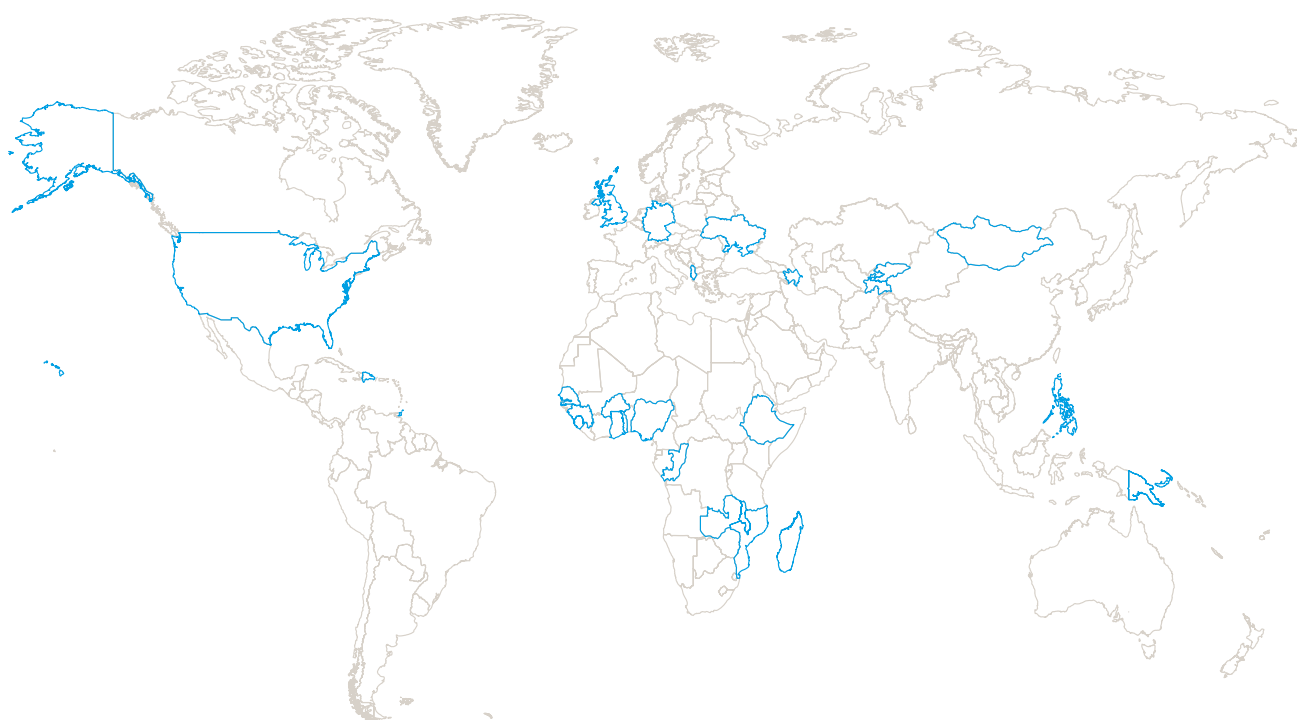
The EITI supports our open data policy so that we can routinely disclose extractives data and encourage reform across government agencies involved in oil, gas and mineral sectors.

Montty Girianna, Deputy for Energy and Mineral Resources Indonesia and EITI Board member



Find out more:
<https://eiti.org/data>

26 EITI countries have adopted an open data policy on the access, release and re-use of EITI data



Contract transparency



Contracts, licenses and associated agreements establish many of the commitments between government and extractive companies. Contract transparency can provide citizens with a way to better verify that what their country receives from its oil, gas and minerals is what ought to be received, and that other obligations, such as social or environmental commitments, are honoured.

The EITI encourages countries to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.

Four reasons why countries publish contracts:

1. Monitoring

Guinea plans to use contract transparency to improve the efficiency and effectiveness of the management of license and contract allocation.

2. EITI reporting

Germany considers contract transparency in preparations for the EITI Report.

3. Public awareness

Mozambique publishes all extractive sector contracts in their entirety, including a link in the mining cadastre portal.

4. Negotiation

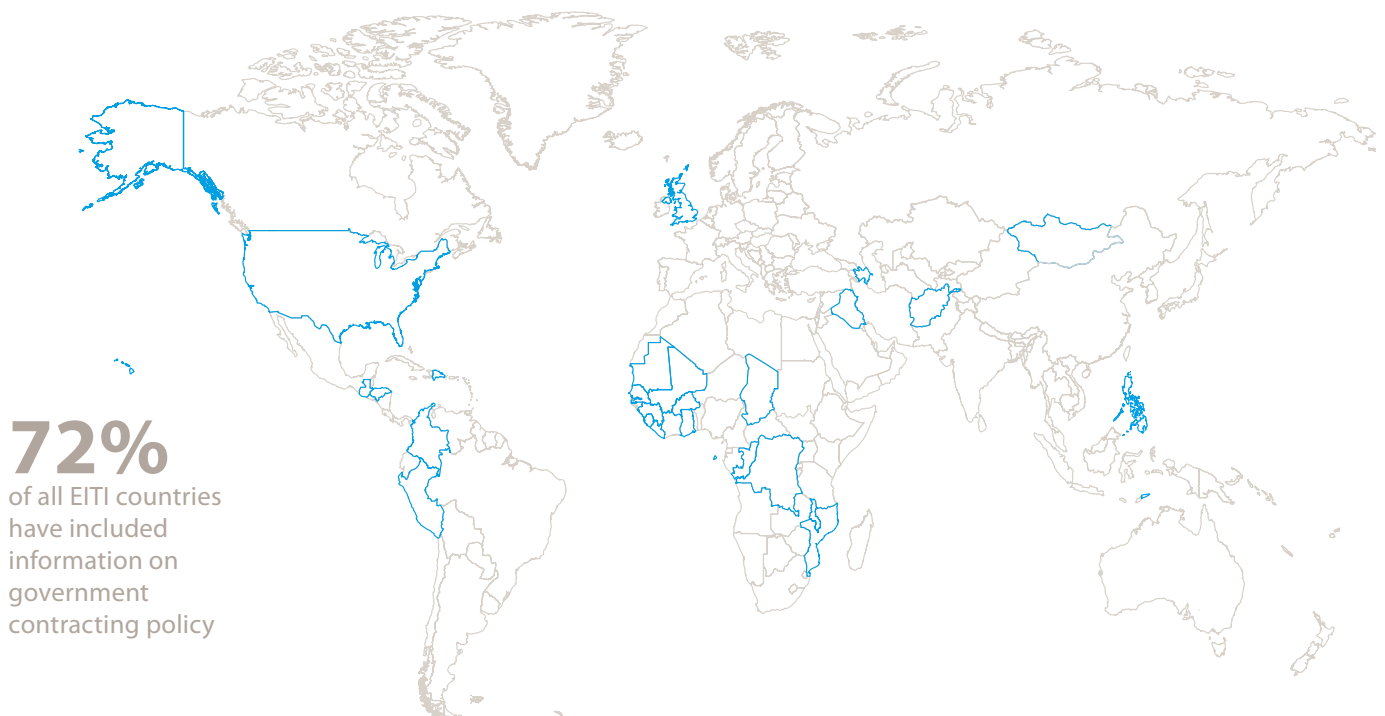
Azerbaijan intends to engage experts to analyse of contracts.



We are making all documents related to the Petroleum Code as well as the contracts available for the people of Senegal. These documents, published in the official gazette, can be consulted online and downloaded from the government website.

Mahammed Boun Abdallah Dionne, Prime Minister of Senegal

27 countries have published contracts*



*not all EITI countries use contracts in their extractives sector

Commodity trading transparency



Commodity trading is an area with great potential for further transparency. While the EITI does not cover payments from one private company to another, it does cover the payments between state bodies and private companies. An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries.

In many resource-rich countries, the state receives a physical share of the oil, gas and minerals that are being extracted. The state or the state-owned enterprise (SOE) managing these physical resources then receives revenues from the sale of these commodities, often to domestic refineries or to trading companies. However, poor management of the revenues received by SOEs on behalf of the state in many countries has led to big losses. Procedures for allocating licenses and contracts to buy oil or minerals are often opaque, and can be prone to corruption and conflicts of interest.

