



Progress Report



Extractive
Industries
Transparency
Initiative

2022



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A YEAR IN REVIEW

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This report covers progress in EITI implementation from 1 May 2021 to 30 April 2022.

Message from the EITI Chair



“Countries are using data and dialogue to address corruption risks, understand the impact of COVID-19 on their extractive sectors and economies better, improve accountability mechanisms, refine revenue forecasts and plan for the transition to net zero.”

Reflecting on the past year, it is hard not to dwell on the conflicts that erupted in EITI implementing countries, including in Afghanistan and Myanmar and latterly in the war in Ukraine. The pattern of military coups d'état in West Africa is also striking. Between May 2021 and January 2022, such regime changes took place in Burkina Faso, Guinea and Mali – all EITI implementing countries.

These events highlight how closely the resource sector is tied to the geopolitical landscape. They also remind us of the important role that transparency can play in helping to stem revenue flows that can fuel conflict and corruption, by bringing them into public view.

Despite political turbulence, the COVID-19 pandemic and ongoing global economic challenges, the EITI has been able to maintain, and in many cases deepen, implementation of the EITI Standard. It is inspiring to see how implementing countries have used the EITI to improve governance and oversight of the extractive sector. Countries are using data and dialogue to address corruption risks, understand the impact of COVID-19 on their extractive sectors and economies better, improve accountability mechanisms, refine revenue forecasts and plan for the transition to net zero.

While this progress is reason for optimism, it is always concerning to see civil society freedoms being curtailed. Civil society groups and media play a key role in exposing corruption and holding companies and governments to account. It is vital that they maintain the funding and independence to continue their work. Open government initiatives and multi-stakeholder dialogue cannot make a viable contribution to sustainable development without adequate safeguards for civil society.

Looking ahead, we can expect to see turbulent conditions continue. A surge in demand for critical minerals could heighten corruption risks and push mining into environmentally and socially sensitive areas. Volatile oil and gas revenues, as well as concerns around energy access and security, have brought the sector to the attention of decision-makers in both oil and gas producing and consuming countries. These shifts underscore the need for transparency and accountability and reinforce the relevance of the EITI.

I would like to thank all stakeholders of the EITI community for their continued support and efforts in sustaining extractives transparency. I look forward to building on this momentum in the coming year. I am also eager to see the EITI community come together again at our Global Conference, where we will collectively set our strategic direction as the EITI enters its third decade.

Helen Clark
EITI Board Chair

Message from the EITI Executive Director



“The transition to net zero presents new opportunities and risks for oil-dependent nations and mineral producers, and the EITI is uniquely positioned to inform policy and decision-making on natural resource management.”

As we assess our progress over the past year, it is evident that open government, data and multi-stakeholder dialogue are more relevant than ever to help us navigate these uncertain times and global political events.

While we are witnessing a rise in authoritarian trends in a number of resource-rich countries, it is heartening to see that the EITI's mission and multi-stakeholder platform continue to gain traction around the world. This year, the EITI community welcomed back Gabon and the Central African Republic, and the EITI Board is reviewing an application from Angola at its meeting in June.

We are also seeing sustained support from governments, companies and civil society groups who continue to engage in the EITI process to seek common solutions and build trust. For the first time, more than 60 companies were assessed on their adherence to the Expectations for EITI supporting companies, which were subsequently revised to strengthen corporate accountability and inspire best practice. Several companies have also adopted our reporting guidelines to increase transparency in commodity trades and resource-backed loans, which is vital in the current energy crisis to address growing concerns over energy security.

As the global context for the extractive industries evolves, so too does the EITI. The transition to net zero presents new opportunities and risks for oil-dependent nations and mineral producers, and the EITI is uniquely positioned to inform policy and decision-making on natural resource management. In collaboration with partners such as the Natural Resource Governance Institute and the OECD, we are engaging a growing number of countries on using EITI data and dialogue to support sustainable and just transition pathways. Several countries – including Albania, Germany and Ghana – are already using the EITI platform to shed light on their renewables and critical minerals sectors.

The energy transition comes with corruption risks and therefore gives renewed impetus to shed light around the awards, terms and ultimate beneficiaries of all transactions, and to make this information accessible to all. This year, we have seen positive developments in a host of countries that are entrenching transparency in their licensing and contracting processes. Many are also establishing beneficial ownership registers with support from our Opening Extractives programme, jointly delivered with Open Ownership.

While the EITI International Secretariat is gradually returning to in-person engagements, we will maintain our virtual and agile approach as we seek to achieve our strategic priorities and support implementation. We are also planning for our Global Conference in 2023 and hope to see many of you again on this occasion. It is only by working together that the EITI will fulfil its mandate of ensuring that natural resources are managed for the benefit of citizens.

Mark Robinson
EITI Executive Director

A year in brief

REVISED EITI VALIDATION MODEL

A new approach to assessing progress against the EITI Standard is introduced, placing emphasis on evaluating the effectiveness and sustainability of EITI implementation.

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PHOTO: TRENT INNESS / SHUTTERSTOCK

AFGHANISTAN

is taken over by the Taliban, resulting in suspension from the EITI.

> PAGE 30



GABON

rejoins the EITI.



CENTRAL AFRICAN REPUBLIC

reintegrates into the EITI. The country was suspended in 2013 due to political instability.

APRIL

AUGUST

OCTOBER

2021

MAY

SEPTEMBER

NOVEMBER



EITI AND GENDER

A global peer-learning workshop gathers 200 stakeholders to advance gender inclusion in EITI implementation.

> PAGE 26

ANTI-CORRUPTION IN FRANCOPHONE AFRICA

A regional debate gathers 100 participants to discuss the role of the EITI in preventing corruption.

> PAGE 19

BENEFICIAL OWNERSHIP TRANSPARENCY FORUM

The Opening Extractives programme is officially launched, aiming to transform the availability and use of beneficial ownership data. Separately, five companies announce a series of commitments on beneficial ownership transparency.

> PAGE 20

ASSESSMENT OF EITI SUPPORTING COMPANIES

Companies are assessed on their adherence to the Expectations for EITI supporting companies and results are published online.

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PHOTO: RAFAPRESS / SHUTTERSTOCK

UN CLIMATE CHANGE CONFERENCE

The EITI convenes stakeholders during COP26 to discuss how EITI implementation can support energy transition planning.

> PAGE 15



EITI ENERGY DIALOGUE

African ministers convene at Africa Oil Week to discuss key issues and recommendations for tackling the energy transition in Africa.

> PAGE 18

ENERGY TRANSITION IN SOUTHEAST ASIA

A regional workshop gathers around 100 stakeholders in Southeast Asia to discuss how EITI reporting is and can be used to inform energy transition planning.

INDEPENDENT EVALUATION

An evaluation of the EITI is launched, seeking to assess its effectiveness, impact, relevance and sustainability.

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EXPECTATIONS FOR EITI SUPPORTING COMPANIES

are revised to promote greater transparency and accountability in the extractive sector in line with the EITI Standard.

[> PAGE 12](#)



UKRAINE

is invaded by Russia, slowing EITI implementation.

[> PAGE 30](#)

NEW APPROACHES TO EITI REPORTING

A preliminary analysis offers lessons from alternative approaches to EITI reporting in 16 countries.

