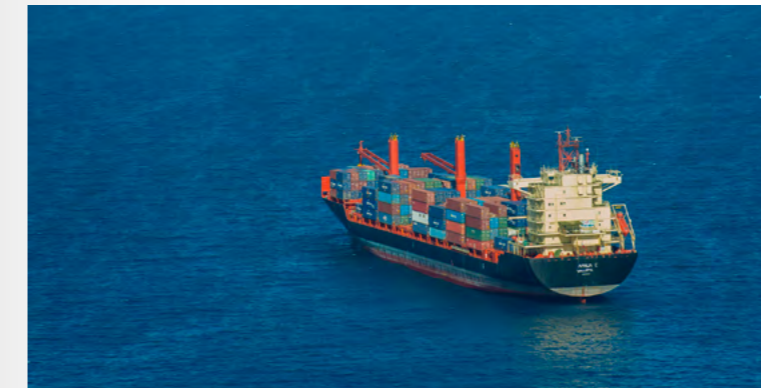




Progress Report



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“Events of the past six months reinforce the importance of timely data and transparent and accountable government”

MESSAGE FROM THE CHAIR

Common standard, collective priorities

The extractive industries are an integral part of the global economy – they help to drive economic growth, access to energy and infrastructure development. To realise these benefits fully, the sector needs transparent and accountable governance. Since 2003, when governments, companies and civil society agreed to form the Extractive Industries Transparency Initiative, the EITI has evolved dynamically. It continues today to provide a common standard that responds to collective stakeholder priorities.

During the past year, the EITI has been evaluating its role in the fight against corruption and its contribution to the energy transition. It has also sought to gain a clearer picture of its impact.

Extractives sector corruption is a major impediment to development. Anonymity and the lack of transparency make it harder to fight corruption. By providing data and a platform for public scrutiny, the EITI exposes processes and practices that are vulnerable to abuse.

Transparency is becoming increasingly important as we transition to a low-carbon economy. As this shift reshapes the value of resource wealth, transparent and accountable governance can help ensure that it remains an engine of growth.

Understanding its impact will enable the EITI to respond better to national priorities. It helps us move beyond knowing whether data is disclosed, to evaluating how it is used – whether that be to promote accountability, undertake analysis or inform policy.

Events of the past six months reinforce the importance of timely data and transparent and accountable government. As a result of the Covid-19 pandemic, many countries are facing a deeply challenging and unpredictable situation. At the time of writing, the price of oil and many other commodities had plunged. Even if there is some recovery, the impact on many resource-dependent countries will be profound.

Transparency, trust and cooperation can mitigate the impact of such a crisis on global development. In this period of rebuilding, we see a role for stakeholder dialogue and collective approaches. We aim to be agile and responsive in bringing transparency and accountability to the industry.

RT HON. HELEN CLARK
EITI Board Chair

MESSAGE FROM THE EXECUTIVE DIRECTOR

Transparency in an era of change

The EITI Standard is the product of agreement among diverse stakeholders on a common set of commitments. It has been used in different ways across many countries, but ultimately it must be relevant for governments. Engaging with the new government and the EITI multi-stakeholder group in Argentina in March, I was struck by the emphasis they placed on the importance of aligning EITI implementation with national policy objectives.

This report presents many inspiring examples of EITI implementation. It is heartening to read stories from Afghanistan, the Democratic Republic of Congo, Iraq, Madagascar, Myanmar, the Republic of Congo and Senegal alongside those from Germany, Ghana, Nigeria and Zambia. The range of countries covered by these case studies demonstrates that the EITI can be a flexible and adaptable tool even in the most challenging circumstances.

The EITI's 2019 Standard defines robust requirements for transparency, enabling data to be published in a way that can be used by anti-corruption agencies, civil society and the media to analyse and investigate corruption risks.

It is ambitious because it covers topics across the value chain, from license regimes to sales from state-owned enterprises, and includes pioneering areas of disclosure

for many entities. The new requirement on contract transparency, championed by several companies and countries, comes into force in January 2021.

The EITI continues to focus on the essential task of guiding countries towards deeper and more meaningful approaches to transparency. We have placed greater emphasis on strengthening government and company reporting systems to produce timely, relevant and accessible data.

We are working with partners on projects that will enable a step change in the disclosure and use of data on complex and technical issues such as beneficial ownership. We are using the opportunity of virtual working to make progress in these areas.

These priorities will be even more relevant as the industry rebuilds following the Covid-19 pandemic. Governments in resource-rich countries will face difficult policy choices; under these circumstances the availability of timely and relevant data can help policy makers take informed decisions that contribute to future sustainable growth.

MARK ROBINSON
EITI Executive Director



“The EITI can be a flexible and adaptable tool even in the most challenging circumstances”

The global benchmark for transparency in mining, oil and gas

EITI AT A GLANCE

A freight train transporting coal in Colombia.

PHOTO CREDIT: GLENCORE PLC

Promoting good governance and accountability is essential in the extractives sector, where corruption is a barrier to sustainable development.

The EITI promotes transparency and accountability by publishing information that matters to citizens. Through participation in the EITI, government, industry and civil society stakeholders agree to a common set of rules – the EITI Standard.

Reporting data according to the EITI Standard helps expose illicit practices and gives stakeholders information that can help close avenues for corruption. Over time, the EITI Standard has evolved to reflect emerging practices and country-led innovations, such as those on gender and environmental disclosures.



50+ governments
implement the EITI Standard supported by national secretariats

Governed by a multi-stakeholder coalition of government, industry and civil society

EITI Board upholds the EITI Standard



EITI International Secretariat supports implementation and adherence to the EITI Standard

Global partners assist and fund

Embedding transparency in governance systems

Implementing countries are increasingly reporting information required by the EITI Standard through government and corporate systems.



This practice makes information more accessible, timely and better integrated in governance structures. It enables multi-stakeholder groups to focus their efforts on how data is used to promote accountable government.

60+ oil, gas and mining companies, commodity traders and financial institutions support the EITI and adhere to the EITI Company Expectations

800+ civil society organisations engage with the EITI process globally

USD 2.7 trillion in revenues have been disclosed through EITI reporting

FROM TRANSPARENCY TO ACCOUNTABILITY



A Trafigura cargo ship moored outside Dar es Salaam port, Tanzania.

Transparency across the value chain

In committing to EITI implementation, governments agree to disclose information along the extractives industry value chain, from how extraction rights are awarded to how revenues are managed and allocated by government.

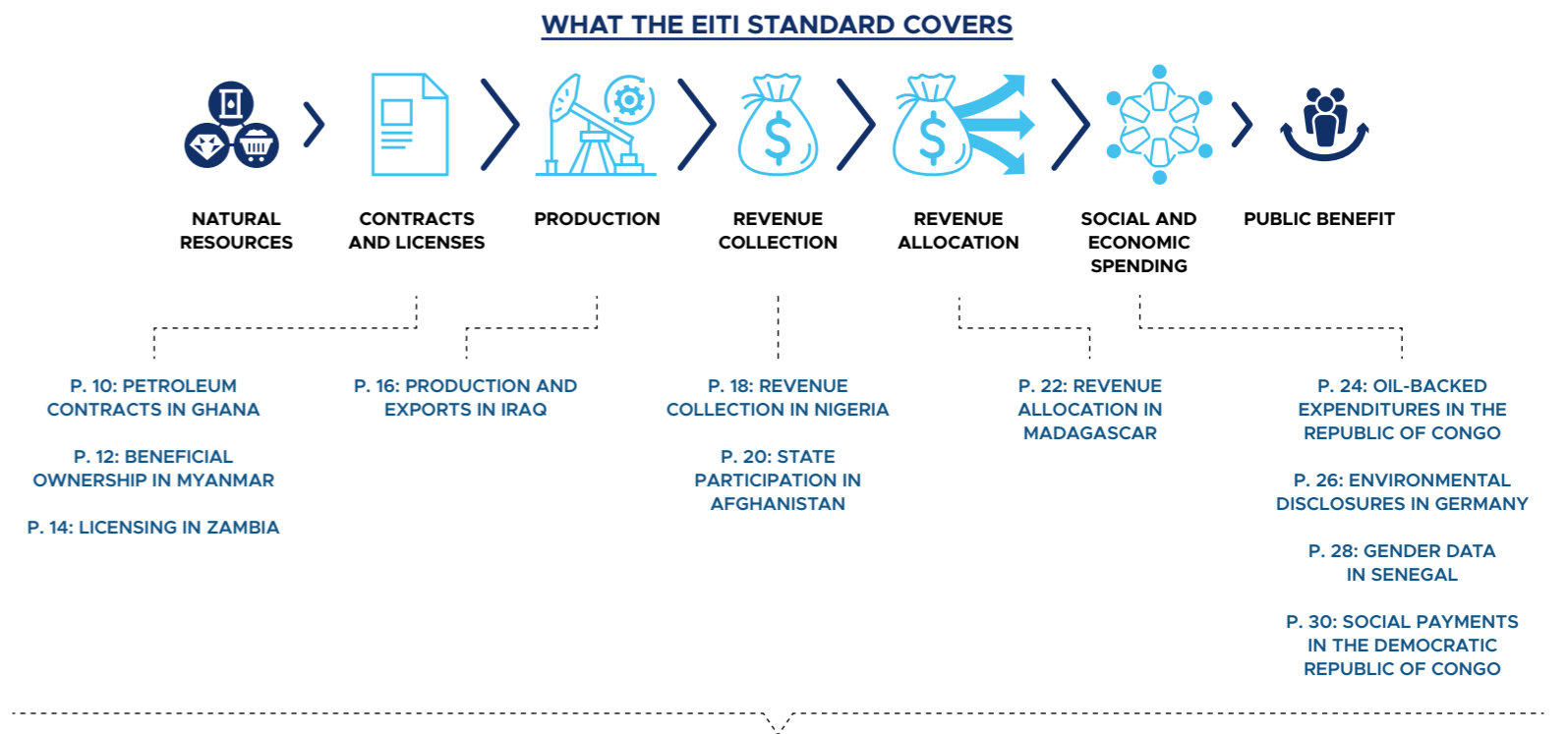


PHOTO CREDIT: TRAFIGURA

Striving for progress

Validation underpins continuous progress and reform

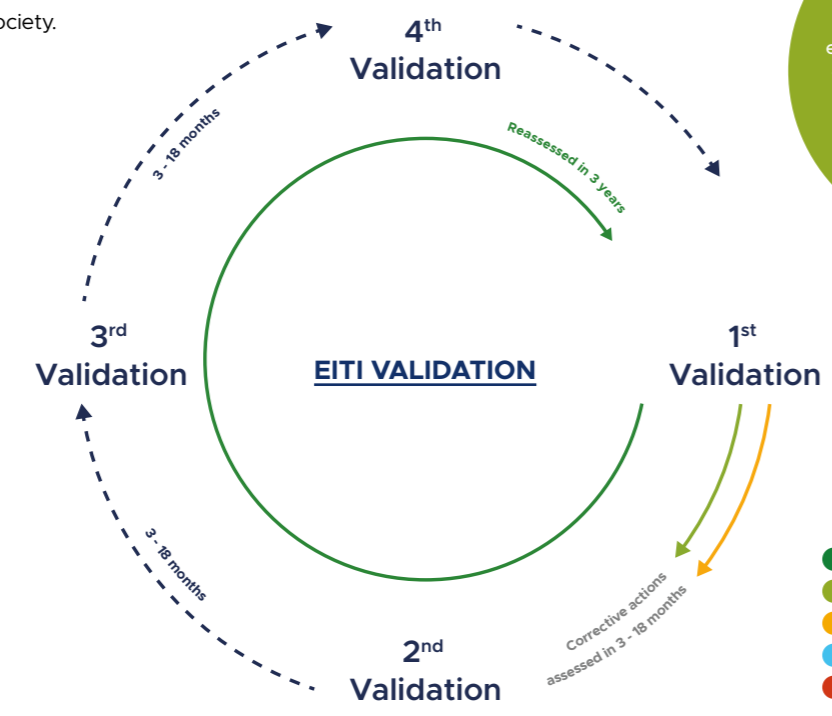
The EITI holds all implementing countries to the same global standard. To monitor progress in achieving transparency, implementing countries undergo Validation, the EITI's quality assurance mechanism.

To inform the Validation decision taken by the EITI Board, the EITI International Secretariat reviews the data disclosed by implementing countries and consults with stakeholders from government, industry and civil society.

Looking forward
A working group of the EITI Board is currently considering how the Validation process can be more focused on overall improvement and national priorities. The review has been underpinned by an extensive consultation process with implementing countries and other stakeholders.

> See p.34 on how Validation is leveraged to evaluate the impact of the EITI.

Since 2016, Validation has been used to highlight the strengths and weaknesses in disclosure practices and has led to new information being put into the public domain. Countries undergo Validation to ensure that action is taken to close gaps in disclosure. Validation has been a useful diagnostic tool, often leading to longer-term gains in transparency and accountability.