Seven EITI countries have various objectives for taking part in a targeted effort to improve transparency practices related to commodity trading.

1. **Albania** seeks to work with trading companies to reconcile payments and provide more transparency in the bidding rounds for sales contracts.
2. **Colombia** seeks further transparency of commodity trading activities of its state-owned enterprise, Ecopetrol.
3. **Chad** seeks increased transparency in oil-backed loans.
4. **Ghana** seeks to identify key actors and transactions involved in commodity trading for oil, gas and mining and to help identify transfer pricing risks.
5. **Indonesia** seeks to understand price determination of Indonesian crude oil, to understand how prices are regulated and to provide recommendations for government policies related to domestic oil prices.
6. **Mauritania** aims to set standards for disclosure of future liquefied natural gas production.
7. **Nigeria** is considering how to use the disclosed information, such as turning the annexes on oil sales into a searchable database and collecting beneficial ownership information on commodity traders.

Artisanal and small-scale mining

Digging down to the small-scale



Most artisanal and small-scale mining (ASM) activity is informal or illegal in nature, with production often clandestine and hidden from official view. Collecting detailed and reliable information about scale, dynamics and economics of the sector can be challenging, and the scant data available is often not well stored and rarely used in policy-making. The sector's informality, illegal trade and the nature of the materials extracted can lead to difficulties in obtaining production figures.

The EITI requires disclosure of an estimate of informal sector activity and its contribution to the economy. EITI reporting can provide an overview of a country's ASM activity, production, export and revenue data, quantitative data about the sector, links to existing sources of information and a description of initiatives underway, in order to support that country's ASM development.

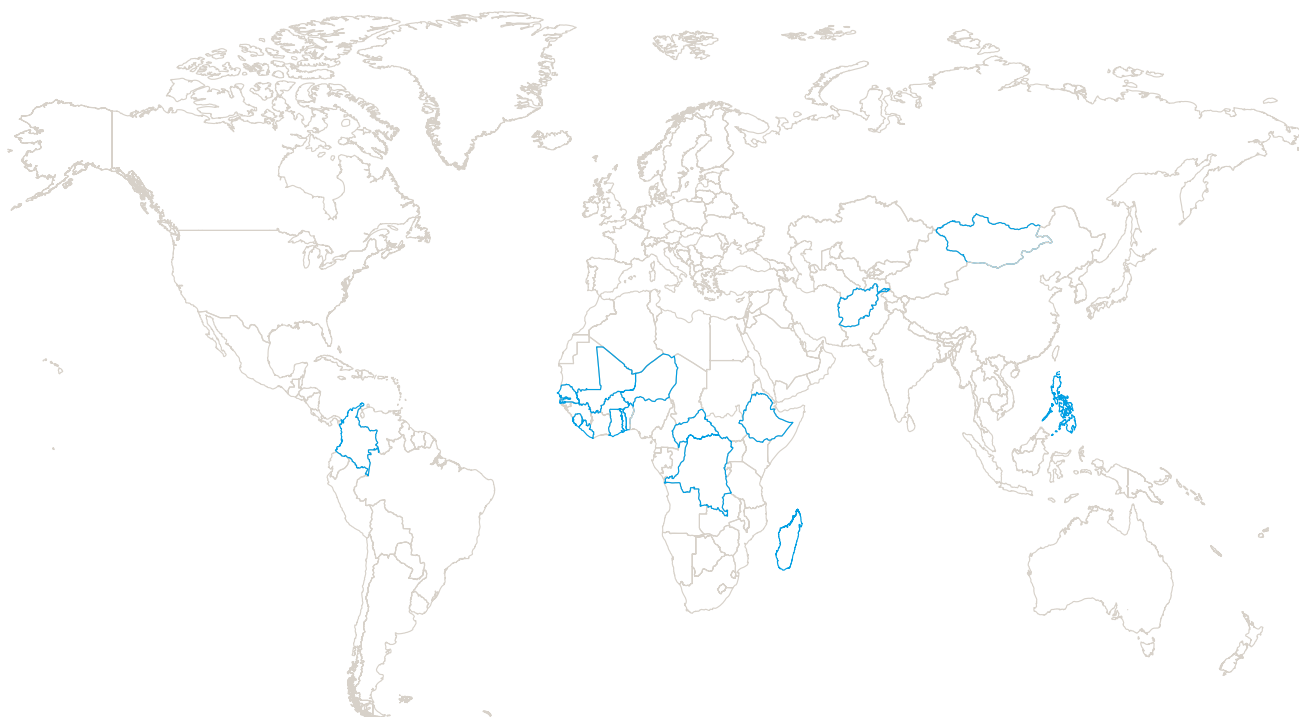
Ethiopia is licensing individual miners, providing technical support for capacity building, setting up basic infrastructure and facilitating formalised marketing of gold. Specific laws address the sector and the National Bank has been set up as a buying agent for gold produced by small-scale miners.

Colombia places great importance on the mining formalisation policy that seeks to enhance the legal, regulatory, fiscal and infrastructure conditions for the small- and medium-scale mining sectors. The government has formalised 20% of the illegal mining units identified in 20 regions across the country and established a trading registry. Additionally, a main priority is to eradicate the use of mercury in mining activities.

The inclusion of data on gold and precious stone exports in **Madagascar's** latest EITI Report provides information on the country's informal mining sector and helps to address the lack of reliable information on employment, gold and precious stone production and the informal sector's contribution to the economy.

The EITI has the potential to help governments engage efficiently with the necessary stakeholders to develop sustainable policies, improve government oversight of the sector and increase citizens' awareness of the benefits and costs of ASM.

15 EITI countries have published estimated ASM revenue figures and details on the legal framework, fiscal rates, licensing and estimated production and export figures



Public debate

Bridging the information gap



EITI countries are geographically varied. Disseminating and communicating across such a vast territory to millions of citizens is a challenge taken up by each national commission who tailor their communications strategy to their particular circumstances. Below are examples of different approaches taken by countries in communicating the EITI results to the general public in order to bridge the information gap that leads from transparency to accountability.

Zambian youth build an information bridge

EITI information on billboards was a key driver in creating discussion on what and how Solwezi, a district in northern Zambia, was benefiting from mining operations. The immediate outcome of these discussions was increased awareness by communities of the need to hold the local authority accountable for mining revenues. The Youth Alliance for Development (YAD) launched a strengthened accountability project to encourage and deepen dialogue amongst local stakeholders. YAD also launched a platform where the local authority, mining companies and communities can engage in sharing information around extractives at the local level, as provided by EITI Reports. Data and information provided by Zambia EITI contribute to changing negative attitudes and perceptions around extractives and to deepening positive and constructive stakeholder dialogue.

The next “steppe” in Mongolia

Local communities in Mongolia that host mining projects now have detailed information about the mining sector through EITI Mongolia’s e-reporting system, an online data portal that includes production and sales data, taxes and payments to government, donations, environmental rehabilitation provisioning and license information, all disaggregated by company. The graphs, charts and maps have increasingly been used by citizens to strengthen their oversight of local mining operations. Government officials have highlighted the impact of transparency in revenues and expenditures on creating a supportive environment for investment, building trust with local communities and maintaining the social license for extractive companies to operate.

The 2015 EITI Report made an important recommendation to the Mongolian Resources and Petroleum Authority to ensure consistent tracking of licenses across its departments. It also highlighted key areas for reform in the management of state-owned enterprises to the country’s auditing practices and these are broadly in line with the new Mongolian government’s reform agenda.