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BENEFICIAL OWNERSHIP IN ASIA

A regional peer-learning workshop, co-hosted with the Asia Development Bank, gathers more than 200 stakeholders to exchange good practices on beneficial ownership disclosure.

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DECEMBER

FEBRUARY

2022

NOVEMBER

STATE-OWNED ENTERPRISES IN ASIA

A regional peer-learning workshop gathers more than 50 stakeholders to discuss emerging issues and norms on the management of state-owned extractive companies.

ENVIRONMENTAL TRANSPARENCY IN LATIN AMERICA AND THE CARIBBEAN

A regional debate gathers more than 100 participants to discuss the role of environmental reporting in supporting inclusive and sustainable development.

SOE NETWORK LEADERSHIP SUMMIT

Representatives from 24 state-owned enterprises (SOEs) gather for the EITI's annual SOE Leadership Summit under the theme "The Future of Energy".

[> PAGE 13](#)

MARCH

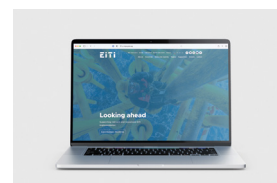
REVISION OF THE EITI STANDARD

An open, global consultation is launched to refine the EITI Standard.

FORD FOUNDATION

enhances its support for the EITI with a project on engaging communities in a just transition.

17
countries have
undertaken a flexible or
alternative approach to
EITI reporting



EITI.ORG

The EITI launches a new website, providing a more user-friendly and comprehensive digital experience for EITI stakeholders.

A YEAR IN REVIEW



Oil and gas platform.

A large offshore oil rig is visible on the left side of the page, extending into the ocean. The rig has yellow railings and structures. The sky is a mix of blue and orange, suggesting sunset or sunrise. The ocean is dark blue with some whitecaps.

Innovations in extractives transparency

Pioneering new approaches to EITI reporting

The outbreak of COVID-19 has changed the context for EITI implementation across the globe. Traditional reporting and data collection practices have been hindered by budgetary constraints and health restrictions. Multi-stakeholder groups that relied on in-person meetings for decision-making and trust-building have fewer touchpoints and have had to use virtual platforms to replace critical face-to-face meetings.

At the same time, price volatility and economic downturns have heightened the need to closely monitor public revenues and the impact on domestic resource mobilisation, especially for countries that depend on income from the extractive sector. Subsequently, almost a third of implementing countries have deviated from the standard procedures of EITI reporting by undertaking a more flexible, responsive and agile approach. This has created an opportunity for countries to re-engineer their reporting processes, reduce costs and disclose data at source through government and company systems.

It has also allowed countries to focus on more urgent information needs. Since flexible reporting was introduced, three-quarters of countries included information on the impact of COVID-19 on their extractive industries, and more than two-thirds have presented forward-looking analysis of their extractive sectors, with projections for future production, exports and government revenues.

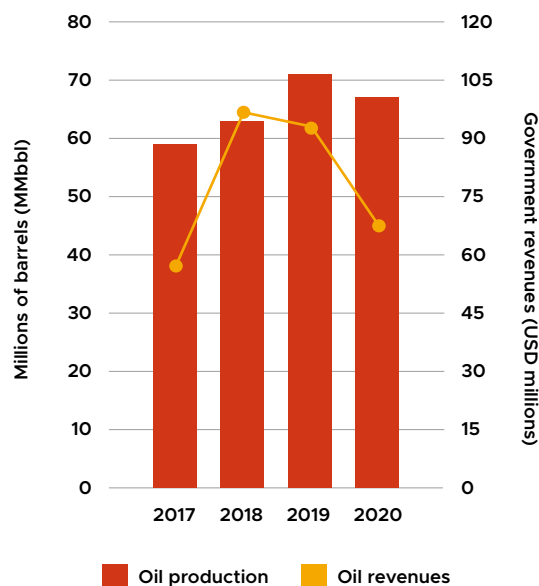
Ghana

As part of its latest EITI reporting, Ghana published a dedicated thematic report on the impact of COVID-19 on its extractive sector. The report revealed that a 6% decline in oil production, combined with a downturn in oil prices, resulted in a 29% year-on-year decrease in government revenue – equivalent to USD 271 million – in 2020.

According to the report, the pandemic also triggered emergency parliamentary approval to lower the cap for withdrawing excess revenues from the Ghana Stabilisation Fund (GSF), which was established in 2011 to provide support in times of economic shortfalls. While the fund lost about USD 1.9 million in potential revenue due to contractions in the economy, the threshold for withdrawing excess funds was lowered from USD 300 million to USD 100 million to allocate about USD 219 million to the government's Coronavirus Alleviation Programme.

These disclosures enable public scrutiny on how public revenues are managed, especially as the COVID-19 pandemic exacerbates the risk of debt distress; in 2021, Ghana's public debt against its GDP hit an all-time high of 78%, up from 54% in 2017. By taking an innovative approach to EITI reporting, Ghana EITI has been able to provide the timely data that is needed to understand the economic impact of COVID-19 and inform planning in view of reduced returns from the extractive sector.

OIL PRODUCTION AND REVENUES IN GHANA BY VOLUME AND REVENUES (USD MILLIONS)



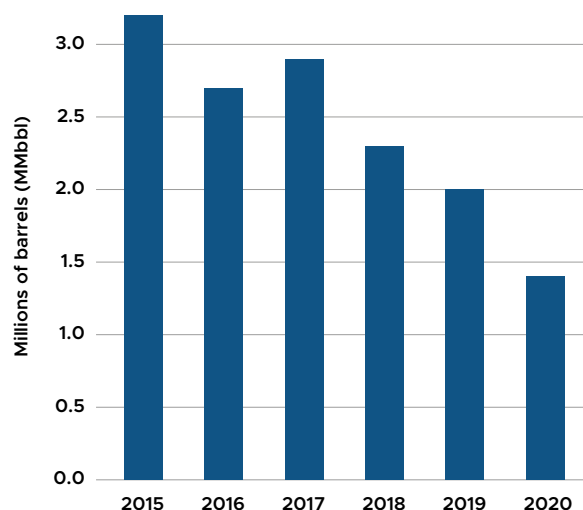
SOURCE: GHANA EITI (2021), EFFECTS OF COVID-19 ON PETROLEUM AND MINING SECTORS IN GHANA.

Guatemala

According to Guatemala's latest EITI reporting, oil production shrunk by 20% during the pandemic compared to the previous year. While Guatemala does not rely heavily on the extractive sector for government revenue, the pandemic has accelerated a downward trend in fossil fuel production, contributing to a reduction in private consumption, foreign investments, exports, sector employment and domestic production of goods and services.

The flexible approach to EITI reporting allowed for more timely data to be disclosed by participating companies and government agencies. It also provides an overview of challenges that the pandemic has brought to the sector, such as stagnations in operations and broader social unrest. Furthermore, the report highlights issues around indigenous communities – which make up 44% of the total population – such as consultation processes related to extractive operations on their territories.

OIL EXPORTS IN GUATEMALA BY VOLUME



SOURCE: EITI GUATEMALA (2021), INFORME FLEXIBLE DE LA INDUSTRIA EXTRACTIVA 2018-2019-2020.