Peru's second Validation showed that the country made efforts to ensure that extractives data disclosed by companies and government entities is subject to audit and assurance procedures in line with international standards. *June 2019*

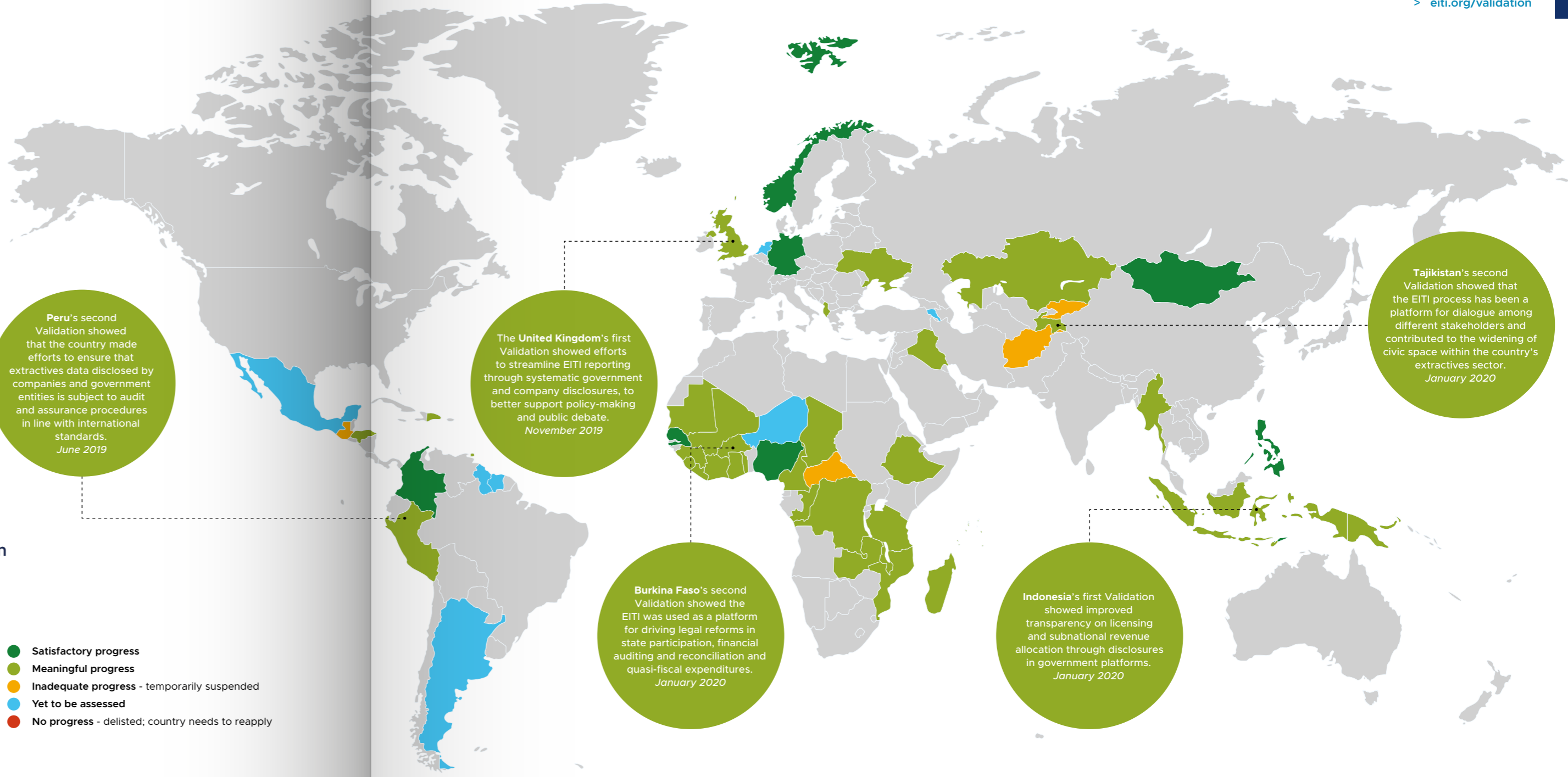
The United Kingdom's first Validation showed efforts to streamline EITI reporting through systematic government and company disclosures, to better support policy-making and public debate. *November 2019*

Tajikistan's second Validation showed that the EITI process has been a platform for dialogue among different stakeholders and contributed to the widening of civic space within the country's extractives sector. *January 2020*

Burkina Faso's second Validation showed the EITI was used as a platform for driving legal reforms in state participation, financial auditing and reconciliation and quasi-fiscal expenditures. *January 2020*

Indonesia's first Validation showed improved transparency on licensing and subnational revenue allocation through disclosures in government platforms. *January 2020*

- Satisfactory progress
- Meaningful progress
- Inadequate progress - temporarily suspended
- Yet to be assessed
- No progress - delisted; country needs to reapply



Understanding the terms of extractives agreements

Accelerating contract transparency in Ghana

Contract transparency sheds light on the rules and terms that govern extractives projects in their countries. Open contracting can help to curb corruption and empower citizens to assess whether they are getting a fair deal for their resources. With increasing market volatility and pressure on domestic revenues due to the Covid-19 crisis, ensuring visibility on contractual terms is more important than ever.

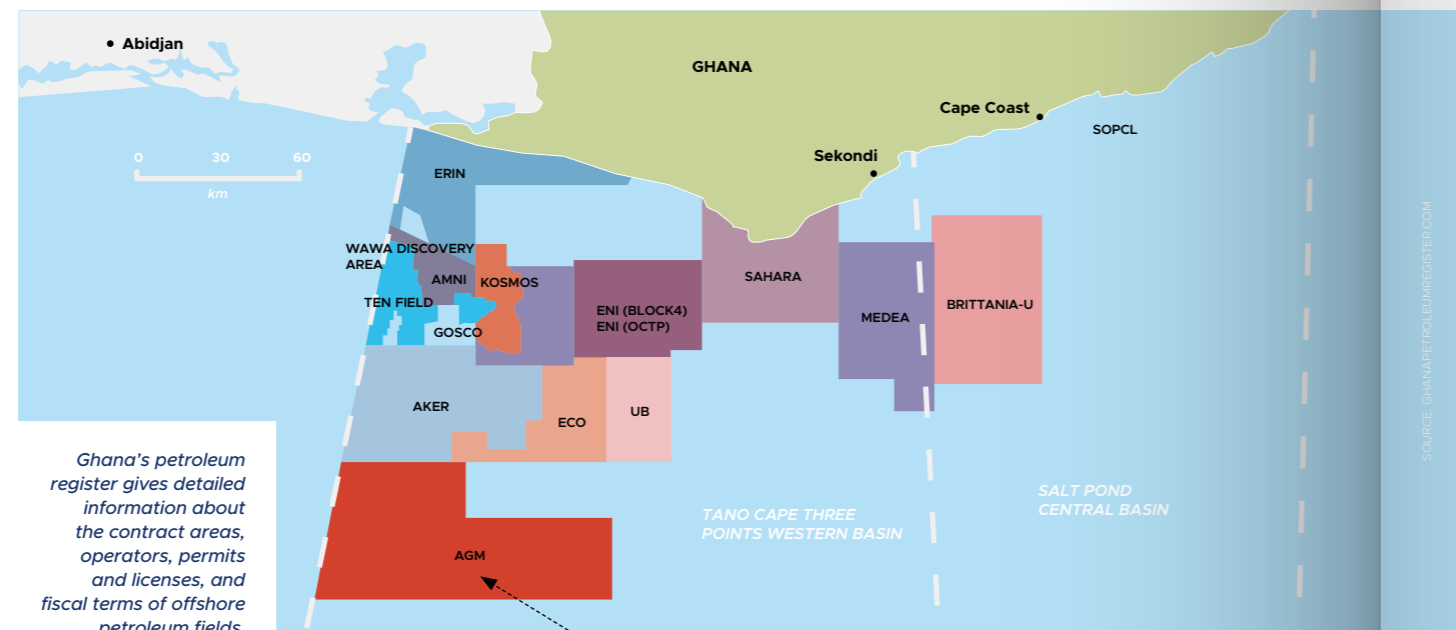
For years, civil society in Ghana has advocated for petroleum contracts to be made publicly available. A 2017 brief by Ghana EITI and the Natural Resource Governance Institute (NRGI) argued that contract disclosure could bring important benefits to all stakeholders, such as building public trust and improving companies' social license to operate.

The journey to contract disclosure in Ghana has been possible due to combined efforts by governments, companies and civil society. Ghana's EITI multi-stakeholder group has used the EITI platform to place this issue on the government's agenda. Responding to increased demands for contract transparency, the Ghanaian government launched an online public register in February 2018, publishing 18 major petroleum contracts.



Ghana's petroleum contracts are publicly disclosed and accessible online:
ghanapetroleumregister.com

GHANA'S OFFSHORE PETROLEUM ACTIVITY



Ghana's petroleum register gives detailed information about the contract areas, operators, permits and licenses, and fiscal terms of offshore petroleum fields.

Doing so has enabled the government to both strengthen its systems and show that government and companies have nothing to hide, thereby promoting a more attractive and competitive investment climate. This practice also enables effective enforcement of rules and regulations and provides a powerful incentive for officials to negotiate strong contracts in Ghana's petroleum sector.

South Deepwater Tano
Operator: AGM Petroleum Ghana Ltd (66% interest in block)
Other contracting parties: Ghana National Petroleum Corporation (10%); GNPC Exploration and Production Company Limited (24%)
Contract area size: 3,482 sq. km
Effective date: 24 January 2014
Exploration period: Seven years
Contracts: ghanapetroleumregister.com/south-deepwater-tano

SOURCE: GHANAPETROLEUMREGISTER.COM

Chad: Innovative solutions for contract disclosure



As a fragile state, Chad lacks the resources to systematically publish contracts and licenses online. Yet commitment from the government, along with the national secretariat's innovative and solution-oriented approach, has paved the way to contract transparency. Following a decree in November 2019, ITIE-Chad collated existing contracts in open data formats, available online.

> itie-tchad.org/mini-cadastre

Apr 2018: Government commits to contract transparency.

2019: World Bank partners with the EITI to provide Chad with financial support.

Nov 2019: Government passes a decree to publish contracts. ITIE-Chad publishes Excel database with links to contracts.



The Jubilee oil field in Ghana.

PHOTO CREDIT: TULLOW OIL PLC

Contract Transparency Network



Since June 2019, representatives from 21 EITI implementing governments participate in the Contract Transparency Network, which is led by the Government of Mexico. This forum enables countries to share experiences, provide expertise and champion the publication of mining, oil and gas contracts.

EITI Standard: Requirement 2.4

Implementing countries are required to disclose any contracts and licenses that are granted, entered into or amended from 1 January 2021.

"Transparency helps build community confidence about the value created from resource development. We support governments publicly disclosing contracts and licenses for extractives activities as per the EITI Standard... many of South32's major contracts for resource development are already publicly available."

BRIAN PURDY, HEAD OF TAX, SOUTH32

Knowing who owns extractives companies

Combatting company anonymity in Myanmar

Disclosing the real owners of extractives companies through beneficial ownership registers raises the bar on transparency. Making this information public can help prevent corruption and illicit financial flows, and increase trust and accountability.

Myanmar is an important natural gas and petroleum producer in Asia and is one of the largest producers and exporters of jade, an industry worth billions of dollars annually. Openness around who owns and controls extractives companies is therefore key for achieving greater transparency of revenue collection in Myanmar.

In December 2019, the Myanmar government and Myanmar EITI launched a beneficial ownership registry, revealing detailed information on the individuals owning shares of 5% or more in over 120 oil, gas and minerals and gems companies, including state-owned enterprises.

These disclosures are particularly significant amid an ongoing debate on whether Myanmar's citizens are getting their fair share of the profits generated from the country's gems and jade industry. The registry includes many of the largest companies operating in the sector, enabling the public to know and scrutinise the ownership structures that govern the industry.



Myanmar's beneficial ownership registry is accessible online: bo.dica.gov.mm



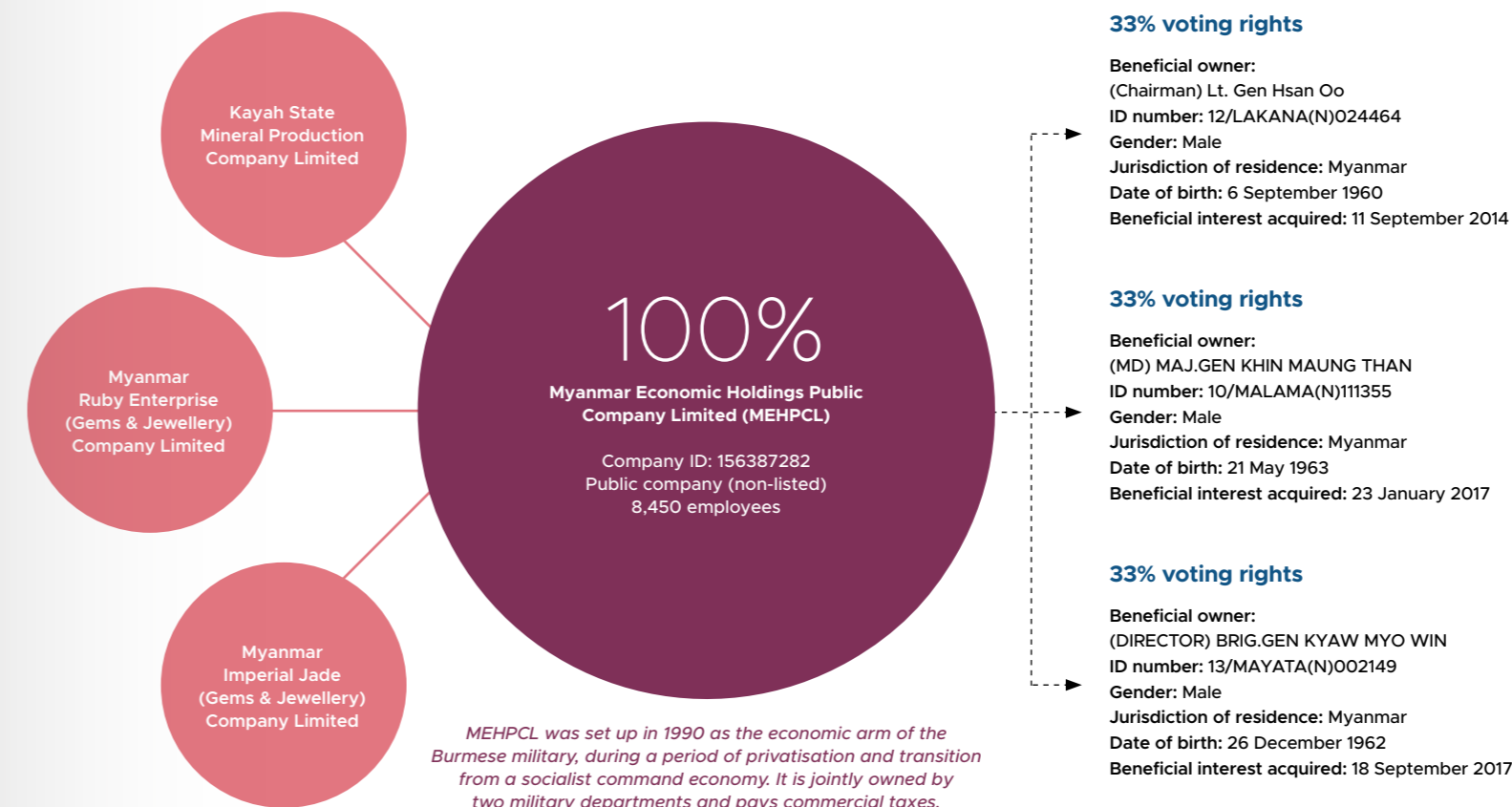
A jade miner illuminates a piece of jade with a torch.