[Agencia Nal de Minería](#)

[@ANMColombia](#)

[@EITlorg](#) is a benefit for all Colombians as it gives greater visibility and control over the investments in the regions [#MineríaBienHecha](#)

15 Nov 2016

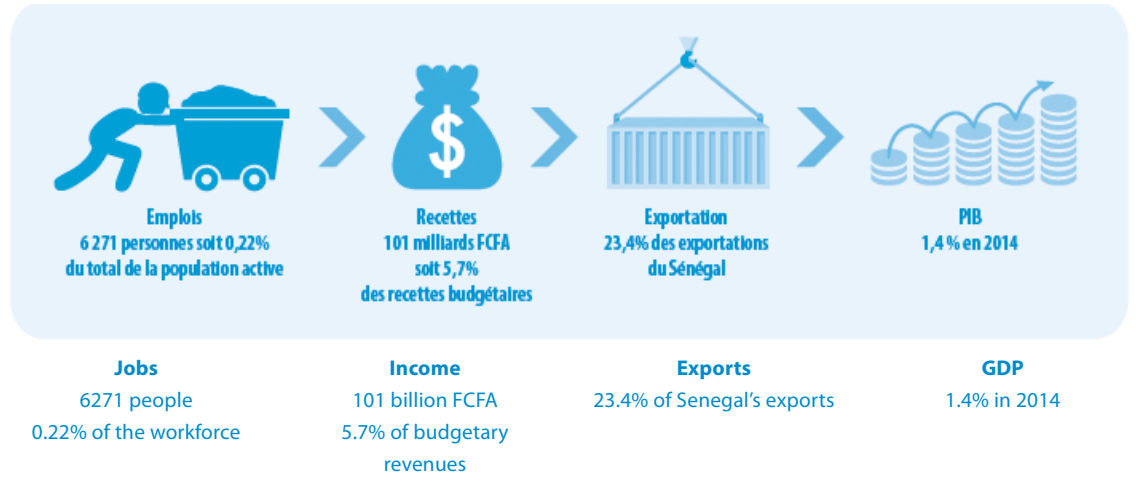
Dominican Republic

Civil society representatives on the Dominican Republic’s Multi-Stakeholder Group (MSG) have built a common understanding of the extractive industry’s legal framework. Through the civil society network *ENTRÉ*, MSG members have visited local mining communities, which has led to increased trust and capacity building.

The EITI has reduced tensions between stakeholders by clarifying how extractive sector regulations are interpreted and put into practice. This is especially relevant for regulations on government shares of revenues. The EITI has given civil society organisations access to information regarding the 5% contribution received from the government for the Pueblo Viejo Mine, the country’s largest gold mine. Local communities surrounding Pueblo Viejo are now engaging with the government to hold them accountable for subnational transfers.

Senegal has produced a simplified version of its 2014 EITI Report, mixing infographics and other visuals to ensure broad understanding of what the report says

Senegal

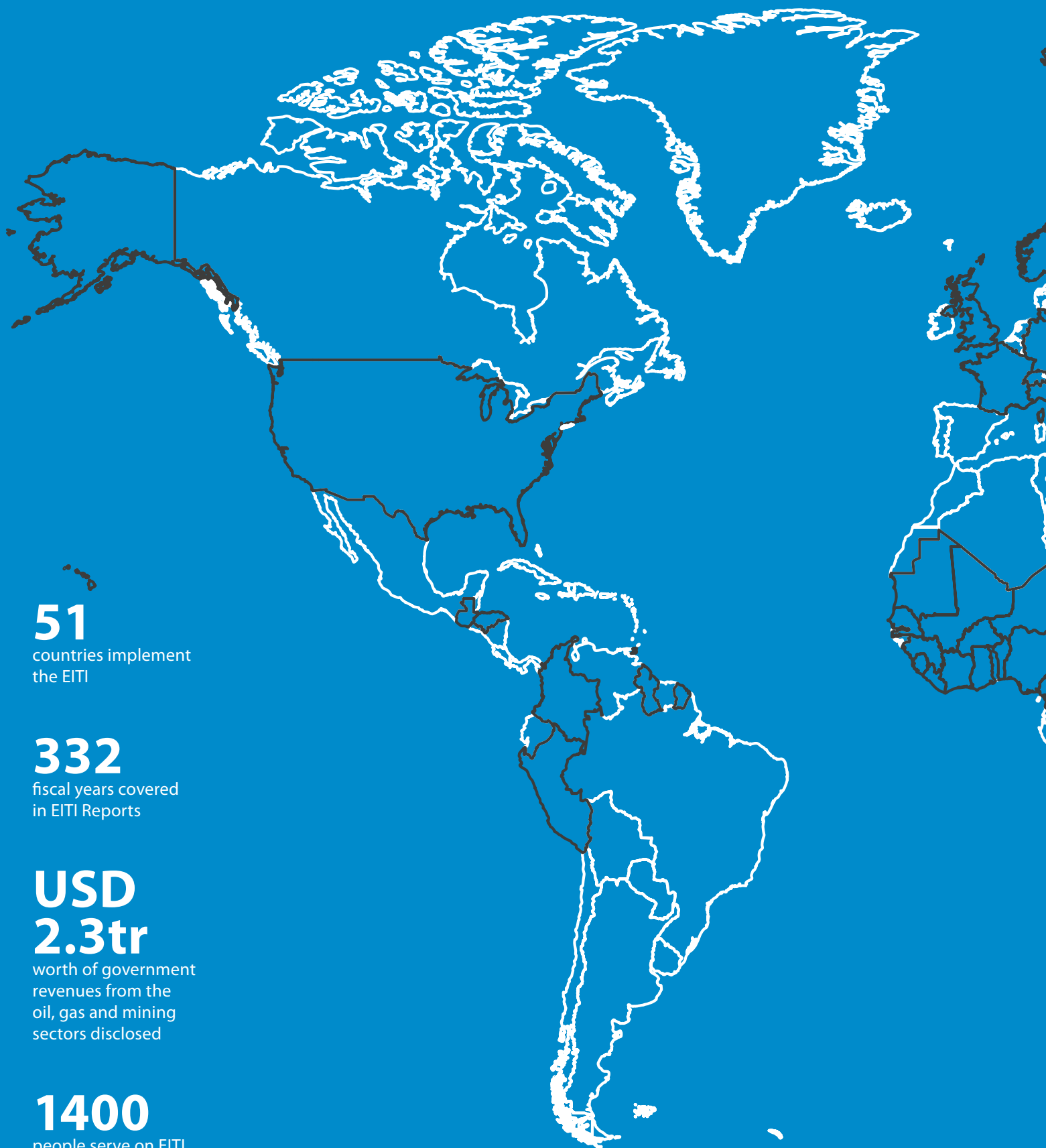


Using EITI data as a basis, Solwesi community members successfully lobbied local authorities to pass a by-law ensuring that 10% of revenues go to social services

Zambia



Regional focus



51

countries implement
the EITI

332

fiscal years covered
in EITI Reports

**USD
2.3tr**

worth of government
revenues from the
oil, gas and mining
sectors disclosed

1400

people serve on EITI
national commissions



Africa

No region in the world is as resource-dependent as Africa. The continent has been hit hard by the recent fall in commodity prices: projects have been cancelled, companies have closed or left and debt in many countries has spiralled. The need for good governance in the extractive sector is stronger than ever on the continent, where 25 countries are implementing the EITI. These countries disclosed a combined total of over USD 66 billion in government revenues in 2016, meaning that about 605 million African citizens now have access to information about how their natural resources are managed.

Sierra Leone's Extractive Industries Revenue Taskforce out in front

Coordination of mining sector policy at the technical level has improved considerably following the establishment of the Extractive Industries Revenue Taskforce (EIRT). The EIRT began informally to troubleshoot various issues relating to EITI reconciliation reports. Members of the group found it to be so useful in terms of sharing information and solving problems that they decided to formalize it and extend its mandate beyond EITI challenges. One particular achievement of the EIRT was to reduce the export duty on gold to levels more comparable to the other Mano River Union (MRU) countries (Guinea, Liberia, Ivory Coast), which is seen to be the main factor in recent decreases in smuggling and increases in official gold exports.



Zambia: Fighting corporate tax evasion with EITI data

Discrepancies related to production figures revealed in EITI reporting have led to strengthening the monitoring of the minerals industry in Zambia. As a result, the Mineral Value Chain Monitoring Project has been developed with the aims of fighting corporate tax evasion by improving monitoring systems and of tracking mineral resources throughout the value chain, from extraction to exportation. The capacity of the Ministry of Mines and Mineral Development has been further strengthened to effectively monitor mining activities and mineral production, and to share the information with relevant agencies in order to facilitate the mobilisation of the appropriate levels of domestic revenue.