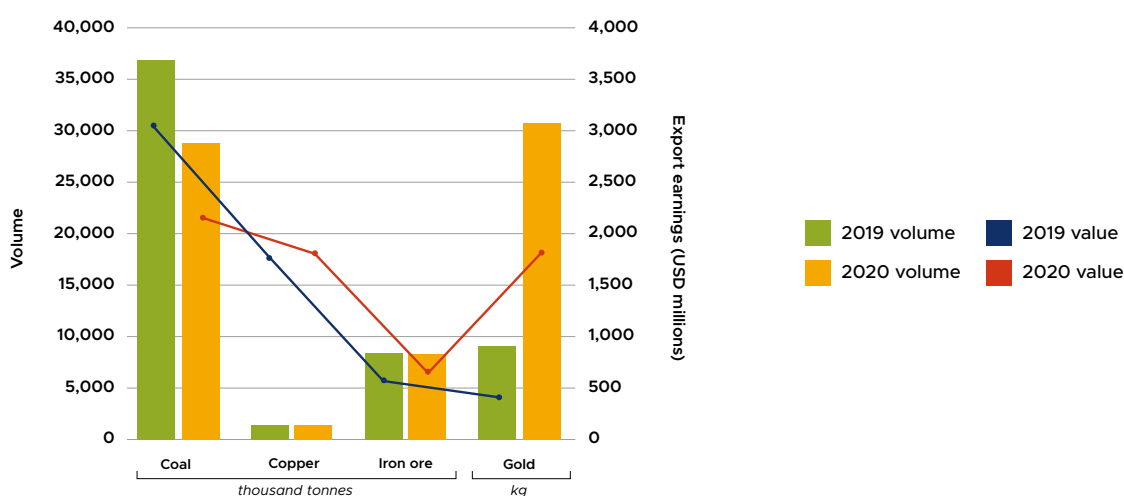
Mongolia

Mongolia's latest EITI reporting highlights how the COVID-19 pandemic and price volatility has affected the country's mineral exports. The country relies heavily on demand from China for mining revenues; all exports of copper and iron ore concentrates go to the Chinese market. While the price of copper fell sharply in the first quarter of 2020, this stabilised when Chinese demand was

resumed. However, the closure of some Chinese factories caused a decline in iron ore production.

By simplifying its payment reconciliation process – reducing the number of reporting companies from 171 to 60 – Mongolia EITI was able to disclose timely data despite logistical challenges posed by the pandemic.

MINING EXPORTS IN MONGOLIA BY VOLUME AND VALUE (USD MILLIONS)



SOURCE: MONGOLIA EITI (2021), MONGOLIA FIFTEENTH EITI RECONCILIATION REPORT 2020.

Honduras

Honduras's latest EITI reporting includes timely and disaggregated information on employment, artisanal and small-scale mining, social and environmental payments by companies and the impact of the COVID-19 pandemic on extractive operations. The pandemic has contributed to a 34% decrease in government extractive revenues compared to 2019, due in part by a decline in domestic sales and exports by extractive companies. In response, the government implemented tax alleviation measures, including tax deferrals for affected companies and small-scale miners as well as extensions for debt payment. Honduras's EITI reporting also offers several policy recommendations for strengthening oversight of the sector at the subnational level and by civil society organisations. These include using digital platforms for government reporting, strengthening interoperability of government systems across agencies and improving civil society representation in EITI processes.

↓ **34%**
Due to the impact of COVID-19, Honduras's government saw a 34% decrease in extractive sector revenue in 2020 compared to the previous year.

A new industry benchmark

Raising the bar on corporate transparency and accountability

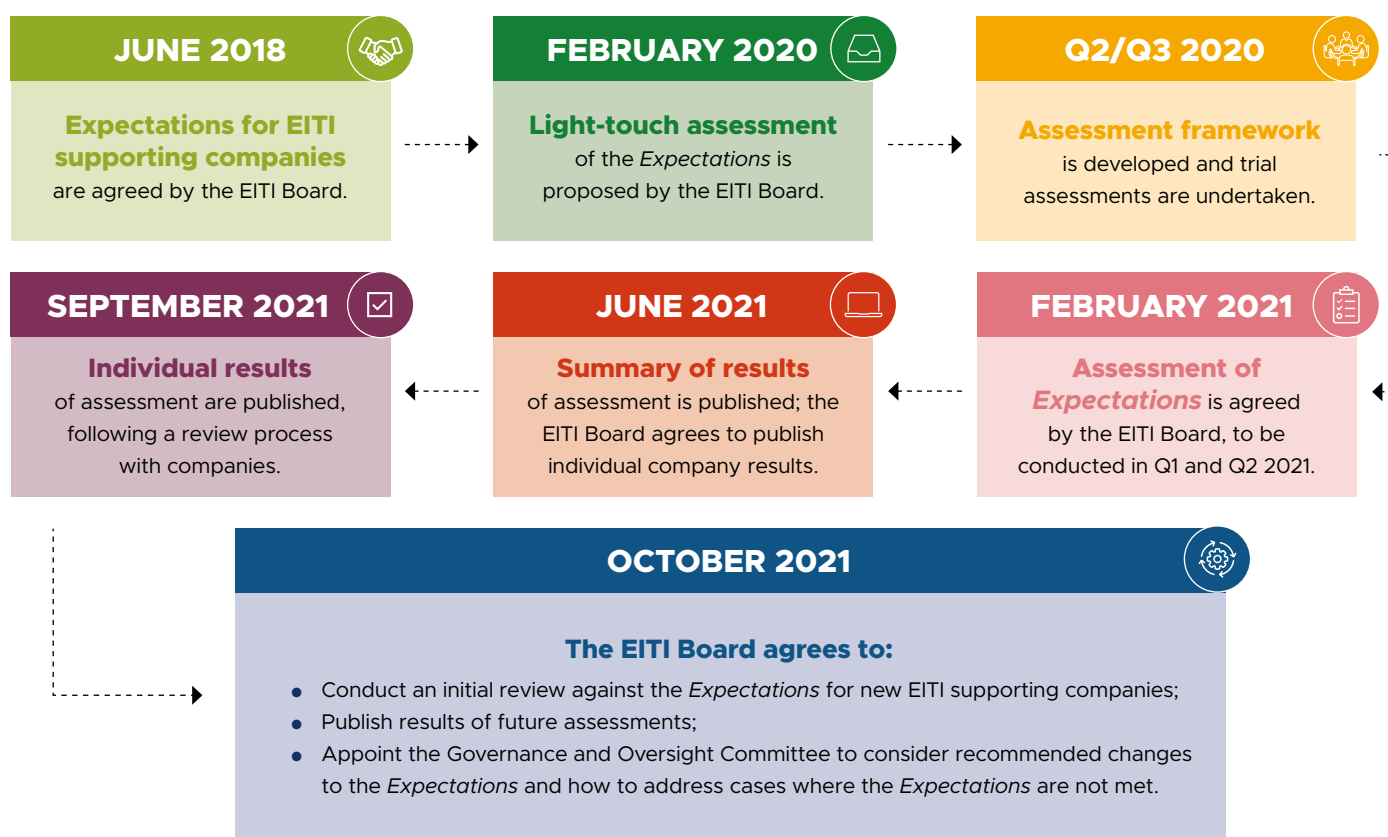
A key constituency on the EITI's international and national multi-stakeholder groups, companies have long supported the EITI's mission to promote open and accountable management of oil, gas and mineral resources. In 2021, 62 companies were assessed on their adherence to the *Expectations for EITI supporting companies for the first time*.