PHOTO CREDIT: MINZAYAR OO

“Nordea Asset Management is committed to being a responsible investor. We believe that ensuring good business practices is an important part of safeguarding the long-term interests of shareholders and society. Beneficial ownership transparency enhances due diligence and improves visibility of the risks associated with certain projects.”

MAGDALENA KETTIS, ACTIVE OWNERSHIP DIRECTOR, NORDEA ASSET MANAGEMENT

MAPPING BENEFICIAL OWNERSHIP INFORMATION IN MYANMAR



SOURCE: BO.DICA.GOV.MM



Kazakhstan: Online beneficial ownership portal

Information on the beneficial owners of Kazakhstan's extractives companies is made available by the Ministry of Industry and Infrastructural Development and is accessible online.

gov.kz/memleket/entities/miid

EITI Standard: Requirement 2.5

As of 1 January 2020, implementing countries have to ensure that all oil, gas and mining companies that apply for (or hold a participating interest in) an exploration or production oil, gas or mining license or contract in their countries publish the names of their real owners.

Allocating licenses transparently and fairly

Strengthening licensing in Zambia's mining sector

Transparency in the way that governments grant companies the rights to exploit natural resources ensures that licenses are allocated efficiently and fairly. This is particularly important at a time when licensing rounds in many countries are under review in response to the economic crisis caused by Covid-19.

Zambia's mining sector contributes about 70% to the country's foreign exchange earnings and 73% to its exports. Over 3,100 companies operate in the industry. The allocation of licenses has a significant direct impact on the performance and economic contribution of the sector, as it determines which companies obtain the rights to develop and operate mines and how they undertake mining exploration and mining.



Representatives from Zambia EITI pose with a new report on the compliance audit of mining licensing procedures, launched by the Zambian government in March 2020.

EITI reporting and Validation identified disclosure gaps in the technical and financial criteria for assessing license applications. There were also deviations between the licensing procedures and actual practice. Zambia's Supreme Audit Institution drew on these findings in its risk assessment, subsequently auditing whether licenses were awarded in line with the mining legislation, and whether licensees then adhered to their obligations. The audit identified a range of opportunities to strengthen the licensing process, including assessment of applications, compliance in quarterly reporting by companies and oversight of export licenses.

The findings generated significant media attention and were presented in Parliament in March 2020. The Ministry of Mines has since cancelled 874 licenses, and is considering reforms to address weaknesses identified in its licensing procedures. Zambia EITI and the Office of the Auditor General are exploring opportunities for collaboration to achieve higher standards of transparency and accountability in the management of Zambia's mineral resources.

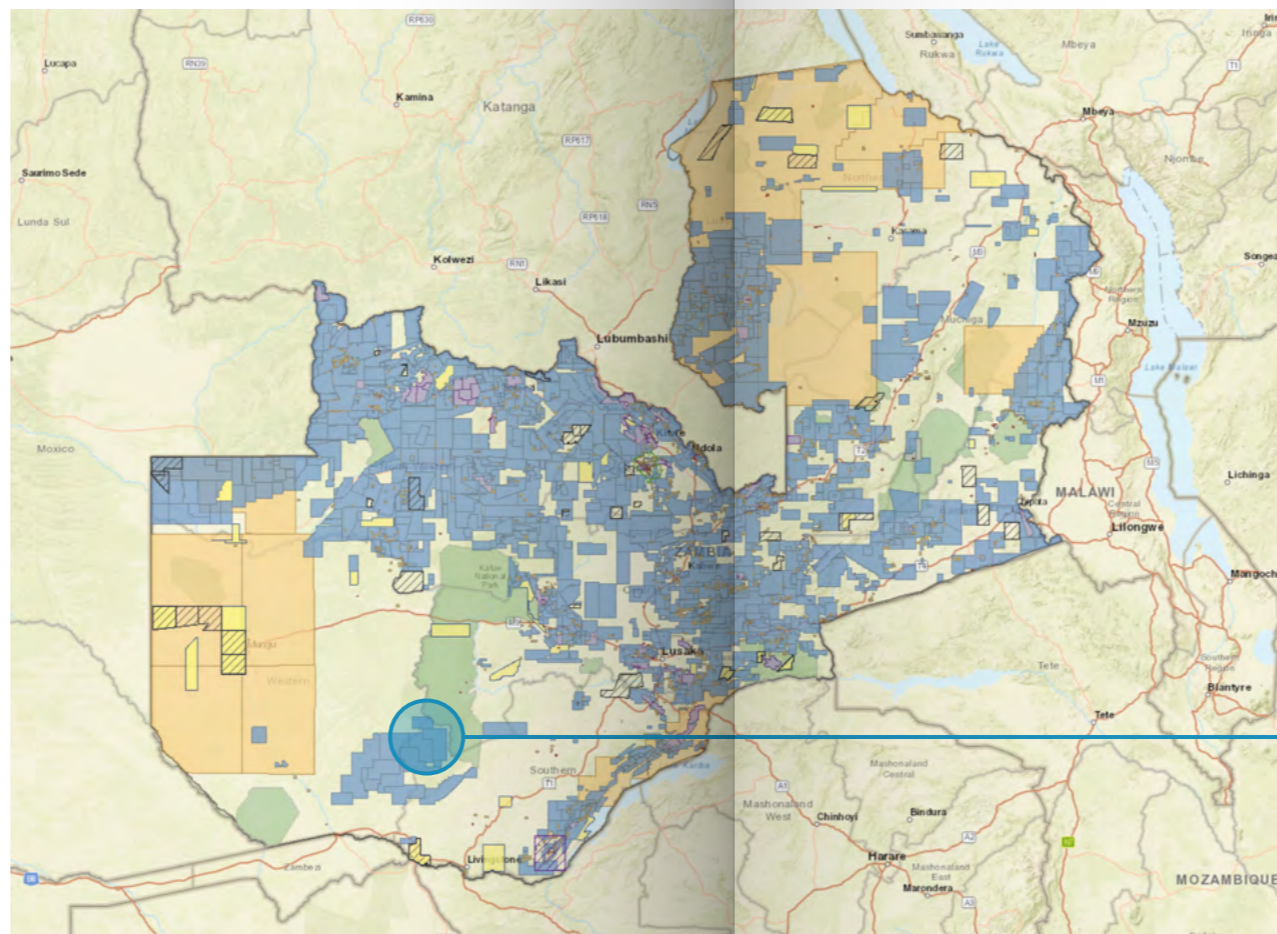


Licenses are publicly accessible on Zambia's Mining Cadastre Portal:
portals.landfolio.com/zambia

3,400+
active mining rights in Zambia

1,500+
mining license applications*

950+
mining rights granted*
* PER YEAR



- Small-scale exploration licenses
- Large-scale exploration licenses
- Large-scale mining licenses
- Small-scale mining licenses
- Artisanal mining rights
- Mineral processing licenses
- Prospecting permits (2008)
- Prospecting licenses (2008)
- Petroleum licenses
- Bidding areas

ARMADA PROJECTS ZAMBIA LIMITED Large-scale exploration license

Commodities: Cobalt, copper, iron ore, lead
Area: 63759.0258 hectares
Application: 12 February 2016
Granted: 16 September 2016
Expires: 15 September 2020

MAINSTREAMING LICENSING IN ZAMBIA'S MINING SECTOR

Zambia's Mining Cadastre Portal gives an overview of the licenses and companies that hold rights over individual blocks throughout the country. The portal provides an electronic platform for all stakeholders in Zambia's mining sector to engage directly with information provided by the Ministry of Mines and Mineral Development.

Suriname: Mainstreaming license allocations



Previously, licensing in Suriname was handled through paper forms. In November 2019, the government launched a portal to mainstream the process, and applications are now submitted digitally. The portal is publicly accessible, and progress can be tracked live.

> minnh.net/gmdonline

Mozambique: A one-stop shop on licensing



EITI reporting and Validation in Mozambique identified that mining licensing procedures were vulnerable to corruption, mainly due to unclear criteria. Weak systems and capacity gaps also hindered the government's ability to exercise oversight of license holders. In 2019, the government launched an online resource that helps address some of these gaps, with information on existing and prospective licenses, contracts, licensing procedures and more.

> inami.gov.mz

"The EITI process has helped bring to light opportunities to strengthen the licensing process in Zambia's mining sector. It has supported the Ministry of Mines in identifying steps to make the license awarding process more transparent and address gaps identified by the Office of the Auditor General."

MR BARNABY MULENGA,
PERMANENT SECRETARY
MINISTRY OF MINES,
GOVERNMENT OF ZAMBIA

Transparency from the ground to the market

Understanding the scale of Iraq's petroleum sector

In times of fluctuating commodity prices such as we are currently witnessing, production and export data is an integral part of natural resource governance. Production volumes often determine the size of payments to governments, such as through royalties. In some countries, a significant portion of production is exported directly, much of it through commodity trading companies.

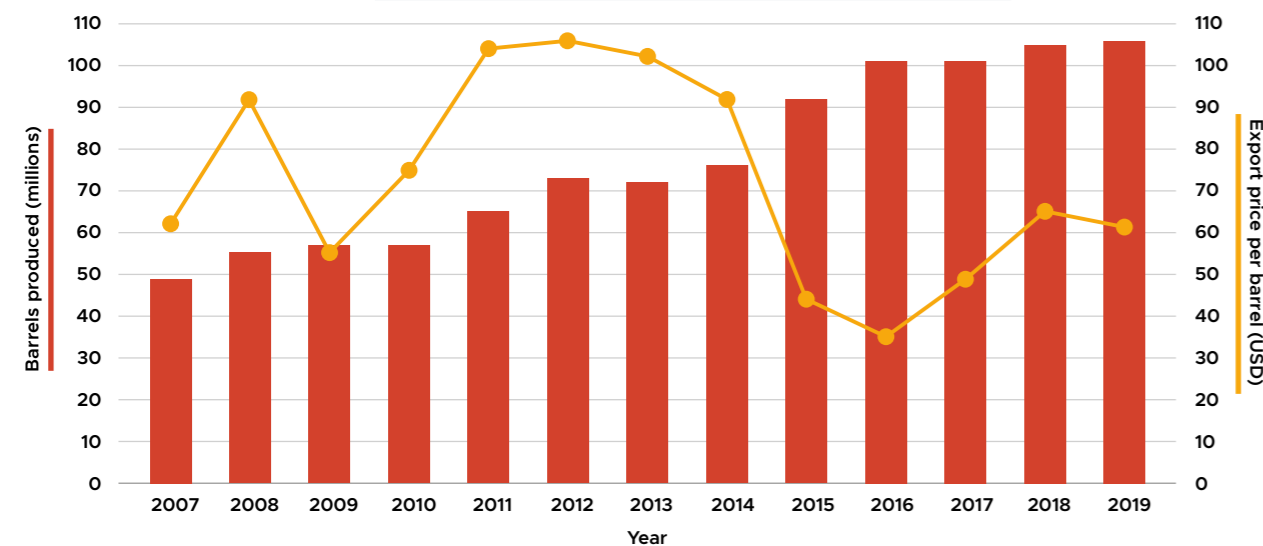
Crude oil is core to Iraq's economy and accounts for 95% of the country's export revenues. The fourth-largest producer in the world, Iraq is also the second-largest OPEC exporter. Understanding the relationship between production and exports is particularly important to monitor activities and compliance with OPEC quotas.

Iraq's State Oil Marketing Organization (SOMO) has published monthly crude oil export data through the EITI on its website since 2018. The data covers exports from its

main ports, Basrah and Ceyhan. Previous oil export data is archived on the Iraq EITI website.

While not yet presented by individual cargo, this export data provides monthly average sales prices that can be analysed by civil society and oil analysts to determine whether Iraq is taking oil prices into account when deciding on export volumes. Iraq EITI plans to use this data to analyse how the government can optimise the value of Iraq's oil sales and improve revenue forecasting, a timely exercise in light of unprecedented oil market fluctuations.