“These new initiatives will not only improve the country's ability to collect tax revenue from the mining companies, but also improve EITI reporting and implementation.”

Siforiano Banda, Zambia EITI National Coordinator



Ghana: Getting more from mining

Ghana EITI has been working to improve the impact of mining royalties at the local level by disclosing local governments' shares from mining. Ground rents, and some shares from mineral royalties, have been paid directly to the District Assemblies or to the Office of the Administrator of Stool (traditional) Lands, the agency responsible for revenue mobilization and disbursement to local government units. This is an important aspect of EITI reporting, as around 40% of local governments' revenues come from mining.

EITI Reports have identified ways of improving the tax system to capture more revenue from the extractive sector and of reforming the license regime. One recommendation has been to introduce an open bidding system for allocating mining licenses, differing from the current first-come-first-served system.



Guinea: Citizens can hold authorities accountable for local development

The Mining Code in Guinea states that 15% of mining receipts should be allocated to local authorities, yet this information has proven difficult to access. EITI reporting has revealed that at least USD 11 million was paid to local communities, with over USD 9 million directed to local development. Based on EITI recommendations, the Ministry of Mines and Geology has adopted monitoring tables, which have improved the government's control of mining receipts.



Mauritania: Reform momentum

EITI reporting in Mauritania has shone a light on gaps in the governance of extractive industries, identifying the lack of auditing at the sovereign petroleum fund (FNRH) and the government agencies. It has also highlighted the absence of clear rules governing the financial relationship between the two extractives' state-owned enterprises and the government. Mauritania has established an ad hoc inter-ministerial committee on EITI recommendations and the government has since introduced a system of receipts for oil and gas companies' payments to government. The General Inspectorate of Finance has started certifying government's EITI reporting, filling the gap left by the Court of Accounts. In February 2016, the government launched the first audit of the FNRH, covering the previous two years.



On our part, NEITI is available to provide the advocacy based on research, knowledge, information and data to support the reforms. The objectives of our well-researched publications are to provide knowledge based debate and ideas required to support the reforms. It is our hope that all stakeholders will explore these opportunities to contribute to the debate.

Waziri Adio, National Coordinator for Nigeria



Democratic Republic of the Congo: Mapping the benefits and risks of the extractive sector

The Democratic Republic of the Congo (DRC) is using EITI data to map out mining activities, their benefits to the economy and their risks to local communities. MAP-X, a geo-spatial information management and stakeholder engagement platform, allows the visualisation of payments at the site level by concession or company. The analysis of information on concessions (mining, hydrocarbon and forestry) and financial data, combined with other types of data (mainly environmental, infrastructural and operational), can provide stakeholders with accurate and up-to-date information.

The MAP-X platform, has compared existing known concession boundaries in the DRC with other land uses in order to detect areas of overlap. This has brought together detailed information on all mining concessions with verified protected area boundaries. A range of overlaps has been highlighted, prompting a discussion between the Ministry of Mines and the Ministry of Environment and revealing the need for an internal reconciliation process to account for the discrepancy, given the illegality of mining in protected areas. This example shows the importance of creating the right channels for information to be acted upon by policy makers.

**USD
500+ bn**

disclosed by
Nigeria alone

Asia

Several countries in Asia including Kazakhstan, Kyrgyz Republic, Mongolia and Timor-Leste, have made real progress in mainstreaming the EITI into their government systems and have already begun the necessary steps to publicly disclose the hidden ownership of their companies. This region welcomed the EITI Board when the Government of Kazakhstan hosted the 35th EITI Board meeting in October 2016.



Kazakhstan: Transparent social projects

Social prosperity and benefits for the citizens is important for social stability in resource-rich Kazakhstan. Based on the recommendations from previous EITI Reports, the government has established a budget classification code for social payments, enabling tracking of these payments at state and local levels. Social payments worth USD 252 million were paid by oil, gas and mining companies in 2015, according to the EITI Report.

“Our EITI process is technically sound but we try to go beyond the numbers in our reports. The detailed information about the social payments of subsoil users will hopefully improve the effectiveness and transparency of social payments in Kazakhstan.”

Ruslan Baimishev, Vice Chair of the National Stakeholders Council, Kazakhstan



Iraq: Transparency is achievable even under difficult circumstances

Despite ongoing political, financial and security crises, Iraq continues to publish data, in EITI Reports, that could be used to inform the political debate and to provide its citizens with important information about the oil and gas sector.

Unique among EITI countries, Iraq also publishes and reconciles figures from the buyers in EITI Reports. Interested citizens can use EITI Reports to understand what each of the national oil companies does with the oil it produces each month, including how much goes to refineries and how much is exported or lost to waste.



Philippines: More transparency in company funding

The Philippines EITI is calling for more transparency in EITI reporting to include details on mining company funds for environmental protection programmes and the use of these funds. Currently, the law requires a mining company to provide funding for environmental protection programmes, but the monitoring mechanism is weak, with no accounting system for verification.

EITI stakeholders recognise the need for high-level support. Government officials have a key role to play in pushing for these reforms to be carried out.

“We continue to push for accounting for all the funds... We need high-level participation. There is a problem of validation... What is disclosed is the balance of these funds, but how they are spent is not disclosed... It's difficult to implement unless the Mines and Geosciences Bureau issues an administrative order making compliance mandatory.”

Cielo D. Magno, civil society representative on the Philippine EITI Multi-Stakeholder Group and EITI Board member



Americas

Seven countries in the Americas and the Caribbean region implement the EITI, with long-standing members like Peru and newer members like the Dominican Republic. These countries are diverse in geography, national income and political challenges. The data portal in the United States inspires other implementing countries to make EITI data more accessible. Other Latin American countries, such as Argentina and Mexico, are in the process of preparing EITI applications.



Colombia: Improving the extractive sector

A national priority for Colombia is to formalise the mining sector and the 2014–2015 EITI Report highlighted efforts made by government agencies to bring informal miners into the formal sector. Including environmental payments in the EITI Report provided information on the environmental licensing process and the payments and mandatory investments regulated by the National Environmental System. The report identified a number of information and procedural weaknesses that would prevent reconciliation of these payments, such as poor manual records, lack of proper classification of payments and payer identification and lack of reporting by the regional autonomous corporations.

Information on social payments revealed that 70% of hydrocarbon contracts contained clauses mandating social contributions linked to annual profits. Several mining contracts have included social contributions, with some of these contracts requiring social contributions.

The 2014–2015 EITI Report provided a number of recommendations for improving the revenue collection systems, monitoring payments, and integrating information kept by different agencies for more comprehensive knowledge of the sector and better planning and public policy for the sector.



To find out more visit:
<https://useiti.doi.gov>



Trinidad and Tobago: EITI recommendations for reform of revenue collection systems

The 2015 EITI Report “highlighted the need for reform and efficiency in tax administration in order to plug loopholes and minimize revenue loss in the minerals sector, LNG contracts and in the Production Sharing Contracts (PSC) agreements”.



Honduras: Stakeholders speak out about the impact of the mining sector

Through EITI, Instituto Hondureño de Geología y Minas has gained needed political support to carry out reforms to improve our cadastre.

Agapito Rodríguez, Executive Director, INHGEOMIN



EITI is helping municipalities involved in the extractive sector to identify opportunities for strengthening our management of the resources we receive from mining companies.

David Castro, Cedros municipality



The integration of the EITI Principles and obligations in the 2013 Mining Law are now tangible in the Honduras 2014 EITI Report. Citizens can now monitor how the law is being applied to govern the mining sector.