The results revealed good practices and gaps in company disclosures. While all supporting companies disclose taxes and payments made to EITI implementing countries, 30% do not publicly disclose disaggregated payment information in

non-EITI countries where they operate. Furthermore, public statements of support on contract transparency had been made by just over one-third of EITI supporting companies.

The *Expectations* were subsequently clarified and strengthened, and adherence will be routinely assessed. They now include commitments for companies to publish their anti-corruption and gender policies; disclose taxes and payments to governments at a project level in all countries where they operate; publish contracts; and undertake rigorous due diligence and risk-based steps to use beneficial ownership information when selecting joint venture partners, contractors and suppliers.

THE JOURNEY TO THE EXPECTATIONS FOR EITI SUPPORTING COMPANIES



Transparency in commodity trading

In September 2020, the EITI launched guidelines for reporting purchases of oil, gas and minerals made by trading companies. The guidelines, developed in collaboration with the Commodity Trading Working Group, have since been applied by several major commodity traders and energy companies in their public reporting.

These pioneering disclosures serve as a touchstone for other companies to disclose first trades, which make up nearly half of total government revenues reported through the EITI.

The commodity trading industry continues to experience challenges in transparency and accountability, as evidenced by recent court cases in Switzerland, the UK and the US. The EITI has pioneered transparency in the first trade and has worked for a decade with civil society, the Swiss government as well as buyers and sellers of key commodities to mitigate corruption risk. Recent cases indicate that there is still much work to be done to build on the guidelines and to ensure that the information disclosed is used to identify and address systemic weaknesses that create potential openings for corrupt activity.

OVERVIEW OF COMPANY DISCLOSURES IN LINE WITH EITI REPORTING GUIDELINES

Template 2: Disclose volumes by cargo and values by individual seller

Template 1: Disclose volumes and values by individual seller

COMPANIES*	GLENCORE	TRAFIGURA	EQUINOR	GUNVOR	TOTALENERGIES
Selling country/SOE	X	X	X	X	X
Commodity	X	X	X	X	X
Volume	X	X	X	X	X
Amount paid	X	X	X	X	X
% state ownership in SOE		X			X
Beneficial owner of buying company					X
Date of sale**	X	X	X		X
Contract spot/term**		X			
Fees**					
Incoterms**	X	X			
Resource-backed loans***	PARTIAL	PARTIAL			

*MEMBERS OF THE EITI COMMODITY TRADING WORKING GROUP. OTHER COMPANIES THAT HAVE NOT YET DISCLOSED IN ACCORDANCE WITH THE GUIDELINES INCLUDE BP, MERCURIA, SHELL AND VITOL.

**DISCLOSURES NOT REQUIRED FOR TEMPLATE 1 OF THE REPORTING GUIDELINES.

***DISCLOSURE OF RESOURCE-BACKED LOANS IS ENCOURAGED ACROSS ALL REPORTING TEMPLATES.

Accountable management of state-owned enterprises

Financial transactions related to state-owned enterprises (SOEs) have become more transparent in recent years, yet EITI reporting and Validation have shown that there is still a demand for improving transparency standards around how these companies are governed.

In October 2021, the EITI issued new guidance on understanding SOE financial statements, which aims to support multi-stakeholder groups in their oversight role. Several countries are undertaking targeted studies to examine weaknesses in SOE management and identify opportunities for reform.

Democratic Republic of the Congo

A recent study, commissioned by ITIE-RDC, examines the Sicominex project – a USD 3 billion infrastructure deal whereby Chinese investors agreed to build roads and hospitals in exchange for

a 68% stake in a mining joint venture with DRC's major state-owned company. The report revealed a number of issues with the arrangement. Few of the urgent infrastructure projects had been realised as per the initial agreement, and an undisclosed amendment to the contract, made in 2017, rerouted the project profits to shareholders instead of being used to reimburse infrastructure investments. However, the initial deal granted a tax and customs exemption to the joint venture on the assumption that the reimbursement would take place. The report, which prompted significant media attention, called on the government to renegotiate the deal.

Separately, ITIE-RDC also reviewed the financial statements of nine SOEs to assess whether the companies are governed in line with national regulations. The independent report identified several deviations between policy and practice regarding SOEs' financial transfers to the state. It offered recommendations to improve the enforcement of regulations, reform ambiguous laws and improve production potential and profitability of SOEs as a basis for strengthening their competitiveness and their contributions to the national economy.

Lithium mining in the Salinas
Grandes salt flat, Argentina.



Extractives in transition

Preparing for the global transition to a low-carbon economy

The global energy transition will transform the extractive industries, exposing producer countries to new risks and opportunities. As global consumption of fossil fuels declines, countries that rely on revenues from petroleum and coal will have to contend with a decline in revenue from those sectors.

For mineral producers, the global proliferation of renewable energy and clean technologies will result in a surge in investment and demand for commodities such as cobalt, lithium and copper.

Data-driven forecasting can provide evidence for policymakers to manage risks and leverage opportunities of the energy transition. Several countries plan to use data reported through the EITI, such as fossil fuel production, revenues from private and state-owned companies, social expenditures and environmental impacts, to forecast how their economies may be impacted in the coming decades.

Germany

Through its reporting, Germany has been able to focus on innovative disclosures related to matters of public interest beyond the EITI Standard, including the energy transition. The country's latest EITI Report provides an updated overview of Germany's renewable energy sector, the share of renewable energies in total primary energy consumption, and related laws and policies – including on climate protection, carbon tax and coal phase-out.

To inform the report, Germany's EITI multi-stakeholder group commissioned a study on the effects of a growing renewables sector on future raw material requirements, which is presented in the third and fourth EITI Reports. The study estimates demand for minerals needed to develop renewable technologies in accordance with the country's 2019 Grid Development Plan. It further provides an inventory of renewable energies in various regions and the socio-economic implications of a growing renewables sector.

Germany's EITI reporting also presents data on federal subsidies for the sale and decommissioning of coal. In 2019, subsidies amounted to EUR 884 million – representing a 31% decrease compared to 2016 but were more than double the government's total extractive revenue of EUR 426 million. These disclosures support public debate on the continuation of coal production in light of the country's climate change agenda.