OIL PRODUCTION AND EXPORT PRICES IN IRAQ

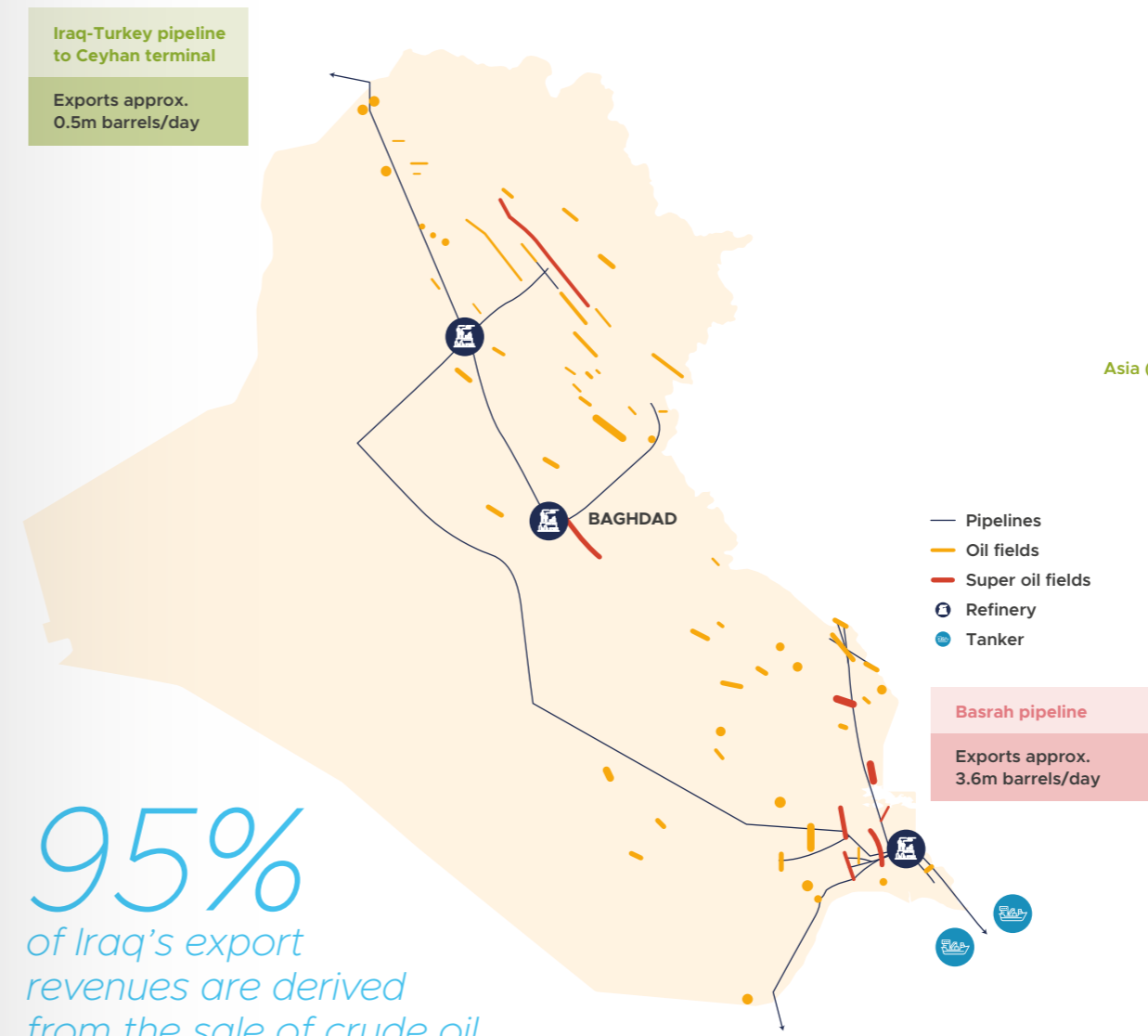


The Iraqi government routinely discloses export data online:

> somoil.gov.iq/exports

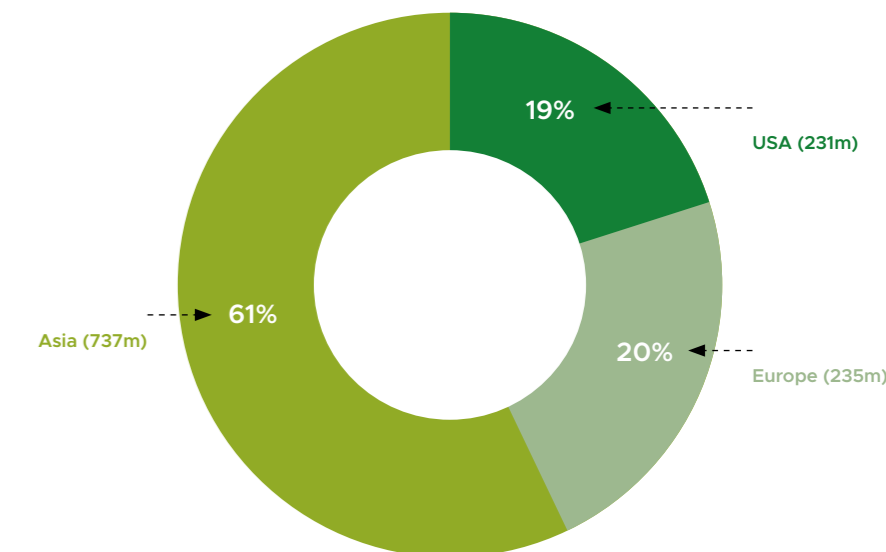
Iraq's oil production has increased significantly from 2009 to 2019. The need for increased revenues has often been cited as a primary reason for this upwards trend. However, fluctuating export prices have meant that Iraq has had to produce more oil for less return. In times of extreme market volatility, such as during the Covid-19 pandemic, production and export data can be a bedrock for smart and responsible policy choices.

OIL PRODUCTION AND EXPORTS IN IRAQ



95% of Iraq's export revenues are derived from the sale of crude oil

EXPORT DESTINATIONS OF IRAQI CRUDE OIL IN 2017 (MILLION BARRELS)



SOURCE: IRAQ 2017 EITI REPORT



Republic of Congo: Granular export data

In its 2016-2017 EITI Report, the Republic of Congo disclosed detailed cargo-by-cargo crude oil export volumes and sales prices.

Reforming extractives revenue collection

Leveraging data to make the case for legislative reform in Nigeria

Natural resource income, in the form of taxes, royalties, production shares and bonuses, makes up a significant portion of revenue in some countries. Making revenue information public can help to inform fiscal policies and strengthen tax administration to support development.

When Nigeria ventured into offshore oil extraction in the 1990s, the government incentivised exploration and production activities by awarding licenses through Production Sharing Contracts (PSCs). These contracts featured low tax and royalty rates. While they represented a small portion of Nigeria's oil industry at the time, they make up a 45% share of total production today.

Nigeria's 1993 law governing these PSCs stipulates that the contracts ought to have been reviewed when oil prices exceeded USD 20 per barrel (which occurred in 2004), as well as 15 years after the law came into force. Yet, these reviews were not enforced.

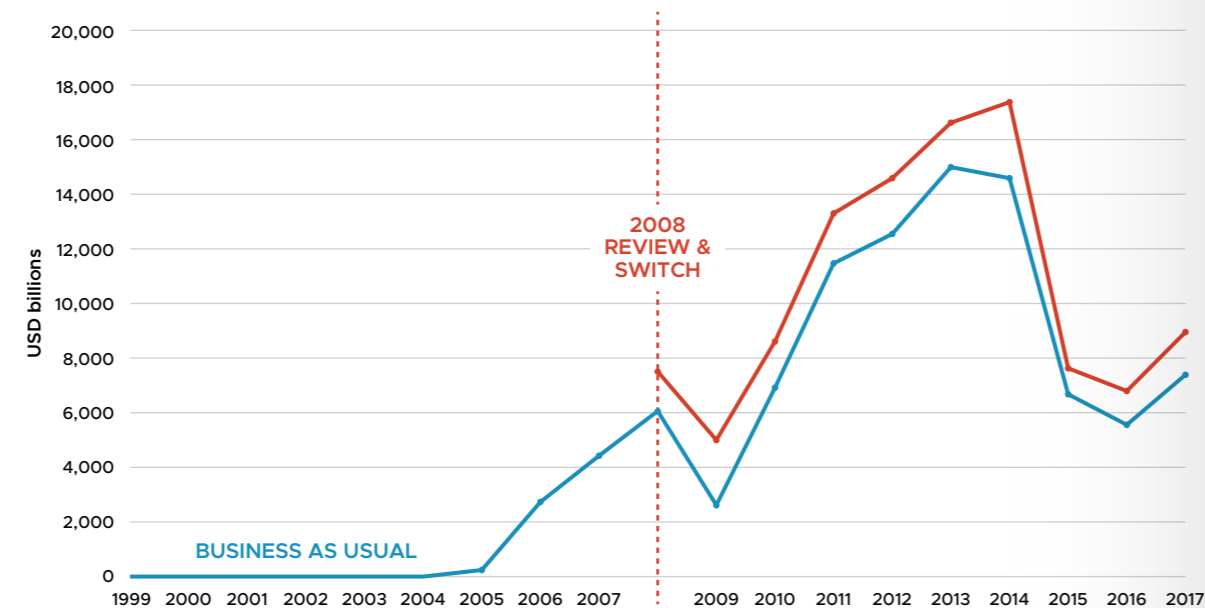
Nigeria EITI undertook financial modelling to estimate the oil revenue loss that resulted from not triggering the 15-year review of the 1993 PSCs. The startling conclusion of the study – that the loss of revenue was

in the order of USD 16 billion to 28 billion – contributed to an amendment of the PSC Act in November 2019, introducing increased royalty rates, periodic reviews and stringent penalties for non-compliance.

By significantly increasing the government's share of oil revenues, this reform can contribute to maximising Nigeria's revenues in a scenario of lower oil prices.

FINANCIAL MODELLING OF GOVERNMENT REVENUES

2008 SWITCH TO 2005 PSC TERMS



In collaboration with OpenOil and Extractives Hub, Nigeria EITI conducted financial modelling to estimate how much revenue could have been gained between 2008 and 2017 had the government switched the 1993 PSCs to the terms of the 2005 fiscal regime.

SOURCE: NIGERIA EITI AND OPENOIL

IMPROVING THE FISCAL TERMS FOR NIGERIA'S OIL PRODUCTION AGREEMENTS

Year	Event
1990	Nigeria ventures into offshore and deep-water exploration, with the commencement of the licensing rounds in 1991.
1993	PSCs are drawn up as the contractual agreements for oil assets, to attract exploration and production projects.
2004	1993 PSCs should have been reviewed when oil prices exceeded USD 20 per barrel.
2005	New fiscal regime applies to new contracts, with terms more favourable to the government.
2008	1993 PSCs should have been reviewed according to the 15-year rule.
2018	Supreme Court judgement mandates the Attorney General to recover all lost revenue from failure to review the terms of PSCs.
2019	Nigeria EITI launches report estimating that the government lost between USD 16bn and 28bn for failing to trigger a review of the terms of the 1993 PSCs.
2019	Amendment of PSC Act introduces increased royalties.

SOURCE: NEITI POLICY BRIEF, 1993 PSCS: THE STEEP COST OF INACTION

Dominican Republic: Strengthening inter-agency collaboration



In the Dominican Republic, there were a number of challenges prior to the introduction of the EITI, such as dispersed procedures, unclear company classifications and limited inter-agency collaboration. This made it challenging to track extractives revenue collection and to disclose data required by the EITI Standard.

Since February 2018, institutional communications and relations on procedures for auditing and monitoring extractives revenues have strengthened among government agencies. This inter-agency coordination, led by the Ministry of Energy and Mines, has allowed for EITI reporting to become more streamlined, enabling the government to strengthen its systems and more efficiently disclose data that matters to its citizens.

Production Sharing Contracts (PSCs) are a type of agreement for petroleum exploration and development where the state, as owner of the mineral resources, engages a contractor to provide technical and financial services for exploration and development operations.

Zambia: Industry perspective



First Quantum, a large copper producer in Zambia, contributed 44% of the total extractive industries' contribution to Zambian revenue between 2009 and 2017, according to EITI reporting. Its contribution to public finances is monitored by Zambia EITI, providing a high level of confidence and integrity in the company's reporting.

"The EITI's annual reconciliations are a critical part of the assurance that NGOs, civil society actors, commentators, academics and observers receive to see unequivocally, and with total transparency, the level of taxes and royalties paid by First Quantum to government."

JOHN GLADSTON,
GOVERNMENT AFFAIRS MANAGER,
FIRST QUANTUM MINERALS LIMITED

Building accountability in state-owned enterprises

Shining a light on state participation in Afghanistan

Understanding the responsibilities of state-owned enterprises (SOEs) is vital for sound public financial management. In many countries, SOEs play a critical role in exploiting and managing a country's natural resources.

SOEs are dominant players in Afghanistan's extractives sector, accounting for two-thirds of government revenues. Transparency in how these companies are managed is crucial to monitor if the government is receiving what it should.

Over the past year, the government has taken steps to reform state participation in the extractives sector. In January 2020, the Afghan government published

the financial statements of North Coal Enterprise and Afghan Gas Enterprise, which were audited by the Supreme Audit Office for the first time. These steps are a necessary precondition to the plans to transition these state-owned companies to corporate structures with a commercial focus. The government plans to undertake this work in the coming year.

Combined with information on the operations and rules governing SOE financial relations with government, publicly available financial statements are important for strengthening government oversight. The auditor's adverse opinion raises concerns over the quality of the SOEs' management and record-keeping, findings that should support efforts to reform the SOEs to improve their efficiency and maximise revenues to government.