Carlos Patiño, Caritas Honduras and a civil society member in the EITI multi-stakeholder group



Impact and synergies


Measuring impact

The International Secretariat has established the following sets of indicators aimed at addressing three different aspects:

- 1. Agency effectiveness** (i.e. the EITI)
This responds to the “value for money” question. The indicators to be monitored for this relate to the inputs and outputs to/from the EITI as an agency (mostly the International Secretariat, as the supporting unit of the EITI Board, the decision-making body).
- 2. Attributable outcomes**
This responds to the question of what concrete results have been achieved, totally or partially, as the result of the agency’s activities, products, interventions and steering.
- 3. Big picture indicators**
Although not attributable to any single organisation (not the least to the EITI Board and Secretariat), selected proxy indicators in areas such as investment climate, human capital spending, corruption, poverty – all related to goals sought by the EITI – are aimed at shedding light on the general context and the direction of change.

A Small extractive sector is a sector below 5% of GDP, a Medium one is between 5 and 15% of GDP and a Large extractive sector implies more than 15% of GDP. In addition to the EITI countries, global averages are shown for a comparison with global trends. For most of the indicators, the measured change is over the time period 2010–2015, as long as data is available.

On the big picture indicators, EITI implementing countries broadly showed improvements in investment climate and governance and these were beyond the global average.

 Find out more:
<https://eiti.org/impact>



There is mounting evidence that information release supports greater competition around government contracting and that being an EITI signatory leads to greater inflows of both aid and foreign direct investment.

The Economist, 17 February 2017

Big picture indicators

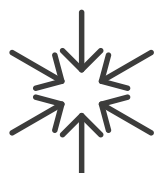
	Subject	Indicator: Change from 2010 to 2015	Small EI sector	Medium EI sector	Large EI sector	Reference (global average)
Growth, poverty reduction	GDP level	GDP per capita	↗	↗	↗	↘
	Cost level	PPP conversion ratio to market exchange rates	↘	↘	↘	↘
	FDI	Net FDI, % of GDP	↘	↗	↘	↘
	Education*	HDI education	↗	↗	↗	↗
		HDI Health	↗	↗	↗	↗
	Health*	Health exp. per capita	↗	↗	↗	↗
		Health expenditure, % of public exp.	↗	↗	↘	↗
Investment climate	Competitiveness ranking	WEF score	↗	↗	↗	↗
	Credit risk	OECD Country Risk Classification	↘	↔	↗	↘
	Level of bureaucracy	Time spent on taxes	↗	↗	↘	↗
Governance	Accountability	WGI Voice and Accountability	↗	↗	↗	↔
	Civil and political rights	Freedom house	↘	↗	↘	↘
	Transparency	WGI Control of Corruption	↗	↗	↗	↔
	Corruption	TI Corruption Perception score	↗	↗	↗	↗
	Conflict	WGI Political Stability and Absence of Violence	↗	↘	↘	↔

* No data could be retrieved for 2015. Comparison is between 2010 and 2014.

** Small equals a sector below 5% of GDP, Medium is between 5 and 15%, and Large extractive sectors imply more than 15% of GDP. The countries included in the various groups are: **Small** – Afghanistan, Albania, Dominican Republic, Germany, Guatemala, Philippines, Sao Tome and Principe, Senegal, Seychelles, Tajikistan, Timor-Leste, United Kingdom, United States; **Medium** – Cameroon, Central African Republic, Colombia, Côte d'Ivoire, Honduras, Indonesia, Kyrgyz Republic, Madagascar, Malawi, Mozambique, Myanmar, Norway, Peru, Sierra Leone, Tanzania, Togo, Ukraine; **Large** – Azerbaijan, Burkina Faso, Chad, Congo, Dem. Rep., Congo, Rep., Ethiopia, Ghana, Guinea, Iraq, Kazakhstan, Liberia, Mali, Mauritania, Mongolia, Niger, Nigeria, Papua New Guinea, Solomon Islands, Trinidad and Tobago, Yemen, Rep., Zambia.

Analysing impact

Putting EITI information to use is key



The EITI has made significant contributions to improved governance of the extractive sector in several countries around the world. As this report shows, in countries like the Democratic Republic of the Congo, the EITI has been central to many reforms of the sector.

At the international level, debates on transparency in the sector are unrecognisable from 10 years ago, and the EITI is seen as being at the forefront of many frontier debates, including beneficial ownership, commodity trading and artisanal and small-scale mining.

It is also clear that the EITI process is one of the only functioning global mechanisms to inform

and channel debate in resource-rich countries in a way that includes all stakeholders. In the development business, there can often be a naïve belief in figures. While it is important to have quantitative information, it is even more important to have the right kind of information and to have it used. Recognising the large diversity of country processes and objectives, any monitoring and evaluation framework has to be established first and foremost at the country level. When Nigeria recovers USD 2.4 billion or undertakes reforms that will improve revenue collection by 10s of billions a year through its EITI process, to what extent is that a consequence of the USD 5m a year spent on the international process?

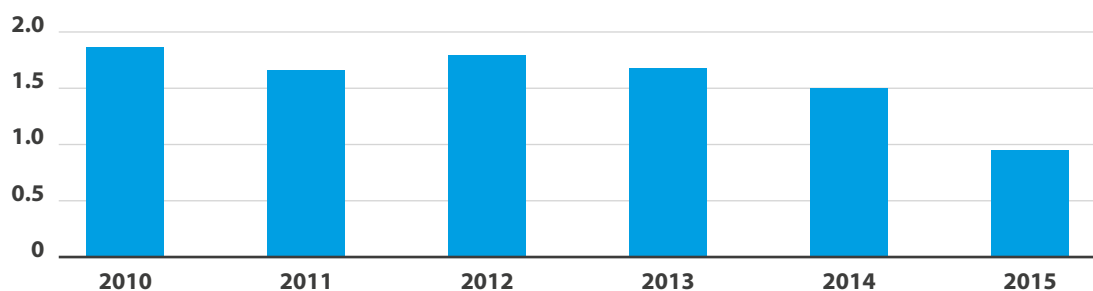
**USD
2.3tr**

revenues from the extractive sector disclosed to date

EITI reporting is becoming more timely

Keeping up with the debate

■ Years between end of fiscal years and publication of report



Timeliness of EITI reporting improved by 23.4% between 2010 and 2015.

Academic research on EITI impact

The EITI's impact has been measured and analysed by a number of institutions and academics. The research suggests that there have been significant strides in better governance of the sector, both politically and operationally. However, the picture is patchy across countries and there is too little data to conclude on the developmental impact.

Here are highlights from those studies:

[Assessing the Effectiveness and Impact of the Extractive Industries Transparency Initiative \(EITI\)](#)

The study seeks to measure the effectiveness and impact of the EITI, both at the national level as well as globally. It finds that while there is plenty of evidence of activities, processes and outputs around the EITI, measuring outcomes and impacts is weak. Supporting evidence for EITI's impact is largely anecdotal or based on perceptions of stakeholders belonging to an 'in group' of people already engaged with EITI implementation.



The Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, a German development agency.

www.eiti.org/document/assessing-effectiveness-impact-of-extractive-industries-transparency-initiative-eiti

[Has the Extractive Industries Transparency Initiative been a success? Identifying and Evaluating EITI goals](#)

EITI has been most successful in reaching its institutional goals, notably by becoming a recognized brand and consolidating transparency as a global norm. The EITI has been fairly successful in reaching some of the operational goals, such as setting up standards for auditing, reporting, and civil society involvement in multi-stakeholder groups. Whether the EITI has had an impact on developmental goals remains an open question as it is challenging to identify the correct measurements for impact and many evaluations assess goals that are over-inflated compared to what the initiative formally seeks to achieve.



Siri Aas Rustad, Philippe Le Billon, Päivi Lujala, Elsevier Ltd.

www.eiti.org/document/has-extractive-industries-transparency-initiative-been-success-identifying-evaluating-eiti

[A Cure for the Curse? Effects of the Extractive Industries Transparency Initiative](#)

EITI implementation affects political stability, as EITI Reports are associated with greater political tension and multi-stakeholder groups (MSGs) work as a mitigating factor. This indicates that the EITI works as it should; reports present challenges and problems within the extractive sector, while MSGs work as a platform for debate. Within investments and the investment climate, EITI membership is associated with one investment grade increase in credit ratings of sovereign bonds. In addition, the paper finds strong evidence for increases in foreign direct investments as a share of GDP, and increases in domestic investments in the EITI countries. The results of this analysis however show no significant effect of membership on economic performance, and limited results of EITI on most institutional dimensions. These results are robust to a number of economic, political and development control variables.