Albania

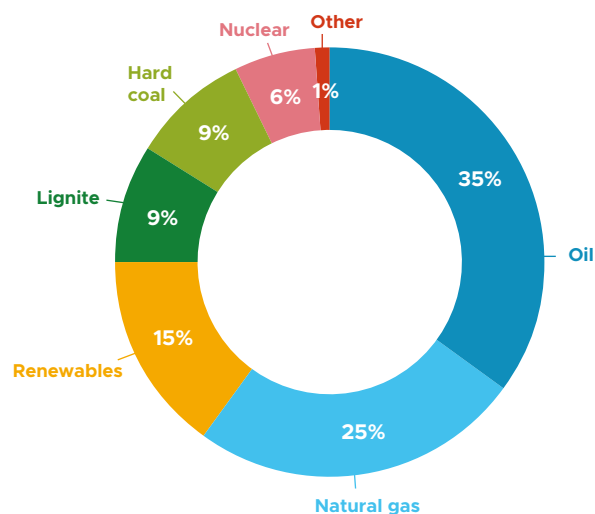
Electrical power ranks as the second most important energy source in Albania after petroleum, and the government plans to further expand its renewables sector. Albania's latest EITI reporting goes beyond the EITI Standard by including information on its hydropower sector, such as the legal and regulatory framework, production data, government revenues and allocation of revenue shares to subnational authorities. This analysis identified significant losses in the power distribution system, which Albanian authorities are working to address. To support broader national priorities, Albania EITI intends to build on this work by undertaking a scoping study on other renewable energy technologies.

Taking stock of production and exports

In 2021, the EITI International Secretariat conducted an analysis of all production and export data reported by EITI countries since 2005. The study reveals that oil and natural gas have made up around three-quarters of accumulated income from extractive

PRIMARY ENERGY SUPPLY IN GERMANY

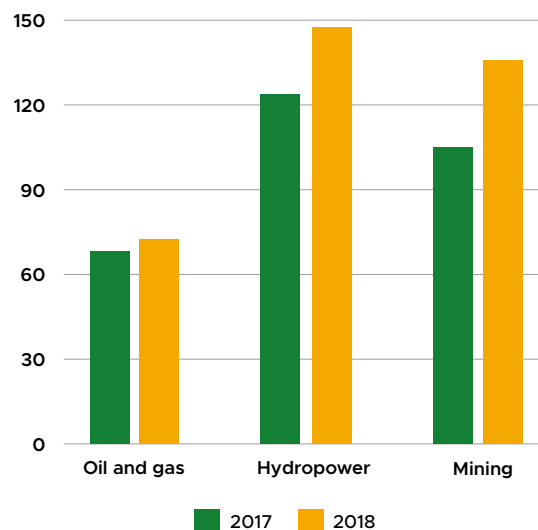
BY SOURCE, 2019



SOURCE: D-EITI (2022), BERICHT FÜR 2019

GOVERNMENT REVENUES IN ALBANIA

USD MILLIONS

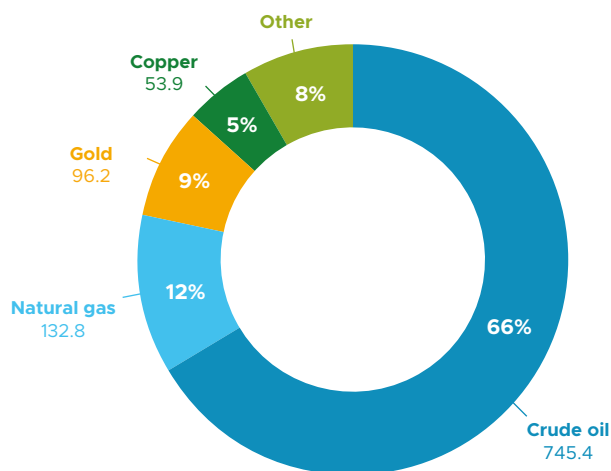


SOURCE: ALBANIA EITI (2020), REPORT FOR THE YEARS 2017 AND 2018

production and exports in EITI implementing countries. Recent disclosures show that 13 countries depend on oil and gas for more than 20% of their export earnings. These findings demonstrate that it will be important for oil-dependent countries to plan for the economic implications of the energy transition, as demand for fossil fuels shifts.

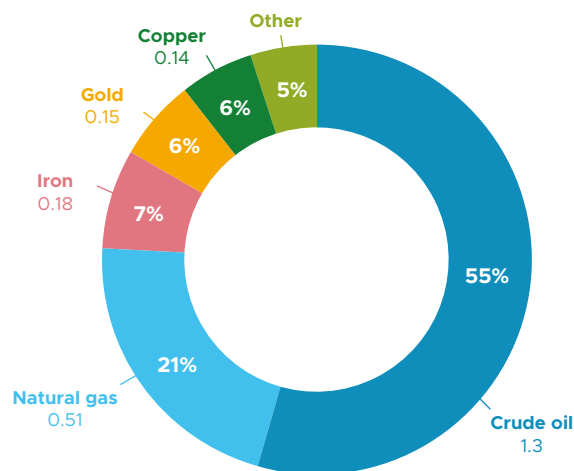
REPORTED PRODUCTION VALUES BY COMMODITY

EITI DISCLOSURES, 2005-2018 (USD BILLIONS)



REPORTED EXPORT VALUES BY COMMODITY

EITI DISCLOSURES, 2005-2018 (USD TRILLIONS)



SOURCE: EITI INTERNATIONAL SECRETARIAT.

Strengthening governance of critical minerals

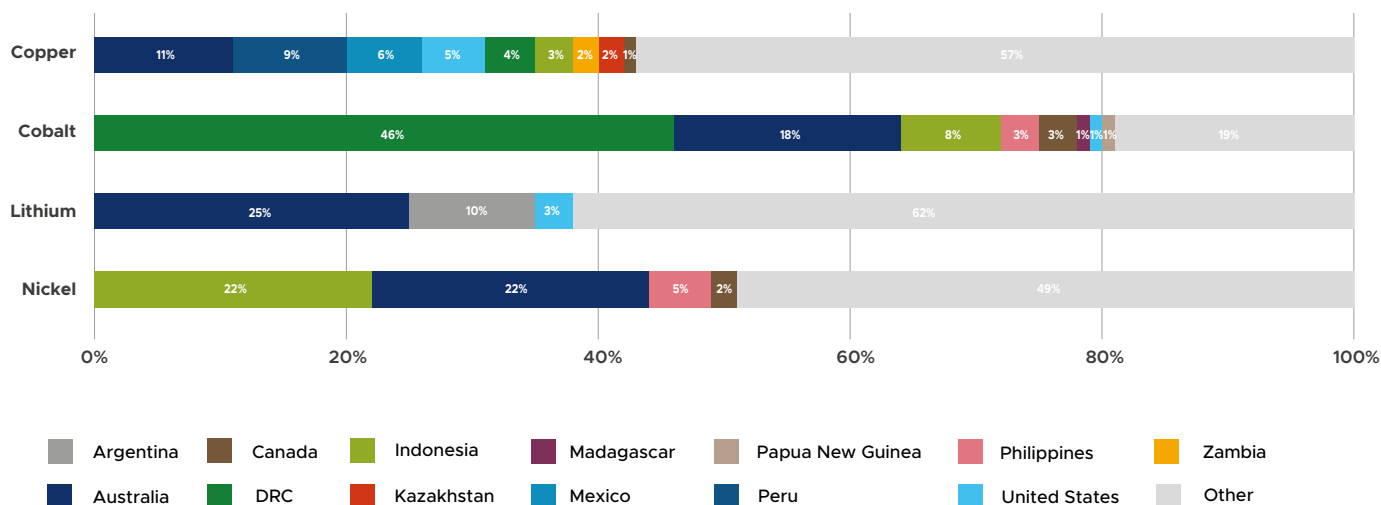
For countries that host reserves of minerals needed for low-carbon technologies, increased demand could present a range of challenges. A surge in investments could exacerbate corruption risks and push mining into more environmentally and socially sensitive areas. Price volatility could also harm public finances and drive political instability. Failure to tackle these challenges could result in a missed opportunity to

encourage the growth of a profitable and responsible mining sector and deliver a just and sustainable energy transition.