Pioneering commodity trading transparency

Almost half of the USD 2.7 trillion in revenues disclosed through the EITI comes from "first trades", i.e. sales from SOEs or governments to buying companies, called commodity traders. Over the past year, the EITI convened traders, international oil companies, SOEs and civil

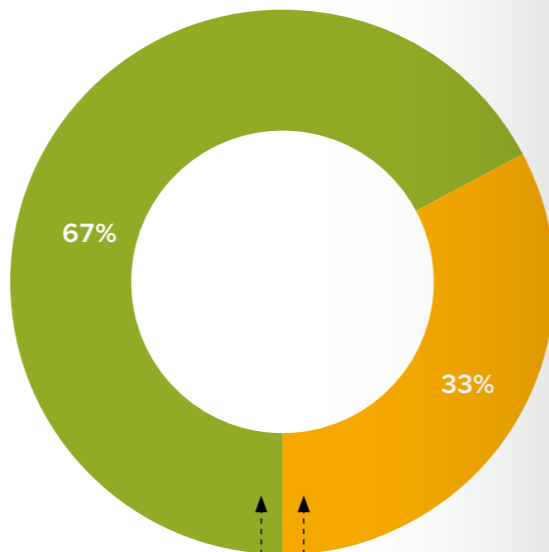


society representatives to produce standard reporting guidelines for buying companies. The guidelines aim to promote more transparent and accountable ways of doing business around the world and will be launched in 2020.



The Afghan government routinely discloses SOE information online: momp.gov.af/soes

GOVERNMENT EXTRACTIVES REVENUE IN AFGHANISTAN IN USD FOR THE 2017 FISCAL YEAR



State-owned enterprises; USD 30m

Private companies; USD 15m



OPENING UP STATE PARTICIPATION IN AFGHANISTAN'S EXTRACTIVES SECTOR

POWERING AFGHANISTAN'S HOMES AND BUSINESSES

North Coal Enterprise and Afghan Gas Enterprise are important not only in terms of their contribution to government revenue, but also for delivering energy to Afghanistan's population.

Afghanistan's citizens and economy depend on coal and gas to power homes and businesses. Transparency in how these resources are produced, managed and distributed is therefore key to ensure that the sector runs efficiently.

Government of Afghanistan



Ministry of Mines and Petroleum

Ministry of Finance



Through the EITI, these companies have audited and published their financial statements for the first time.

North Coal Enterprise



Operates its own mines and buys coal from independent miners. It sells this coal to the domestic market, in tiered pricing.

2017 SALES: Two million metric tons of coal for USD 40m

Afghan Gas Enterprise



Operates gas fields and supplies power producers in northern Afghanistan.

2017 SALES: 155,000 cubic metres of natural gas for USD 6.3m



A Qatar Petroleum liquefied natural gas (LNG) carrier at South Hook terminal, UK.

EITI Standard: Requirement 2.6

Implementing countries are required to describe the rules and practices governing transfers of funds between SOEs and the state, including joint ventures and subsidiaries. SOEs are expected to publish their audited financial statements.

Distributing revenues to local communities

Tracking revenue transfers in Madagascar

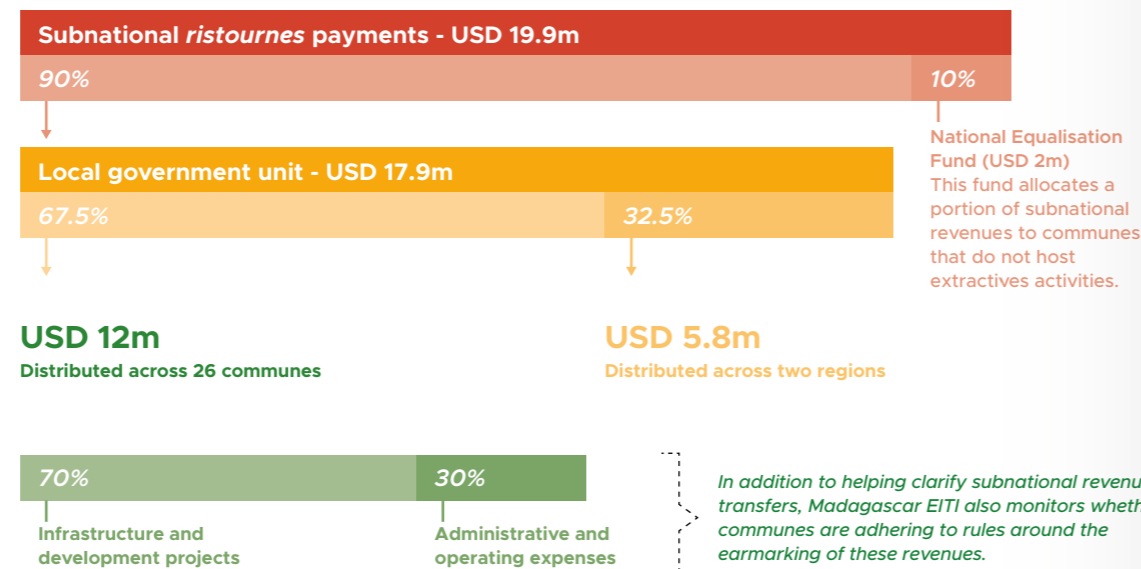
In many countries, local communities receive a share of extractives revenues, to mitigate the impact of hosting extractives activities and contribute to local development. Transparency of these transfers is important to track whether communities are receiving the funds they should.

Ambatovy, a large-scale nickel and cobalt mining enterprise in Madagascar, is one of the most ambitious industrial undertakings in the country's history. When fully operational, it will produce up to 60,000 tons of refined nickel and 5,600 tons of refined cobalt per year, with an expected mine life of almost 30 years. The company contributes nearly two-thirds of the government's extractives revenues. Its operations span two regions and 20 local areas, or communes, which are each entitled to *ristournes*, a share of revenues from the company.

In the absence of regulation, however, it was unclear exactly how much each commune should be receiving, with Ambatovy accumulating over USD 18 million in non-disbursed revenue transfers between 2012 and 2018. Madagascar EITI played a key role in informing mayors and citizens and promoting debate on the necessary regulations, until enabling legislation was passed in 2018.

LOCAL REVENUE DISTRIBUTION OF AMBATOVY

Total disbursements from Ambatovy to subnational governments from 2012 to 2018



Since then, EITI reporting has been closely tracking the disbursement of these revenues to local communities. As a trusted and reliable source of information on this topic,

Madagascar EITI's efforts to improve transparency of these transfers has enabled better public oversight and strengthened Ambatovy's social license to operate.

SOURCE: MADAGASCAR EITI REPORT 2018

MADAGASCAR AMBATOVY MINE AND PLANT SITE



Ambatovy's operations span 20 communes and two regions, which each receive a portion of subnational *ristournes* payments.

"We strive to be as transparent as possible and take an active part in the EITI process in Madagascar, which includes disclosure of our financial and operational information, as required under the EITI Standard."

AMBATOVY 2018 SUSTAINABILITY REPORT



PHOTO CREDIT: SHERRITT INTERNATIONAL

Knowing where the money flows

Mapping oil-backed expenditures in the Republic of Congo

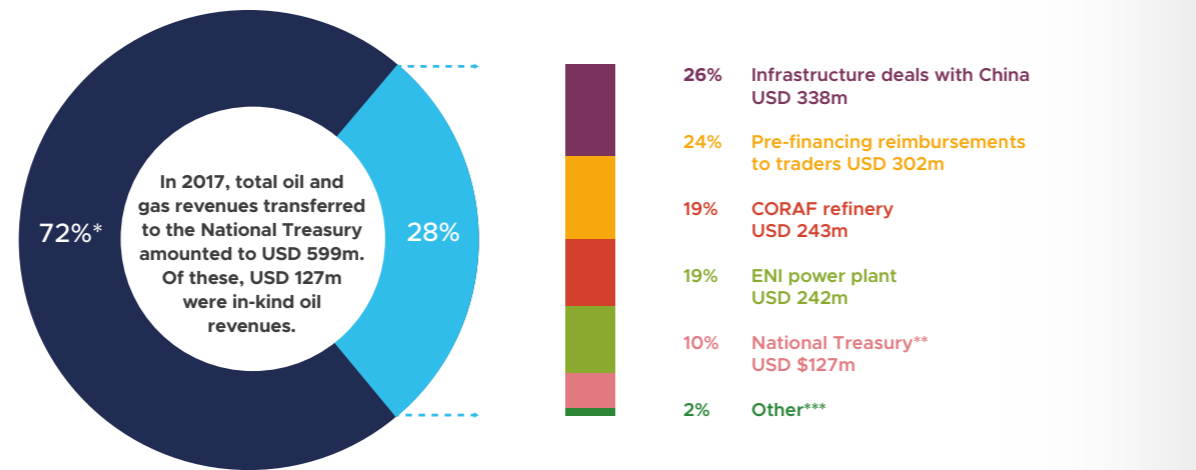
In many countries, extractives revenues are often directed towards social services, public infrastructure, fuel subsidies and national debt servicing. The scale and economic significance of expenditures by national oil companies make them a matter of public interest.

As the third-largest oil producer in Africa, the Republic of Congo's petroleum sector generates 92% of total extractives revenues. USD 1.2 billion of these oil revenues are in the form of crude barrels, mainly marketed and sold by the state-owned company SNPC. Until recently, however, not much was known about the management of these oil revenues, and the "special agreements" that determine how the government's in-kind share of oil is allocated.

EITI reporting in Congo has recently shed light on the proceeds of the sales of the government's in-kind share of oil, revealing that only 10% of these revenues flow to the treasury. Remaining revenues are used for reimbursing infrastructure loans to China, pre-financing agreements with commodity traders and the construction of a power plant.

This data has opened new avenues for civil society and donors to scrutinise the management of Congo's oil revenues and to analyse the valuation of Congolese oil sales, particularly in the context of its oil-backed liabilities and sovereign debt management.

ALLOCATION OF IN-KIND OIL REVENUES IN THE REPUBLIC OF CONGO IN USD FOR THE 2017 FISCAL YEAR



* This figure may be partly attributed to high cost recovery linked to IOC investments in new production facilities.

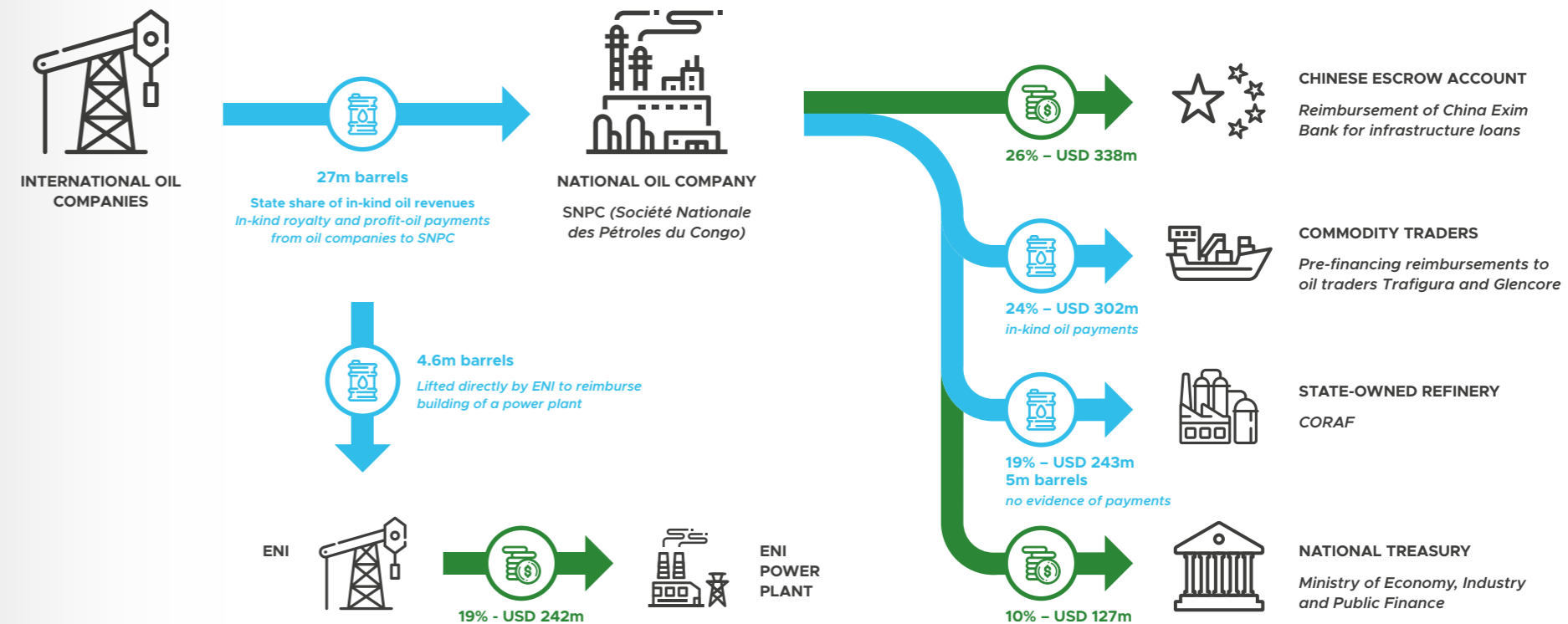
** Sales proceeds remitted to the treasury by SNPC (USD 95m), in addition to the proceeds of the government in-kind share sales by Total (net of the maritime tax) according to their trading agreement.

*** Cost of state participation in Yanga and Sendji oil fields.

"The Government of the Republic of Congo remains committed to the establishment of good governance of its extractive industries. We will continue to make progress in the transparency of our national oil company's oil sales."

FLORENT MICHEL OKOKO, NATIONAL COORDINATOR, ITIE CONGO

MAPPING ALLOCATIONS OF IN-KIND OIL REVENUES IN THE REPUBLIC OF CONGO IN USD FOR THE 2017 FISCAL YEAR



Mauritania: Publishing financial statements

Mauritania's state-owned mining company, Société Nationale Industrielle et Minière (SNIM), plays a big role in the country's quasi-fiscal expenditures. In 2019, SNIM published its financial statements as expected by the EITI Standard, showing that it financed biomedical equipment, fishing boats and a new airport.