Christoffer Borchgrevink Claussen, University of Oslo
www.eiti.org/document/cure-for-curse-effects-of-extractive-industries-transparency-initiative

[Global Standards in National Contexts: The Role of Transnational Multi-Stakeholder Initiatives in Public Sector Governance Reform](#)

EITI helps to improve government transparency when two core conditions are in place: Firstly, non-governmental actors (i.e., civil society and the private sector) must be treated as full and equal partners in EITI decision-making and implementation. Secondly, participating civil society organisations must have the technical expertise to steer disclosure in the right direction, and the resources to regularly attend meetings. Additionally, although visible political support from government officials does not guarantee transparency reforms will be successful, without such support these reforms are guaranteed to fail.



Dr Brandon Brockmyer, Accountability Research Center, American University

www.eiti.org/document/global-standards-in-national-contexts

EITI contribution to the Sustainable Development Goals

The Sustainable Development Goals (SDGs) cover 17 different issues, such as poverty eradication, good governance, improving tax systems, fighting corruption and developing accountable and transparent institutions. These are all areas in which the EITI has much to offer.

The EITI has made major progress in making governments more open and accountable and has a track record of tangible results across the 51 member countries. It can be a powerful mechanism for deepening the commitment to sustainable development. The mission of the EITI is aligned with many of the targets set out in the SDGs and its multi-stakeholder governance approach and data focus predates the approach of the United Nations 2030 Agenda for Sustainable Development.

EITI Reports can be tools to inform public debate, recommend policy reforms and identify areas to strengthen government systems. This can lead to building accountable and transparent institutions (SDG Goal 16.6), widening the political space for stakeholder participation (SDG Goal 16.7), improving

tax systems (SDG Goal 17.1) and increasing the availability of timely and reliable data (SDG Goal 17.18). These examples are not intended to be an exhaustive list of the linkages between the SDGs and the EITI.

Many implementing countries have acted on recommendations that have emerged from EITI reporting and made important contributions to policy reform and change, as well as towards the SDGs. As there are considerable complementary objectives between the EITI and the SDGs, EITI implementation may contribute to several of the SDG goals and targets.

 **Implementation of the EITI helps countries achieve the Sustainable Development Goals. I am proud that the EITI has a proven track record of strong country ownership to improve the governance of natural resource wealth as an important engine for sustainable economic growth.**

Fredrik Reinfeldt, EITI chair



Validation

The EITI's quality assurance mechanism



Validation provides stakeholders with an impartial assessment of whether EITI implementation in a country is in line with the EITI Standard. In doing so, it helps to safeguard the integrity of the EITI by holding all implementing countries to the same global standard. Validation is also an opportunity to assess the effectiveness of EITI implementation.

The Validation report addresses EITI impact in a country, the implementation of activities encouraged by the EITI Standard, lessons learnt in implementation, any concerns stakeholders have expressed and recommendations for improving EITI implementation. The Validation process commences within two and a half years of a country becoming an EITI member and then takes place at least every three years subsequently.

In May 2016, the EITI Board agreed a revised Validation guide and Validation procedures, including a standardised procedure for data collection and stakeholder consultation, a procedure for the procurement of Validators, and standardised terms of reference.

The Validation system aims to better recognise a country's efforts to exceed the EITI Requirements and sets out fairer consequences for countries not yet meeting with the requirements. The EITI has moved away from binary assessments, with countries either being 'candidate' or 'compliant', and has introduced more nuanced assessments of progress.

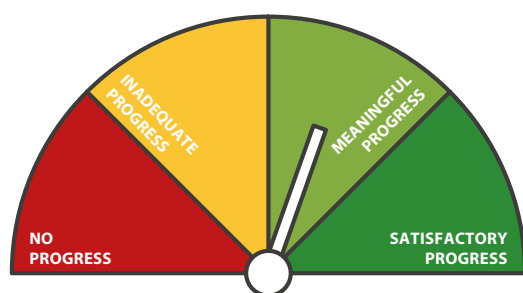
Four phases of Validation:

1. The multi-stakeholder group (MSG) is encouraged to undertake a self-assessment of adherence to the EITI Standard and to collate documentation and other sources that demonstrate progress.
2. When Validation commences, the EITI International Secretariat undertakes initial data collection and stakeholder consultations. The Secretariat's initial assessment is reviewed by an Independent Validator, who reports to the EITI Board.
3. The Validator drafts the Validation report and the MSG is invited to comment.
4. The final Validation reports are processed by the Validation Committee, which makes a recommendation to the EITI Board.

The EITI Board agreed on a schedule to assess all countries against the 2016 Standard by January 2019. Fifteen Validations began in 2016. The first Validation – Azerbaijan – was finalised in October 2016. The Validations of Nigeria, Mongolia, Peru and Timor-Leste were completed in January 2017. All five countries were deemed to have made "meaningful progress" in meeting the EITI Standard, and the Board agreed corrective actions.

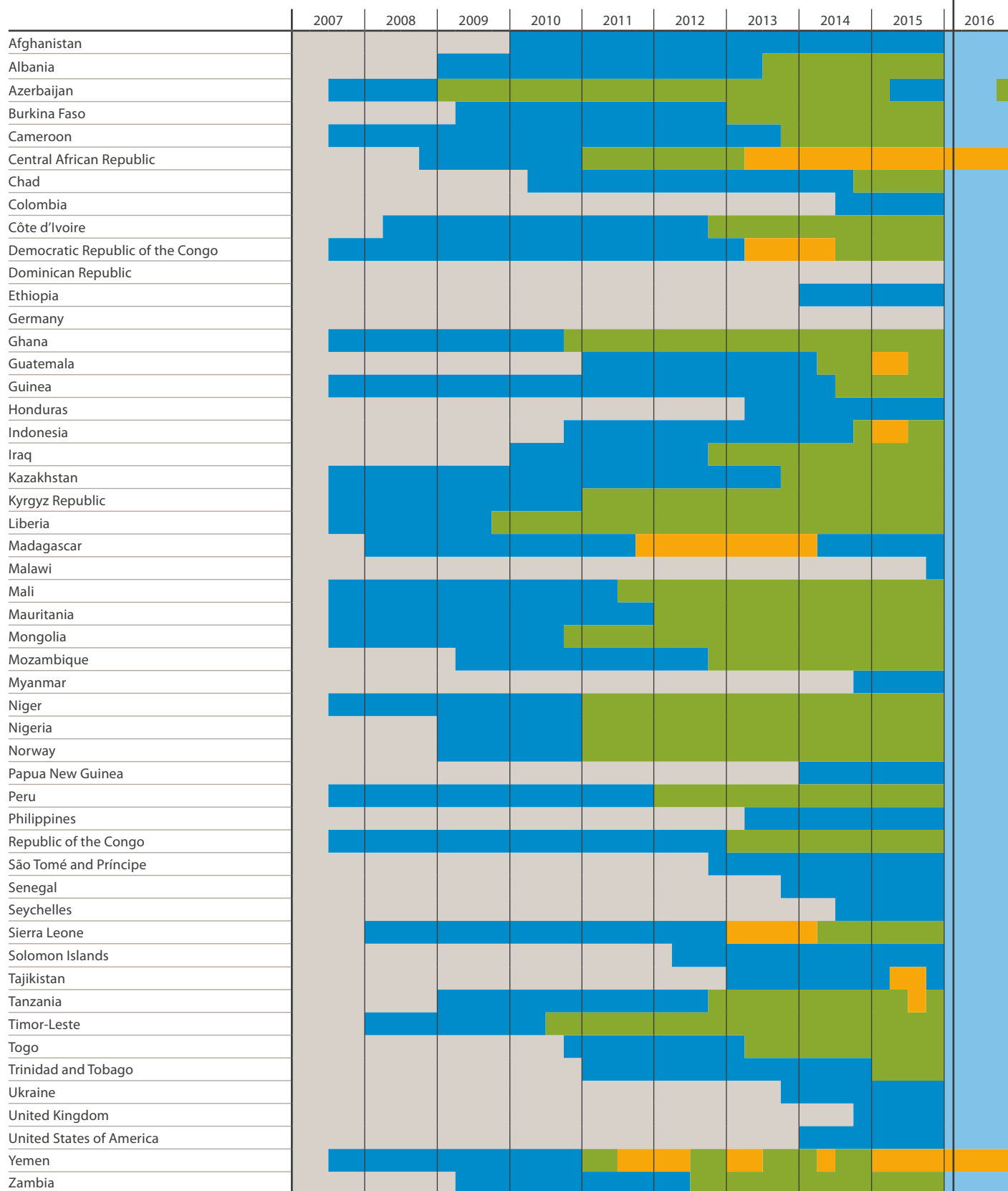
15

Validations began in 2016. As of February 2017, five countries have been validated against the 2016 EITI Standard and have achieved 'meaningful progress'