In this context, some countries are leveraging EITI reporting and multi-stakeholder dialogue to shed light on governance challenges, help identify solutions and provide a platform for collective action in the critical minerals sector. The EITI's policy brief, published in May 2022, helps guide countries on how to use EITI data and dialogue to strengthen governance of critical minerals.

GLOBAL RESERVES OF CRITICAL MINERALS

EITI IMPLEMENTING AND SUPPORTING COUNTRIES



SOURCE: US GEOLOGICAL SURVEY (2022), MINERAL COMMODITY SUMMARIES 2022.

Ghana

Ghana’s EITI multi-stakeholder group commissioned a study to map proven reserves of critical minerals, ascertain the suitability of legal and fiscal frameworks, and assess the fiscal, social and environmental risks and opportunities related to critical minerals extraction.

The study found Ghana’s mining legal and fiscal regime to be fairly adequate to manage a potential boom in demand for critical minerals such as manganese, bauxite/aluminium, iron ore, silica and lithium. It also offers recommendations on how Ghana can position itself strategically for the energy transition through state participation in the critical minerals sector, economic diversification and alignment of mining policies with broader industrialisation plans. As Ghana is yet to award the first mining license for a newly discovered lithium deposit, there is an opportunity for the government to address governance risks in licensing, revenue collection and disbursement and use of revenues to maximise the economic value from the mining sector.

The report comes at a time when the Ministry of Energy has inaugurated the National Energy Transition Committee (NETC), which aims to develop a national energy transition policy through a nation-wide consultation process. Ghana EITI is leveraging its multi-stakeholder platform and reporting framework to provide relevant information and analysis to support these national priorities. A project is underway to engage with communities and citizens affected by extractive activities, which aims to use EITI data to promote understanding around the implications of the green shift on communities, amplify community voices and inform policy options for a just transition.

ESTIMATED CRITICAL MINERAL RESERVES IN GHANA BY VOLUME (THOUSAND TONNES)

<div><div>25</div><div>Mn</div><div>Manganese</div><div>54.938</div></div>	<div><div>Manganese</div><div>13,000</div></div>	<div><div>13</div><div>Al</div><div>Aluminium</div><div>26.981</div></div>	<div><div>Bauxite</div><div>900,000</div></div>
<div><div>3</div><div>Li</div><div>Lithium</div><div>6.941</div></div>	<div><div>Lithium</div><div>14,500</div></div>	<div><div>26</div><div>Fe</div><div>Iron</div><div>55.845</div></div>	<div><div>Iron ore</div><div>6,000,000</div></div>

SOURCE: US GEOLOGICAL SURVEY (2022), MINERAL COMMODITY SUMMARIES 2022; GHANA EITI (2022), DRAFT REPORT: THE ENERGY TRANSITION AND CRITICAL MINERALS IN GHANA: DIVERSIFICATION OPPORTUNITIES AND GOVERNANCE CHALLENGES; GHANA INTEGRATED IRON AND STEEL DEVELOPMENT CORPORATION.

Democratic Republic of the Congo

The DRC has the world’s largest production and reserves of cobalt, a mineral used in electric vehicle batteries. The country’s EITI reporting has included information on pricing, production, exports and reserves of cobalt, and has explained the impact of the COVID-19 pandemic on exports. In the first quarter of 2020, cobalt exports decreased by 15% compared to the previous year. However, government revenues increased between 2018 and 2020, mainly due to a tripling of prices since 2017. This data helps stakeholders understand the evolution of cobalt on international markets and the impact on domestic revenues, and can inform public debate on the management of this resource.

Colombia

Building on previous disclosures on environmental management of extractive activities, Colombia’s EITI reporting covered environmental payments made between 2018 and 2020, including fees for the national environmental service (SINA), use of water and forestry resources and other environmental payments. This information is vital for informing public understanding and debate among affected communities and promoting responsible natural resource management. Environmental reporting will continue to play a role as Colombia plans to develop its renewables sector by building hydrogen plants and solar and wind farms, both in new areas and in regions that produce fossil fuels.



Open-pit copper mine in Peru.

PHOTO: SHUTTERSTOCK.

On the front foot of fighting corruption

Mitigating corruption risks across the extractive sector value chain

Corruption is a pressing challenge for many resource-rich countries and a priority area for the EITI. According to the OECD, one out of five cases of transnational corruption occur in the extractive sector.¹ Opacity in company ownership structures, licensing processes, contract negotiations and transactions can make lucrative extractive projects especially vulnerable to abuse or illicit enrichment, depriving citizens of the revenues they are owed.

While there is a shared view among stakeholders that addressing corruption risks is implicit in implementation of the EITI Standard, the EITI Board recognised a need to clearly articulate the EITI's role in deterring corruption and mitigating corruption risks. In December 2021, the EITI issued guidance for multi-stakeholder groups to identify and address corruption risks through EITI implementation. Several countries have also integrated anti-corruption activities in their work plans, including Burkina Faso, Mongolia, the Philippines and Togo.

Mongolia

A recent study, commissioned by Mongolia EITI, identified seven types of corruption risks related to the country's extractive sector. High-risk areas pertain to conflicts of interest among public servants who have ownership interests in extractive companies; companies undermining competition; and favouritism, diversion of funds or abuse of authority among national and local government officials.

The study – conducted in 2021 by the Natural Resource Governance Institute (NRGI) and funded by the German Agency for International Cooperation (GIZ) – includes several recommendations for addressing such risks. These include digitising licensing processes and limiting human interference in license awards; disclosing the selection criteria for appointing executives of state-owned and public extractive companies; and strengthening public monitoring of companies' transfers (cash and in-kind) to local government authorities. The measures were subsequently included in Mongolia EITI's work plan and will be a focus for the coming year.

Philippines

In developing its work plan, Philippines EITI (PH-EITI) consulted several stakeholders to inform its priorities for EITI implementation. The consultations, partly conducted in partnership with the Open Government Partnership, revealed broad support for using PH-EITI as a platform for addressing extractive sector corruption through disclosures and multi-stakeholder dialogue.

Having identified anti-corruption as a focus area, PH-EITI included several anti-corruption activities in its work plan, dubbed as the Integrity Initiative. PH-EITI and the EITI International Secretariat have since commissioned a study that draws on a diagnostic tool developed by NRGI to identify corruption risks along the entire extractive sector value chain, from how licenses are awarded to how revenues are managed and benefit the public. The study is expected to inform an action plan that will underpin the government's efforts to mitigate corruption risks in the sector.

¹OECD (2014), OECD FOREIGN BRIBERY REPORT.

Aerial view of a tanker ship.

PHOTO: SHUTTERSTOCK.

A spotlight on company beneficiaries

Accelerating beneficial ownership transparency

Publishing details of company owners can help restrict channels for corruption, enable effective taxation, build fairer markets, encourage responsible investment and manage business risk. Addressing these issues will remain critical as the energy transition gathers pace.