PHOTO CREDIT: TOTAL

Responding to a changing environment

Monitoring the environmental impacts of Germany's mining industry

Environmental disclosures, including legal frameworks, taxes and fees and rehabilitation measures, can raise awareness among affected communities, stimulate debate and promote responsible natural resources management.

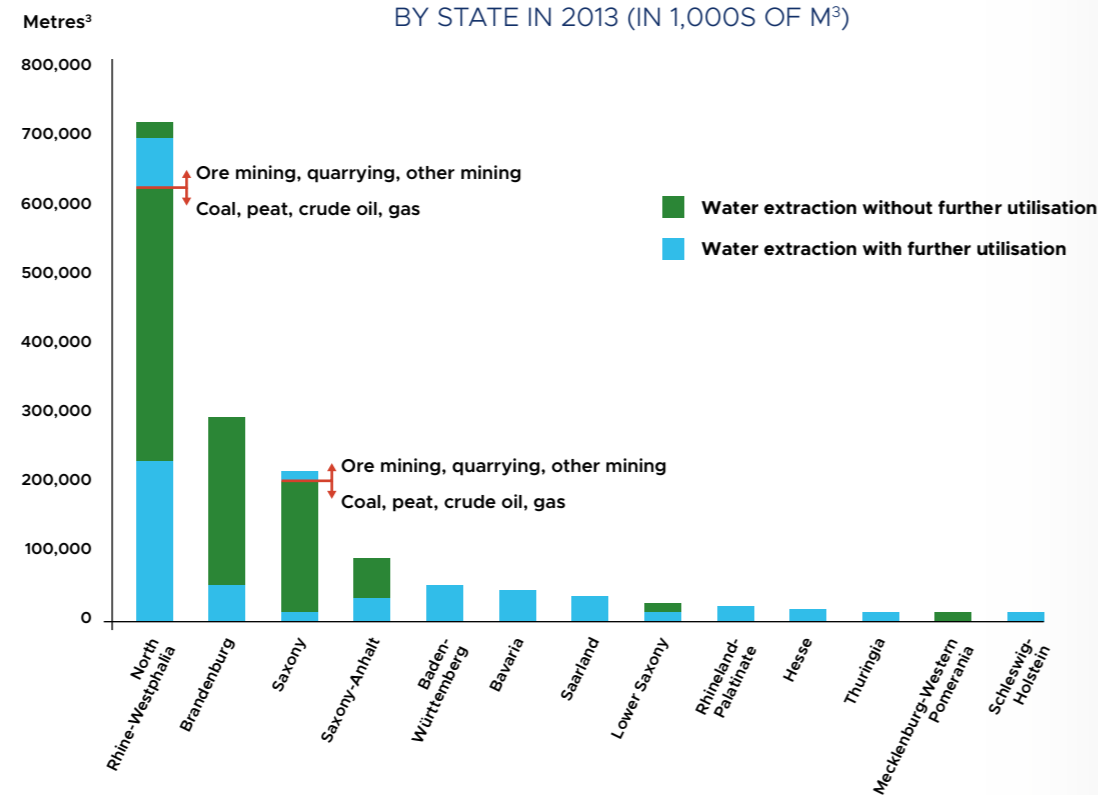
The environmental impact of the mining sector is a challenging issue in some parts of Germany, where compensatory measures are legally regulated. Responding to public interest, Germany has become a leader in the EITI community in environmental disclosures in the extractives industries. Recognising country-led innovations such as those in Germany, the EITI Standard was revised to include provisions on environmental payments, impact and monitoring.

Water extraction is a key feature of many mining projects. Germany's coal mining industry accounted for 5% of total water use by industry and private households in 2013 and can reach up to 30% in individual states. Most federal states levy consumption-related fees for the use of ground and surface water, which can act as incentives for a sustainable water management programme.

Following an initiative by Germany's multi-stakeholder group, an overview of fee levy rates in Germany's natural resources sector is publicly accessible on the government website.

This is the first time that such a comprehensive overview has been published, giving stakeholders greater insights into the management of water resources.

WATER ABSTRACTION IN GERMANY'S NATURAL RESOURCE SECTOR
BY STATE IN 2013 (IN 1,000S OF M³)



Data on Germany's extractives sector is publicly accessible online: rohstofftransparenz.de/en




The Garzweiler surface mine in the German state of North Rhine-Westphalia

PHOTO CREDIT: TOBIAS JUSSSEN

SOURCE: GERMANY 2017 EITI REPORT

Ukraine: Informing debate



Ukraine EITI hosts between 50 and 70 local events per year to communicate the impacts of extraction and revenue allocations that local communities receive. These forums have been a useful platform for citizens, industry and government representatives to debate and resolve environmental issues, as well as other matters pertaining to natural resource management.

Mongolia: Monitoring environmental taxes



The environmental impacts of mining are at the centre of public debate in Mongolia. Extractives companies are required to pay six different types of environmental payments, totalling 3.18% of total extractives revenues. This amounted to around USD 37m in 2018, according to the latest EITI reporting.

Colombia: Tracking environmental payments



With the support of GIZ, EITI Colombia developed a practical guide on the 14 different types of environmental payments that extractives companies must comply with. In 2018, companies paid a total of USD 2.9m in environmental payments and 88,500 hectares were replanted, according to the latest EITI reporting.

“Kosmos believes strong environmental, social and governance (ESG) performance is critical to meet our responsibilities to all stakeholders in a sustainable and transparent way. This applies across the value chain, from reporting payments to governments and publishing all our contracts with host governments, to innovative investments in local communities, to how we are managing climate change risk and our role in the energy transition.”

SOPHIE DURHAM, SENIOR ADVISOR, CLIMATE CHANGE AND PUBLIC POLICY, KOSMOS ENERGY

Enhancing diversity in the extractives sector

Promoting gender-responsive governance in Senegal

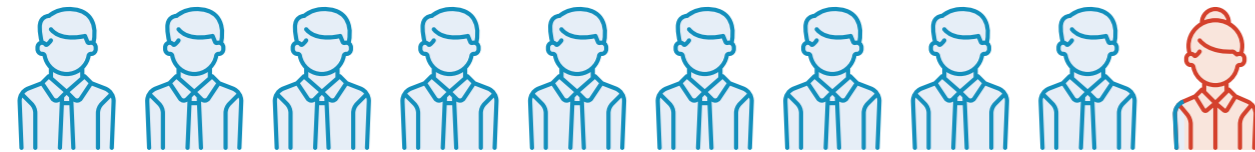
Encouraging women's participation in extractives governance and tracking employment data by gender can help guide policy reforms to promote gender balance in the sector.

Women are more vulnerable to the negative impacts of extractives operations and are less likely to have influence over how they are managed. Their participation in the sector through formal employment and business opportunities is also limited. To better address these gaps, the EITI Standard includes new provisions requiring countries to consider gender balance in their multi-stakeholder groups, as well as report employment figures by gender and role.

Senegal EITI considered gender imbalance in its extractives industry by including disaggregated employment figures in its EITI reporting. The latest data released in 2019 reveals that among 23 reporting companies, women make up only 9% of the workforce.

This data has fed into wider public debates on Senegal's extractives industry. Civil society groups such as Women in Mining (WiM) Senegal have used these disclosures to inform their plans to boost women's participation in the sector. Reforms are being implemented to promote greater inclusion of women in the supply chain and in local extractives sector policies and projects. For example, Article 115 of Senegal's 2016 Mining Code states that "the local development plan must integrate projects for the empowerment of women." Additionally, efforts are being made to introduce gender-sensitive recruitment processes in companies.

GENDER DISTRIBUTION IN SENEGAL'S EXTRACTIVES SECTOR



91% men
6,801 employees

9% women
674 employees

Philippines: Disclosing inclusive data

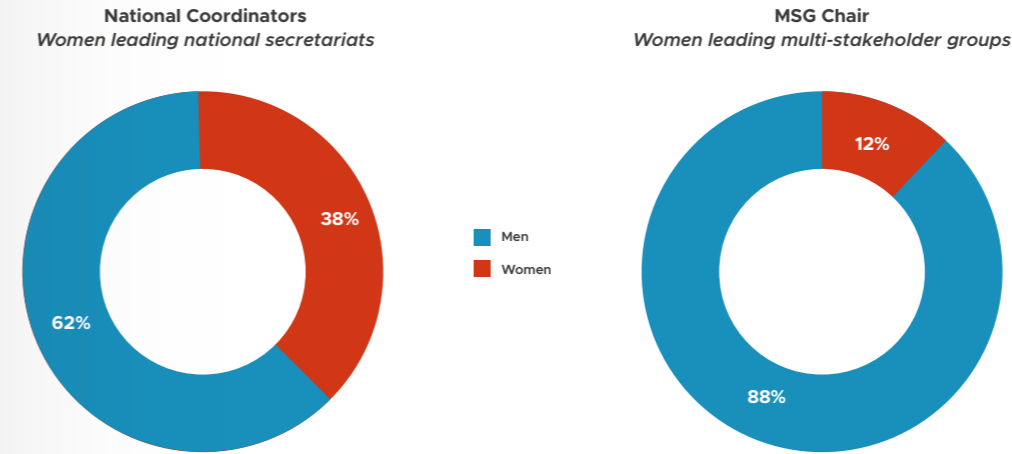
The latest EITI reporting in the Philippines goes beyond disclosing the gender of extractives sector employees to also record indigenous origins. Such reporting is useful for shedding light on key societal issues that affect a person's vulnerability to the negative impacts of extraction or access to its benefits.



"Our data on gender distribution in the extractive industries forms the basis for debate and initiatives to empower more women to participate in the sector and contribute further to Senegal's economy."

AWA MARIE COLL-SECK,
MINISTER OF STATE, SENEGAL AND PRESIDENT,
NATIONAL COMMITTEE OF SENEGAL EITI (CN-ITIE)

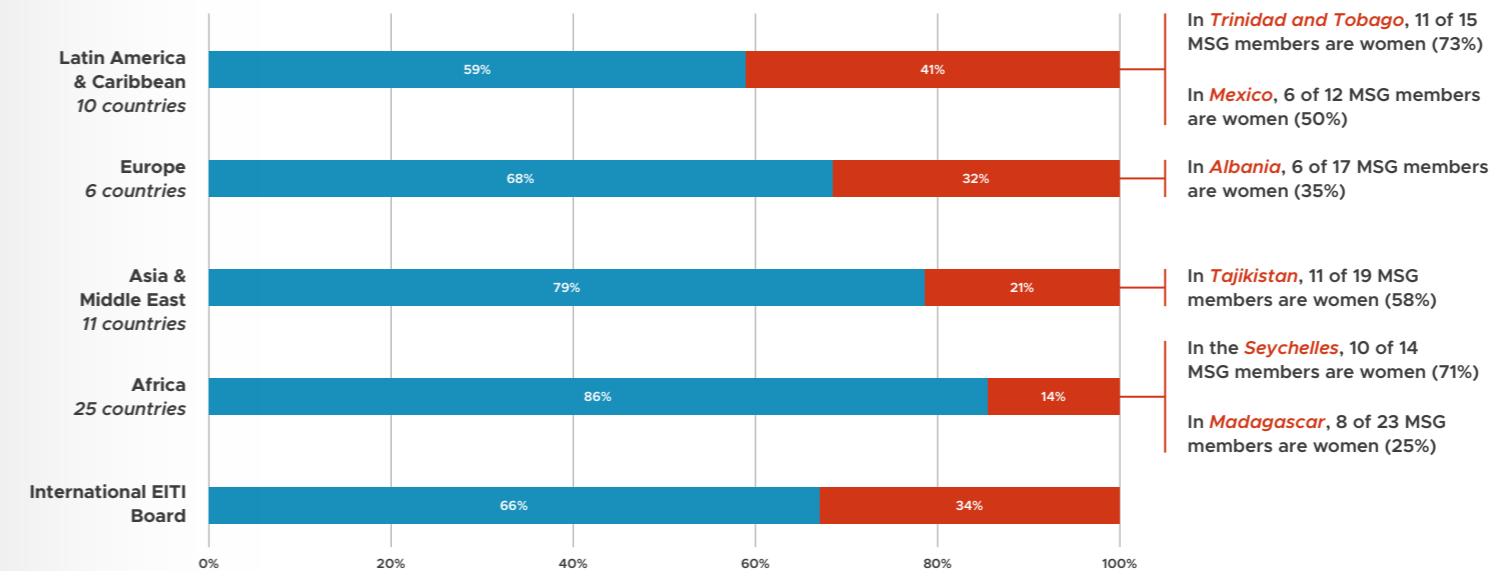
GENDER DISTRIBUTION IN EITI LEADERSHIP ROLES



An employee overlooks the Jubilee oil field in Ghana.

PHOTO CREDIT: TULLOW OIL PLC

AVERAGE GENDER DISTRIBUTION IN EITI MULTI-STAKEHOLDER GROUPS



EITI Standard: Requirement 1.4

Multi-stakeholder groups are required to consider gender balance in their representation.

EITI Standard: Requirement 6.3

Employment figures should be disaggregated by gender and, when available, by company and occupational level.