EITI country status

Introduction of the 2016 EITI Standard and new Validation procedure



2007–2015

■ Candidate ■ Compliant ■ Suspended

2016–present

■ Satisfactory progress ■ Meaningful progress ■ Inadequate progress
 ■ No progress ■ Yet to be assessed ■ Suspended



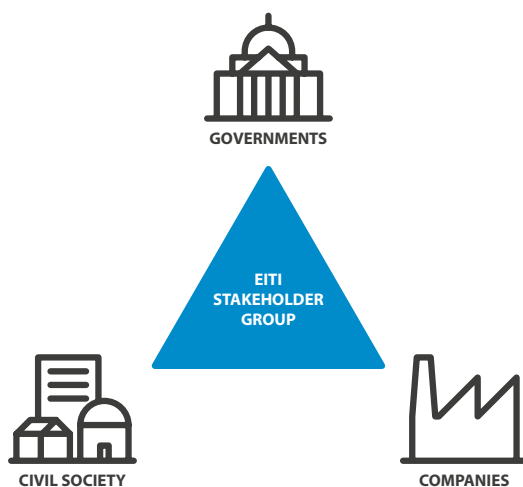
The status of EITI countries are updated on:
<https://eiti.org/countries>

Working together

Working together

Working together

The EITI is a coalition of governments, companies, investors, civil society organisations, and partner organisations. A multi-stakeholder group oversees the EITI process in implementing countries and internationally.



Country constituency

Implementing countries

The implementing country sub-constituency encourages systematic peer exchanges.

“There is so much positive energy and determination to make the implementing country voice better heard at the Board.”

Dorina Çinari, EITI Albania National Coordinator and Chair of the implementing country sub-constituency group



Supporting governments

Supporting governments help further improve the quality of EITI reporting and support work towards more openly available data, mainstreamed reporting and marked improvements in beneficial ownership reporting.

“We try to make sure that EITI remains a very effective tool for transparency, and we need to make EITI ready for this new phase. It’s touching more topics than ever; topics like contract transparency and beneficial ownership.”

Dirk-Jan Koch, Special Envoy Natural Resources, Government of the Netherlands and EITI Board member



Civil society

Civil society sees the EITI as a tool to promote informed public debate, an increased space for political engagement and a platform to promote more equitable use of natural resources. Both international and national civil society organisations provide essential support to the EITI through advocacy, training, monitoring and facilitation efforts.

Publish What You Pay

@PWYPtweets

At its heart @EITlorg is about citizens accessing extractives info. It must do what it can to protect #civicspace

25 Feb 2016

“ **#SabíasQue Local governments, civil society and extractive industries are the key to achieving transparency and competitiveness**

Carlos Andrés Cante, Vice Minister of Mines and EITI Champion, Colombia



Company constituency

Companies supporting the EITI take part in shaping the global governance of the extractive sector and contribute to the fight against corruption. This sends a strong signal that companies support clean, open and accountable extractive sector governance. Nearly 90 major companies involved in oil, gas, mining and commodity trading, and financial institutions managing total assets of more than USD 19 trillion, support the EITI at the international level.

The EITI encourages good resource governance in host countries, which ultimately benefits portfolio investments in extractive companies. The World Bank provides technical assistance to implementing countries through the multi-donor-funded Extractives Global Programmatic Support (EGPS).

“ **We believe that the EITI contributes to a better investment climate by reducing instability and that cooperation between key stakeholder groups enhances understanding of key challenges and enhances prospects for investment returns from companies operating in participating countries.**

Sasja Beslik, Head of Sustainable Finance Nordea Wealth Manager and EITI Board member



Capacity building



Public understanding of government revenues and expenditure over time... can help public debate and inform choice.

EITI Principle 4

Increasing capacity and information to inform policy choices lies at the core of the EITI. Stakeholders need support to collect the information, use the information and then generate reforms. Internationally, the EITI has sought to support stakeholders in countries through specific capacity building activities. These particularly seek to make use of the extensive knowledge and experience of implementing country representatives by encouraging peer learning and exchanges. Many of these activities are about preparing, facilitating and deepening stakeholders' understanding of good natural resource management.

In several areas, such as beneficial ownership reporting, local revenue management and reporting on artisanal mining, these capacity building efforts are as much about breaking new ground as they are about improving transparency and accountability through EITI reporting.

In collaboration with partners, more than 1000 participants from multi-stakeholder groups, national secretariats, government, civil society, industry, parliament, stated-owned enterprises and national audit institutions participated in EITI peer learning and capacity building workshops on five continents in 2016.

Capacity building does not end when the workshops end. For example, EITI stakeholders developed their draft beneficial ownership disclosure roadmaps and 2017 work plans during capacity building sessions and elaborated them further with their national stakeholders.

The spread of reliable Internet access has enabled the EITI to carry out low-cost online webinar and peer training. Virtual training, as well as in-person training events, have covered topics such as beneficial ownership disclosure roadmaps, national pre-Validation exercises, integrating the EITI process into government systems, commodity trading, communicating the data and open data.

NEITI Nigeria
[@nigeriaeiti](#)

Members of [@EITlorg](#) & delegates of 9 EITI-implementing countries live at the [@nigeriaeiti](#) office in Abuja as deliberation on [#BO](#) continues

3 Nov 2016

Four workshops with participants from four continents on beneficial ownership and pre-Validation

580
people trained
in 2016



Abidjan

Sixty participants from 14 countries met in Abidjan, Côte d'Ivoire in August for a week of peer learning and training.



Astana

Representatives and national coordinators from ten Eurasian EITI countries came together in a two day workshop to discuss beneficial ownership implementation in their countries.



Bogota

Participants from five EITI countries from Latin America gathered in Bogota on 26–27 September 2016 to prepare their beneficial ownership roadmaps.



Manila

The Ph-EITI MSG convened for a beneficial ownership and pre-Validation workshop in Manila on 22–23 September 2016. During the workshop, the MSG approved a draft beneficial ownership roadmap and an action plan to address deficiencies in implementation.



Find out more:

<https://eiti.org/training>

Funding



Find out more:

<https://eiti.org/funding>

The Secretariat is responsible for the day-to-day management of the EITI, in line with the decisions made by the Board. Its role includes: servicing the Board; supporting implementation, outreach and advocacy; communicating and sharing lessons learned with stakeholders; and oversight of the Validation process. The Secretariat is funded by supporting governments and companies.

The funding of the international management of the EITI reflects its multi-stakeholder support. In 2016 (2015), USD 5.6m (4.4m) was spent on Implementation, Board meetings, Validation and Global Conference activities, with related travel and translation costs, in addition to the salaries and associated costs for around 20 staff.

EITI funding model revised

The EITI Board concluded in early 2016 that the funding formula in use at that time, with the private sector and supporting countries equally sharing principal responsibility for the international management costs of the EITI, no longer served its purpose.

Following a decision by the EITI Board meeting in October 2016, it was agreed that implementing countries would be required to make a financial contribution of at least USD 10,000. To be considered a supporting company, an oil and gas company would have to make a minimum contribution of between USD 20,000 and USD 60,000, depending on size, while mining companies would be required to contribute at least USD 15,000. The new funding model took effect from 1 January 2017.