The establishment of comprehensive and accessible public registers involves a complex process of legal reform and technical investment. The EITI has been able to deliver practical results through its disclosure requirements on beneficial ownership. In addition, the Opening Extractives programme – delivered in partnership with Open Ownership – provides technical support to 11 countries to establish public registers and reforms on beneficial ownership disclosure in the extractive sector.



Launch of the Opening Extractives programme in Nigeria.

PHOTO CREDIT: NIGERIA EITI

Philippines

As part of its anti-money laundering and anti-terrorism financing measures, the Philippine government requires all corporations to declare their beneficial owners in their annual filings with the Securities and Exchange Commission (SEC). However, this information is not yet made public and issues around public access to this data are under discussion.

As an interim measure, Philippines EITI (PH-EITI) has developed an open beneficial ownership register with data on 36 extractive companies, disclosing the name, nationality, country of residence and ownership level for individuals holding an interest in mining, oil and gas companies. PH-EITI has also established a multi-stakeholder working group to oversee implementation of the government's commitments related to beneficial ownership disclosure. The working group will also review a proposed legal provision that would mandate public disclosure of all beneficial owners for extractive companies.



> pheiti.dof.gov.ph/boregistry

Mongolia

Since 2014, the Mongolian government has been drafting a law on transparency in the mining sector with extensive input from Mongolia EITI. It includes provisions related to disclosing extractive contracts and beneficial owners, strengthening the governance of state-owned enterprises and engaging civil society in decision-making related to the sector. It will also establish an integrated reporting system with information on licenses, production, revenues, subnational revenue allocations and environmental and social impact assessments. The law is expected to be submitted to parliament this year.

In addition, Mongolia's parliament passed a law on public information in September 2021 granting public access to beneficial ownership data for companies across all sectors. While the law came into effect in May 2022, the government has yet to establish the rules, regulations and mechanisms for making this information public. Mongolia's participation in Opening Extractives will support the government in realising its measures on beneficial ownership disclosure.

Armenia

Extractive companies in Armenia are required to declare their beneficial owners electronically through a public register, which the government launched in 2021. Disclosures are made in accordance with the country's law "On State Registration of Legal Entities". In June 2021, a package of amendments was adopted to expand the scope of beneficial ownership disclosures.

Since September 2021, companies in other sectors have also submitted declarations to the register, which will cover all sectors by January 2023. The electronic declaration system enables automatic verification of some data. Data on Armenian citizens is automatically cross-checked with the country's passport database. The Armenian Agency for State Register of Legal Entities may further verify the data and flag discrepancies to the Ministry of Territorial Administration, which has authority to impose penalties for incomplete information. As the register is public, citizens may also scrutinise ownership information and signal suspicious information.



> e-register.am/en

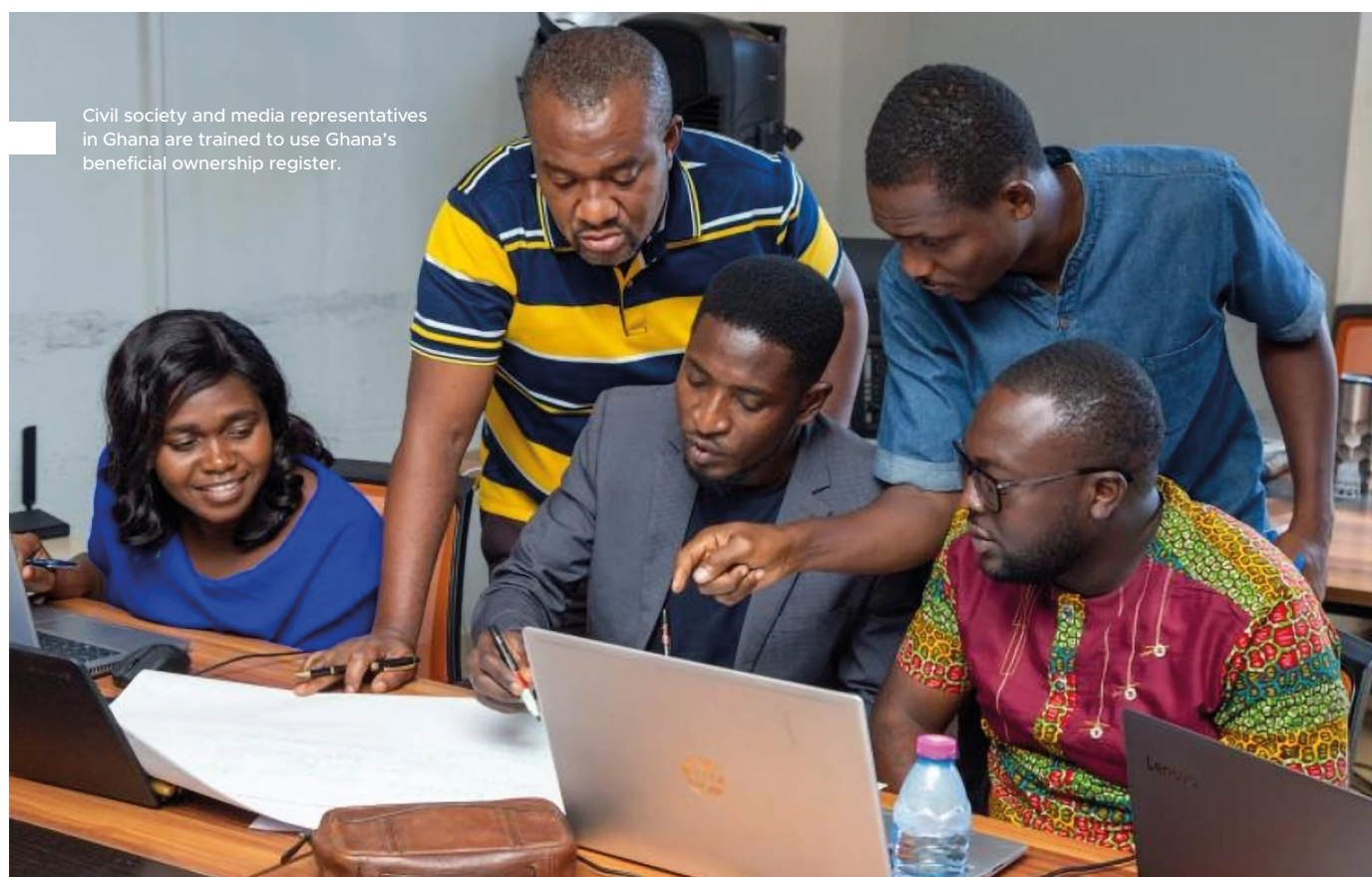
Ghana

Successive governments in Ghana have committed to accelerate beneficial ownership disclosure to deter corrupt practices. Since 2019, companies are required to declare their beneficial owners to the Registrar General's Department (RGD), which subsequently established a public register in 2020. While the register hosts data on over 200,000 entities, media and civil society organisations have not yet thoroughly used the platform to exercise oversight and ensure accountable governance.

With the support of the Opening Extractives programme, the RGD and Ghana EITI trained nearly 30 civil society advocates, journalists and citizens on accessing and using beneficial ownership information to inform investigative reporting and data-driven advocacy. The programme has selected a group of media and civil society representatives to pilot investigative projects and will consolidate lessons learned to promote use of beneficial ownership data across the wider EITI community.