Strengthening companies' social license to operate

Clarifying social expenditures in the Democratic Republic of Congo

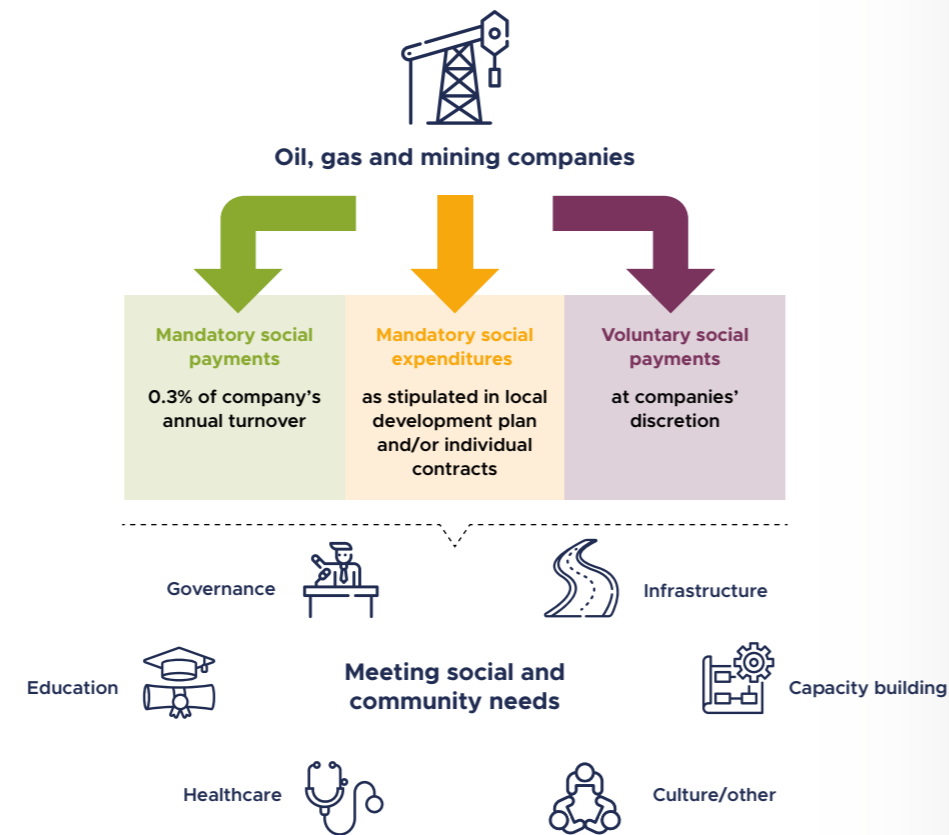
Social expenditures are direct contributions by companies to a region or community. Managing these transparently is important to build trust between local governments, companies and communities, thereby strengthening companies' social license to operate.

Extractives companies in the Democratic Republic of Congo are required to disclose mandatory social expenditures, and many also disclose voluntary social payments. However, the absence of a consensus definition of what constitutes a social expenditure has meant that many companies failed to disclose required information, while others were accused of inflating the value of such payments or not addressing communities' needs.

This prompted dialogue between civil society organisations and companies to agree on a reference point for company reporting, with agreed categories of social expenditures.

The 2018 Mining Code introduced provisions that take these concerns into consideration, including the introduction of agreed local development plans to which companies subscribe. The DRC EITI is closely following these commitments and their implementation. It is also introducing data comprehensiveness and reliability procedures to ensure that companies are adequately disclosing their payments and enabling local civil society actors to verify them.

REFERENCE FOR SOCIAL EXPENDITURES IN THE DEMOCRATIC REPUBLIC OF CONGO CATEGORIES OF SOCIAL EXPENDITURES FOR EXTRACTIVES COMPANIES



An open pit mine in Niger.

A year in brief

Highlights from May 2019 to June 2020



June 2019
EITI Global Conference
gathers 1,000+ stakeholders to take stock of progress and priorities in extractives transparency. Launch of the Contract Transparency Network.
Paris, France



June 2019
EITI Standard 2019
is launched, with revised disclosure requirements on contracts, state participation, environmental payments and gender.
Paris, France

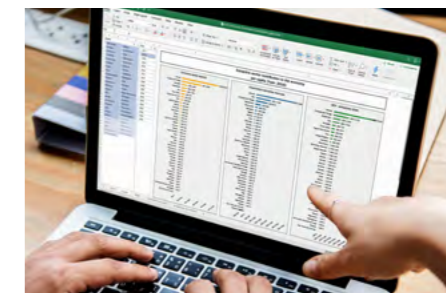
PHOTO CREDIT: KAZ MINERALS



June 2019
Helen Clark
is elected Chair of the EITI Board.



June 2019
Kaz Minerals
becomes a supporting company.



July 2019
Summary Data Template 2.0
comes into effect, with additions on systematic disclosure and standardisation of data.



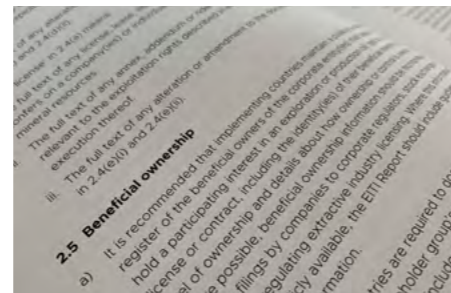
October 2019
45th EITI Board meeting
is held in Addis Ababa, Ethiopia.



October 2019
Qatar Petroleum
becomes a supporting company.



November 2019
Equatorial Guinea
submits candidature application to join the EITI.



January 2020
Beneficial ownership
transparency requirements enter into force.



February 2020
Niger rejoins the EITI
making it the 53rd country implementing the EITI Standard, and the 26th in Africa.
Oslo, Norway

PHOTO CREDIT: ALCOA CORPORATION



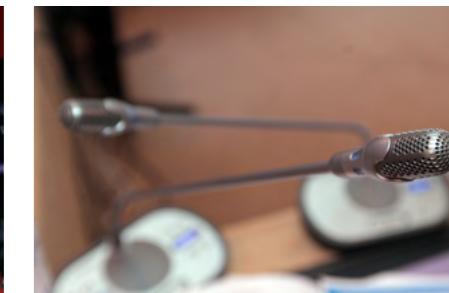
February 2020
46th EITI Board meeting and EITI Oslo Week
gathers 200+ stakeholders to discuss the EITI's role in addressing corruption, energy transition and measuring impact.
Oslo, Norway



April 2020
Alcoa Corporation
becomes a supporting company.



May 2020
Covid-19 crisis
leads the EITI Board to introduce greater flexibility in EITI reporting, enabling countries to focus on disclosing data that is most relevant to stakeholders.



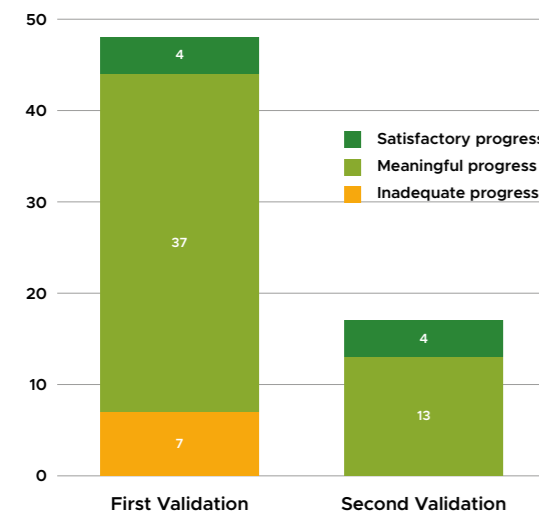
June 2020
47th EITI Board meeting
is held virtually for the first time.

Measuring the EITI's impact

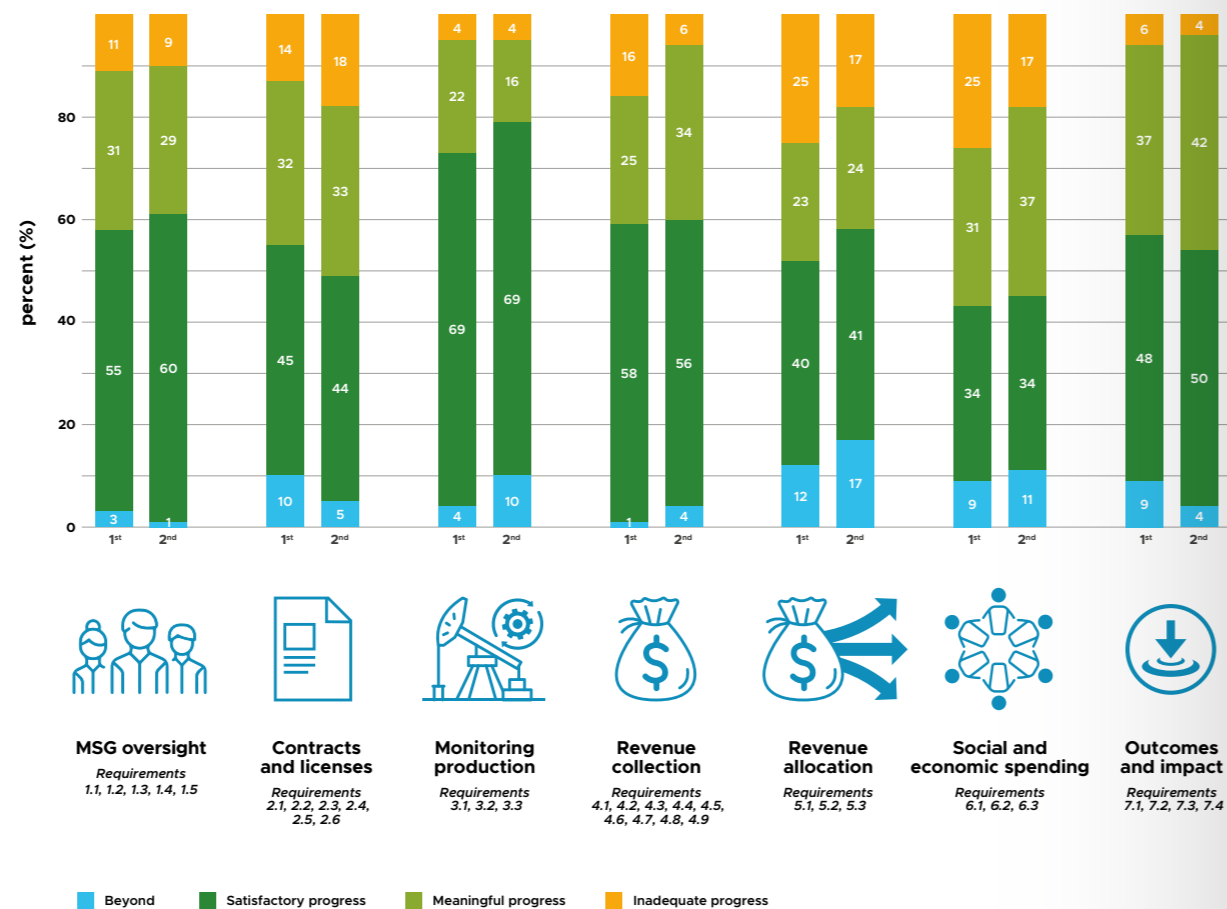
EITI Validation results are a rich source of information about the transparency of the extractives sector in EITI implementing countries.

Following Validation, countries are required to undertake a set of corrective actions to improve transparency in their extractives sectors. Of the 48 countries that have been assessed against the EITI Standard, 17 have undergone a second Validation, which assesses how well corrective actions have been addressed. The results demonstrate the effectiveness of the Validation process in spurring progress across 512 accumulated requirements.

VALIDATION OUTCOMES BY NUMBER OF COUNTRIES



PROGRESS BY REQUIREMENT PER CATEGORY COMPARISON OF PROGRESS OF 31 FIRST VALIDATIONS AND 17 SECOND VALIDATIONS



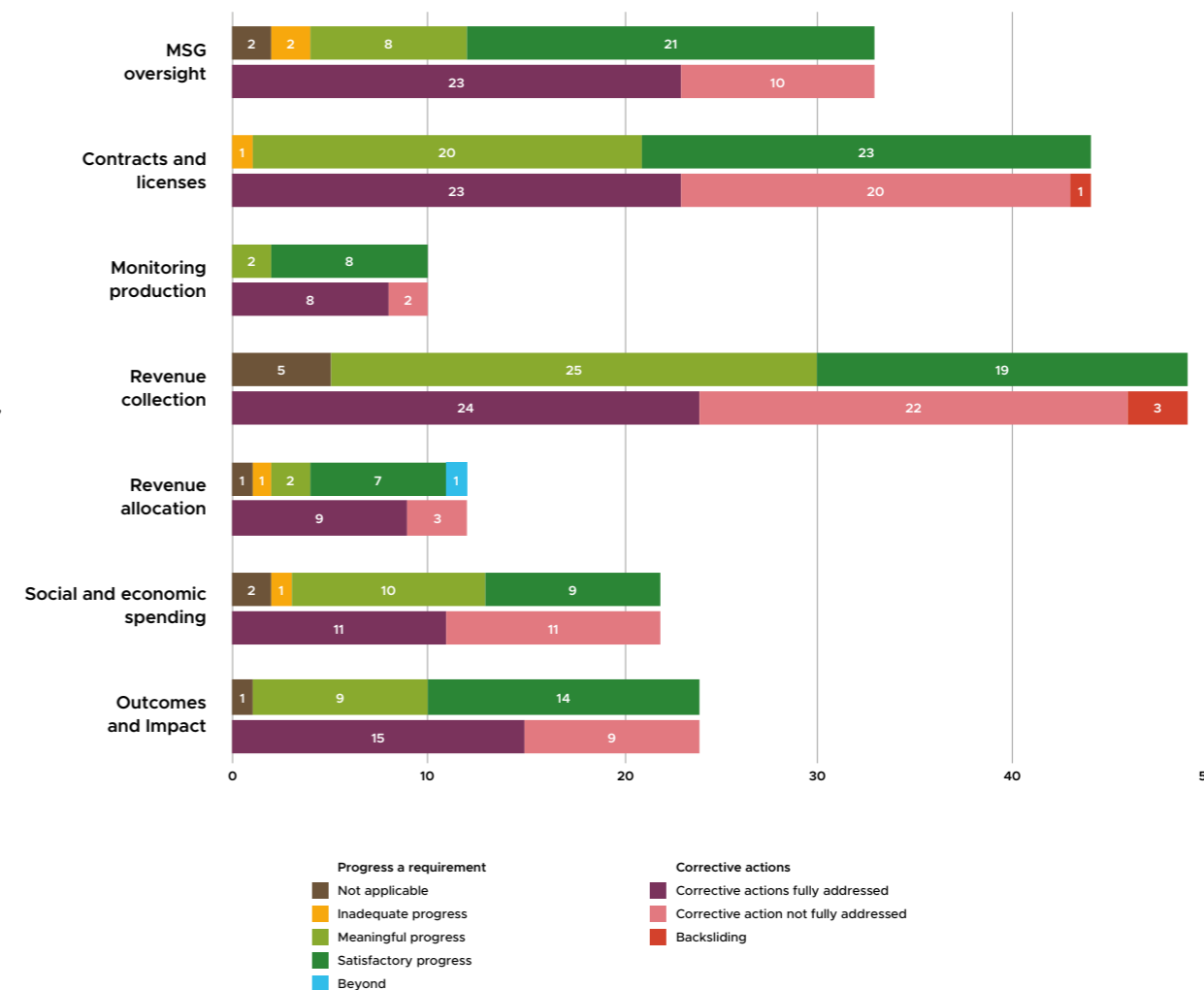
USING EITI VALIDATION AS A DIAGNOSTIC TOOL

Out of the 190 corrective actions that were identified in first Validations, 113 were considered to have been fully addressed in second Validations, demonstrating that countries are refining their disclosure efforts while continuing to do what they do well.