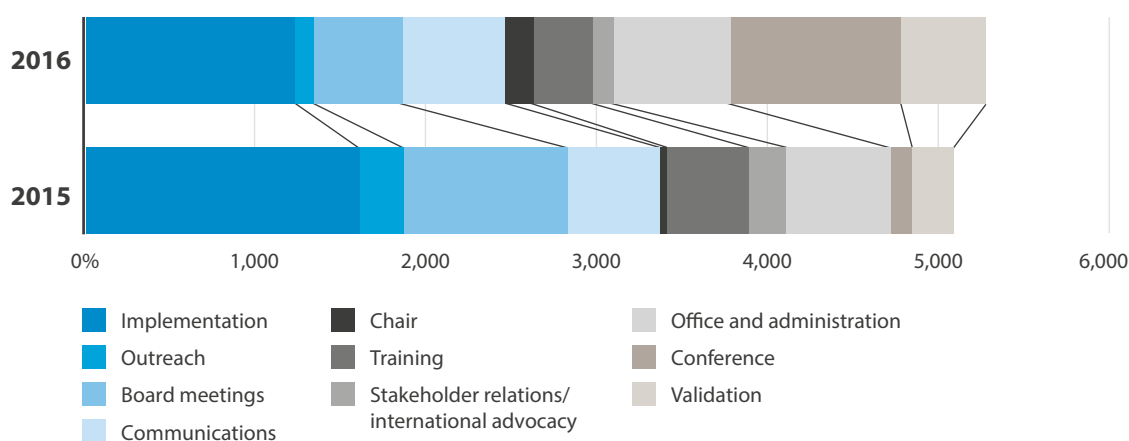
Sources of funding 2016 (2015)

Supporting countries and international development agencies:*	54% (61%)
Private sector:	46% (39%)
Oil and gas companies:	27% (25%)
Mining companies:	17% (13%)
Financial institutions and non-extractive companies:	1% (1%)

Cost by type 2016 (2015)

Salaries/other staff costs:	49% (51%)
Office/other costs:	9% (9%)
Travel/accommodation:	27% (21%)
Translation/interpretation:	8% (11%)
Project consultants:	7% (8%)

Expenditure by function



* Core funding was received directly from Belgium, Canada, Denmark, the European Commission, France, Germany, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom. Additionally, project-specific funding, mainly supporting workshops on beneficial ownership and commodity trading, was received from Belgium, Switzerland and the United Kingdom.

EITI Board (2016 – 2019)

Chair

Mr Fredrik REINFELDT

Countries

Implementing Countries

Ms Olga BIELKOVA

Member of Parliament, Ukraine

Alt: Mr Bazarbai Kanaevich NURABAEV

Chair, Committee of Geology and Subsoil Use, Ministry of Investment and Development, Kazakhstan

Mr Montty GIRIANNA

President, EITI National Committee, Indonesia

Alt: Ms Maria Teresa S. HABITAN

Assistant Secretary, Department of Finance, Philippines

Alt: Mr Enkhbayar NEMEKHBAYAR

Director-General, Strategic Policy and Planning Department, Ministry of Mining, Mongolia (25 Feb 2016 – 11 Jan 2017)

Ms Zainab AHMED

Federal Minister of State, Ministry of Budget and National Planning, Nigeria

Alt: Mr José Fernandes ROSA CARDOSO

National Coordinator, São Tomé e Príncipe

Mr Didier Vincent Kokou AGBEMADON

National Coordinator, Togo

Alt: Mr Ismaila Madior FALL

Minister, Legal Adviser to the President and chair of the EITI National Committee, Senegal

Mr Jeremy Mack DUMBA

National Coordinator, Democratic Republic of Congo

Alt: Ms Agnès Solange ONDIGUI OWONA

National Coordinator, Cameroon

Mr Victor HART

Chair of TTEITI, Trinidad and Tobago

Alt: Ms Maria Isabel ULLOA

Former Vice Minister of Mines, Colombia

Supporting Countries

Ms Mary WARLICK

Principal Deputy Assistant Secretary of State, Bureau of Energy Resources, State Department, USA

Alt: Mr Mark PEARSON

Director General, External Relations, Science and Policy Integration, Natural Resources Canada, Canada

Ms Catarina HEDLUND

Deputy Director at the Department for International Trade Policy, Ministry for Foreign Affairs, Sweden

Mr Nico VAN DIJCK

Adviser, Office of Economic Interests, Directorate-General for Bilateral Affairs, Ministry of Foreign Affairs, Belgium (25 Feb 2016 – Jun 2016)

Alt: Mr Bent GRAFF

Senior Policy Adviser, Development Policy & Financing, Ministry of Foreign Affairs, Denmark

Alt: Ms Mia KJEMS DRAEGERT

Head of Section, Development Policy and Global Cooperation, Ministry of Foreign Affairs, Denmark (27 May 2016 – July 2016)

Mr Dirk-Jan KOCH

Special Envoy Natural Resources, Ministry of Foreign Affairs, the Netherlands

Ms Marine de Carne DE TRÉCESSON

(25 Feb 2016 – 13 Jun 2016)

Alt: Mr Sören DENG

Head of Division, Energy, Infrastructure, Raw Materials, Federal Ministry for Economic Cooperation and Development (BMZ), Germany

Alt: Ms Kerstin FAEHRMANN

Head of Division, Energy, Infrastructure, Raw Materials, Federal Ministry for Economic Cooperation and Development (BMZ), Germany (25 Feb 2016 – 13 Jun 2016)

* Previous members of the board displayed in light grey

Civil Society Organisations

Mr Daniel KAUFMANN
President, Natural Resource Governance
Institute (NRGI)

Alt: Ms Wendy TYRRELL
Transparency International, Australia

Mr Gubad IBADOGLU
Senior Researcher, Economic Research Center,
Azerbaijan

Alt: Mr Oleksiy ORLOVSKY
International Renaissance Foundation, Ukraine

Ms Faith NWADISHI
Executive Director, Koyenum Immalah Foundation/
National Coordinator Publish What You Pay, Nigeria

Alt: Mr Brice MACKOSSO
Commission Justice et Paix, Republic of Congo

Ms Ana Carolina Espinosa GONZALES
Universidad Externado de Colombia, Colombia

Alt: Mr Cesar GAMBOA
Derecho, Ambiente y Recursos Naturales, Peru

Ms Cielo MAGNO
Bantay Kita, Philippines

Alt: Mr Moses KULABA
Governance and Economic Policy Forum, Tanzania

Companies including investors

Mr Stuart BROOKS
Manager, International Relations, Chevron

Alt: Mr John HARRINGTON
Upstream Issues Manager, Exxon Mobil Corporation
(25 Feb 2016 – 13 Dec 2016)

Mr Dominic EMERY
Vice President, Long-Term Planning, BP

Alt: Mr Alan McLEAN
Executive Vice President, Tax and Corporate
Structure, Royal Dutch Shell

Ms Laurel GREEN
Group Executive, Legal & External Affairs, Rio Tinto

Alt: Mr Carlos ARANDA
Manager Technical Services, Southern Peru
Copper Corporation

Ms Carine Smith IHENACHO
Vice President Legal, Statoil

Alt: Mr Jean-François LASSALLE
Senior Adviser to the President of Total EP

Mr Jim MILLER
Vice President, Environmental Affairs,
Freeport-McMoRan, Copper & Gold

Alt: Mr James ENSOR
Executive Director, BHP Billiton Foundation, Australia

Alt: Mr Ian WOOD
VP Sustainable Development, BHP Billiton
(Feb 2016 – 26 Oct 2016)

Mr Sasja BESLIK
Head of Responsible Investments
at Nordea Asset Management

Board Secretary

Mr Jonas Moberg
Head of EITI International Secretariat Oslo



The EITI (Extractive Industries Transparency Initiative) Standard is an international standard that ensures transparency around countries' oil, gas and mineral resources.

When implemented, the EITI ensures more transparency in how the country's natural resources are governed, and full disclosure of government revenue from its extractive sectors.