In proportion to the total corrective actions for each category of EITI requirements, the most consistent progress has been on addressing gaps in monitoring production, revenue allocation and multi-stakeholder oversight.

Stronger, results-focused stakeholder oversight provides a good basis for further improving the availability of information and the use of data. This is encouraging as it suggests that implementing countries can reorient their attention from internal processes towards the remaining gaps and deeper challenges of the sector.

VALIDATION: CATALYSING PROGRESS RESULTS OF SECOND VALIDATIONS FOR 17 COUNTRIES, BY TOTAL REQUIREMENTS PER CATEGORY AND TOTAL CORRECTIVE ACTIONS ADDRESSED



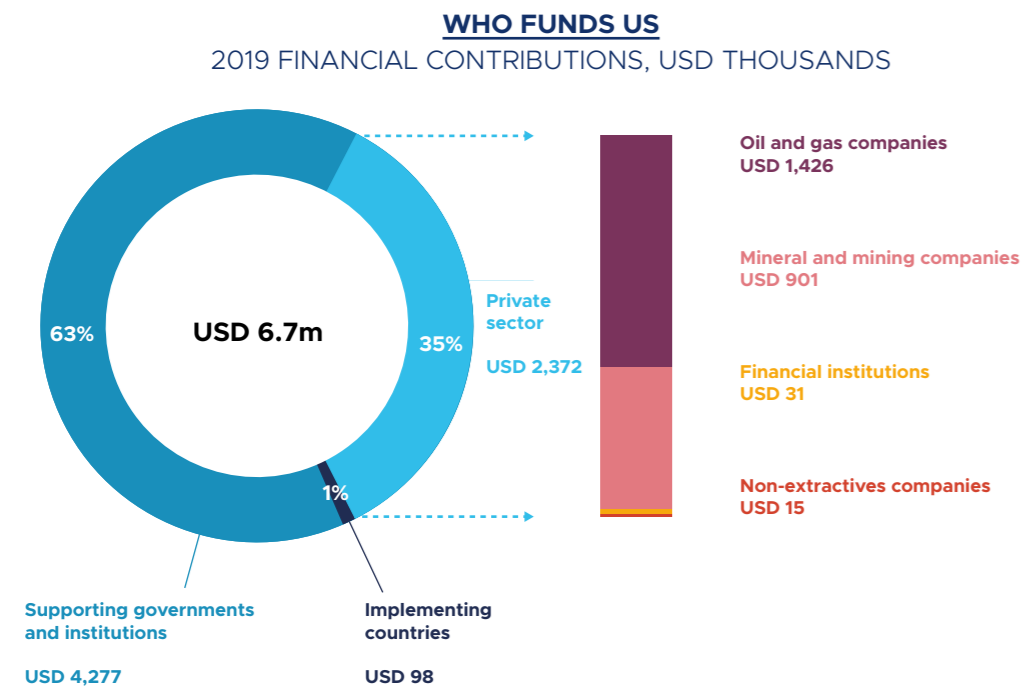
How we are funded

The funding of the EITI International Secretariat reflects its multi-stakeholder support from governments in implementing and supporting countries and companies (either directly or via contributions through the International Council on Mining and Metals (ICMM)). Funding also includes project support for policy innovation and taking initiatives to scale.

To mitigate the impact of the Covid-19 pandemic and the downturn in commodity prices on implementing

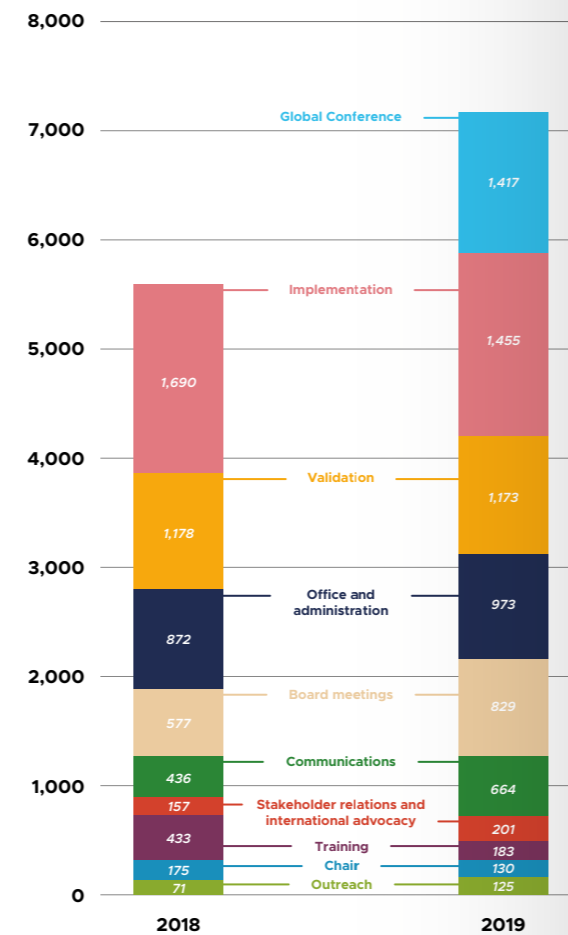
countries, the EITI International Secretariat is seeking to direct funding to sustain EITI implementation in countries that are severely affected. It is also repurposing existing funding to reflect revised priorities in light of the crisis.

Since its inception, the EITI is grateful for the considerable investments of time and feedback from civil society, government representatives, partners and companies. While not reflected in the budget, these contributions are invaluable to the EITI's work around the world.



HOW WE SPEND IT

EXPENDITURES BY FUNCTION, USD THOUSANDS



EITI Board 2019-2022

The EITI Board is the executive body of the EITI Association and is elected by the EITI Members' Meeting.

The EITI Board consists of 40 Board members and alternates from the constituencies of implementing and supporting countries, civil society and supporting companies and financial institutions. It is chaired by the Rt Hon. Helen Clark, who was elected as Chair at the EITI Global Conference in June 2019.

CHAIR

Rt Hon. Helen CLARK

BOARD SECRETARY

Mr Mark ROBINSON, Executive Director, EITI International Secretariat

IMPLEMENTING COUNTRIES

Mr Ruslan BAIMISHEV, Deputy Minister of Industry and Infrastructure Development, Kazakhstan
Alt: Mr Oleksii RIABCHYN, Deputy Minister of Energy and Environmental Protection, Ukraine

Ms Maria Teresa S HABITAN, Assistant Secretary of the Department of Finance, Philippines
Alt: Mr Ego SYAHRIAL, Secretary General of Ministry of Energy and Mineral Resources, Indonesia

Mr Ian Chitumba MWIINGA, National Coordinator, EITI Secretariat, Zambia
Alt: Mr Samuel URKATO, Minister of Mines and Petroleum, Ethiopia

Ms Awa Marie COLL-SECK, Minister of State, Senegal
Alt: Mr Django Mady COULIBALY, EITI National Coordinator, Mali

Ms Agnès Solange ONDIGUI OWONA, EITI National Coordinator, Ministry of Finance, Cameroon
Alt: Ms Marie-Thérèse HOLENN AGNONG, EITI National Coordinator, Democratic Republic of Congo

Ms Carolina ROJAS HAYES, Vice Minister of Mines, Ministry of Mines and Energy, Colombia
Alt: Mr Victor Murillo HUAMÁN, Vice-Minister of Hydrocarbons, Ministry of Energy and Mines, Peru

SUPPORTING COUNTRIES

Ms Sonia Le BRIS, Director General, External Policy and Partnerships Branch, Natural Resources Canada
Alt: Mr Michael TOYRYLA, Director, Office of Policy Analysis and Public Diplomacy, Bureau of Energy Resources, US Department of State, USA

Ms Marte BRISEID, Senior Adviser, Oil for Development Section, Norwegian Agency for Development Cooperation (NORAD), Norway
Alt: Mr Timo VOIPIO, Senior Adviser, Ministry of Foreign Affairs, Finland

Mr Sören DENG, Head of Division, Energy, Infrastructure and Raw Materials, Federal Ministry for Economic Cooperation and Development, Germany
Alt: Mr Jürg VOLLENWEIDER, Program Manager, Federal Department of Economic Affairs, State Secretariat for Economic Affairs SECO, Switzerland



CIVIL SOCIETY ORGANISATIONS

Mr César GAMBOA, Executive Director, Derecho, Ambiente y Recursos naturales, Peru
 Alt: **Mr Óscar PINEDA**, Community Organising Coordinator, Project on Organizing, Development, Education and Research (PODER), Mexico

Mr Brice MACKOSSO, Permanent Secretary of the Justice and Peace Commission, Republic of Congo
 Alt: **Mr Mtwalo MSONI**, National Coordinator, Publish What You Pay (PWYP), Zambia

Ms Cielo MAGNO, Board Member, Bantay Kita; Assistant Professor, School of Economics University of the Philippines Diliman, Philippines
 Alt: **Ms Diana El KAISSY**, Executive Director, The Lebanese Oil and Gas Initiative (LOGI), Lebanon

Mr Oleksiy ORLOVSKY, Program Director, International Renaissance Foundation, Ukraine
 Alt: **Ms Mariya LOBACHEVA**, Executive Director, Echo - Public Association, Kazakhstan

Ms Erica WESTENBERG, Director of Governance Programs, Natural Resource Governance Institute (NRGI)
 Alt: **Mr Simon TAYLOR**, Co-founder & Director, Global Witness

OIL, GAS AND MINING COMPANIES, COMMODITY TRADERS AND INVESTORS

James NICHOLSON, Head of Corporate Responsibility, Trafigura Group
 Alt: **Ms Dyveke ROGAN**, Senior Analyst, Norwegian Bank Investment Management (NBIM)

Mr Stuart BROOKS, Manager, International Relations, Chevron
 Alt: **Mr Matt GOBUSH**, Senior Advisor for Public and Government Affairs, ExxonMobil Corporation

Mr Stephen DOUGLAS, Senior Adviser to the President, Exploration & Production, Total
 Alt: **Mr Erik NÜRNBERG** - Senior Legal Policy Adviser, Equinor

Mr James ENSOR, Executive Director, BHP Billiton Foundation
 Alt: **Mr Carlos ARANDA**, Manager Technical Services, Southern Peru Copper Corporation

Mr Alan McLEAN Executive Vice President Taxation and Corporate Structure, Royal Dutch Shell
 Alt: **Mr Dominic EMERY**, Vice President, Group Strategic Planning, BP

Ms Simone NIVEN, Group Executive Corporate Relations, External Affairs, Rio Tinto
 Alt: **Mr Richard MORGAN**, Head of Government Relations, Anglo American

EITI supporting companies

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 Cairn Energy
 Chevron
 ConocoPhillips
 ENI
 Equinor
 ExxonMobil
 FAR Limited
 Hess
 Inpex
 Kosmos Energy
 Lundin Petroleum
 Noble Energy
 Oil Search
 Qatar Petroleum
 Repsol
 Royal Dutch Shell
 Staatsolie
 Total
 Tullow Oil
 Woodside Petroleum

MINING COMPANIES

African Rainbow Minerals
 Alcoa
 AMG Advanced Metallurgical
 Anglo American
 AngloGold Ashanti
 Antofagasta Minerals
 ArcelorMittal
 Orano Mining
 Barrick Gold
 Base Titanium
 BHP
 Centerra Gold
 Codelco
 Dundee Precious Metals
 Eramet
 Freeport-McMoran
 Gold Fields
 Hudbay Minerals
 Hydro
 JX Nippon Mining & Metals
 Kaz Minerals

Kinross Gold
 Minera San Cristobal
 Mitsubishi Materials
 MMG
 Newcrest Mining
 Newmont
 Polyus
 Rio Tinto
 Sherritt International
 Sibanye-Stillwater
 South32
 Southern Copper
 St Barbara
 Sumitomo Metal Mining
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The EITI International Secretariat is grateful for contributions from its supporters and donors:



Edited by Leila Pilliard

Designed by Parker Design.

The EITI International Secretariat is grateful for the collaboration of EITI national secretariats in the production of this report.

All information herein is from the EITI unless otherwise indicated and is current as of 30 April 2020.



The EITI promotes transparency and accountability in the extractives sector by publishing information that matters to citizens. Through participation in the EITI, government, industry and civil society stakeholders in over 50 countries agree to a common set of rules – the EITI Standard.

> eiti.org