> egovonline.gegov.gov.gh/RGDPortalWeb/portal/RGDHome/eghana.portal



Civil society and media representatives in Ghana are trained to use Ghana's beneficial ownership register.

PHOTO CREDIT: GHANA EITI.

Disclosing the fine print

A year of action on contract transparency

By shedding light on the rules and terms that govern extractive projects, contract transparency can help curb corruption and empower citizens to assess whether they are getting a good deal for their resources. This information can be crucial in contexts where precious revenues are impacted by market volatility and emerging energy transition policies.

Since the EITI's contract disclosure requirement came into effect in January 2021, many countries have taken steps to publish extractive sector agreements and address legal barriers that prevent them from being made public.



PHOTO: KAISARMUDA / SHUTTERSTOCK

Liberia

Liberia's extractive sector is the mainstay of the country's economy, contributing 52% of national GDP in 2019. Yet more than half the population lives below the national poverty line. Public oversight of the terms of extractive projects is therefore important to ensure that oil, gas and mining projects and profits are managed in the interest of citizens.

In March 2022, Liberia EITI, with support from the EITI International Secretariat and USAID, undertook a comprehensive review of the legal framework and current practices related to contract disclosure. The review established that, while there are no legal barriers for publishing contracts, only three contracts were disclosed out of 903 active mining licenses.

The exercise further highlighted that there were discrepancies across the various government agencies and platforms that administer contracts, and that there is no mechanism for determining the comprehensiveness of disclosed contracts. It offered practical recommendations and steps for Liberia EITI's multi-stakeholder group to improve contract disclosure moving forward.

52%
of national GDP comes from
Liberia's extractive sector

Zambia

Mining plays an important role in Zambia's economy, and more than 3,000 companies operate in the country's extractive sector. In recent years, Zambia EITI (ZEITI) has supported the government in improving its licensing processes to ensure compliance with policy and regulations.

Building on this work, ZEITI – with support from the EITI International Secretariat and USAID – recently commissioned a mapping exercise to assess policy and practice related to contract disclosure, and to identify irregularities in awards of mining rights. While Zambia's mining sector is largely a licensing regime – where contractual terms are stipulated by the law rather than negotiated per concession – license disclosures were nonetheless irregular.

The mapping resulted in the disclosure of all 945 active mining licenses, of which 187 had been awarded since the EITI's disclosure requirement came into effect in January 2021. A contract disclosure plan was subsequently developed and ZEITI has begun implementing recommendations from the study.

3,000+
companies operate in
Zambia's extractive sector

Indonesia

Indonesia's extractive sector involves more than 250 petroleum contracts and nearly 5,500 mining licenses. However, there is perceived risk within the government that contract disclosure violates the country's public information law and that extractive contracts are not considered public documents.

To address these perceptions, Indonesia EITI's multi-stakeholder group commissioned a study – with support from the EITI International Secretariat and USAID – on the challenges and opportunities for contract disclosure. The study concludes that there are no legal grounds for preventing the publication of extractive contracts. It also found that the public information law requires a risk assessment to be undertaken before the government may render a document as classified. The confidentiality of contracts has previously been justified as a measure to protect the country's natural wealth, healthy business competition and personal data.

The study also examines perceived risks relating to a court decision that has been used as a basis to maintain the confidentiality of contracts. It found that the decision pertained more to risks associated with project operations, which can be managed and mitigated.

Indonesia EITI has since established a multi-stakeholder working group to undertake risk assessments and establish a risk mitigation mechanism to enable publication of extractive contracts and licenses. The working group has published a list of active contracts and licenses and produced a roadmap for full contract disclosure.

~5,500
mining licenses in Indonesia

Ukraine

Ukraine EITI has been lobbying for contract transparency since 2018, and the government subsequently disclosed all license agreements that were concluded since 2016. However, oil and gas product sharing agreements (PSAs) remained unpublished. Law #2545 on transparency in the extractive industries, adopted in 2018, made a first attempt in mandating contract disclosure, requiring extractive companies to disclose parts of their contracts related to social expenditures.

For two years, Ukraine EITI worked closely with the Ministry of Energy, members of parliament, legal counsel, civil society groups and companies to prepare amendments to the law that would stipulate full transparency of PSAs. The process involved extensive consultations and discussions among stakeholders, particularly around industry concerns related to sub-contracts and service contracts. In December 2021, the Parliament of Ukraine adopted the amendments, mandating full disclosures of contracts and PSAs from January 2022 onwards. However, licensing processes have been suspended since the Russian invasion of Ukraine in February 2022.

Mexico

Mexico has been a leader in contract transparency and a pioneer of international best practice in the oil and gas sector. Building on the government's work and commitments to improve transparency, Mexico's state-owned oil company, Pemex, publishes all procurement contracts concluded by the company and its subsidiaries on its website. The documents are easily searchable and include the full text of the contract, the name of the contractor, the amount paid and the duration of the contract. In times of oil price volatility, these disclosures enable citizens and media to access and scrutinise Pemex's deals. It allows all service providers to verify and compare the terms of their agreements.



> pemex.com/pemexmastransparente

Offshore oil and gas platform
in Campeche, Mexico.



PHOTO: SHUTTERSTOCK

Managing the money

Strengthening domestic revenue mobilisation

Income from the extractive sector – in the form of taxes, royalties, production shares, fees and bonuses – makes up a significant portion of the revenues of many EITI implementing countries. Publishing revenue data can strengthen public understanding on how the extractive sector contributes to a country's economic development.

Several countries are going beyond the requirements of EITI reporting by undertaking fiscal analysis and modelling to better predict future revenue flows. Analysis of revenue collection practices, costs, price scenarios and revenue flows helps to identify opportunities to strengthen tax administration. It can also inform fiscal policies, expose practices that are vulnerable to abuse and help maximise government income from the sector.

PAST REVENUES AND PROJECTIONS UNDER DIFFERENT PRICE SCENARIOS

MODELLING OF REVENUES FOR NKOSSA - HAUTE MER ZONE A; NSOKO - HAUTE MER ZONE B; MOHO BILONDO - HAUTE MER ZONE D; AND KOMBI-LIKALALA-LIBONDO PROJECTS

Republic of the Congo

As one of the largest oil producers in Africa, the Republic of the Congo generates nearly 98% of its total extractive revenues from the petroleum sector. How oil production and profits are divided between companies and the state is critical to the country's economy, and there has been public demand for transparency around how these assets are shared. Building on existing disclosures, the EITI in the Republic of the Congo launched a financial modelling project to examine past trends and future scenarios pertaining to the state's share of oil revenues, from the point of extraction to sales on the international market.

The study analyses Congolese tax regimes and compares state shares between domestic and international contracts. It includes past and future modelling of major permits from 2013 to 2025, identifying the main parameters that influence the state's share of revenues. It also tracks cost analysis and auditing practices, and compares oil sales and sales prices of companies operating in the country.

Dissemination of the findings is underway and can be used to inform public debate and policy on the profitability and management of the Republic of the Congo's petroleum sector.



SOURCE: ITIE CONGO (2021), PROJET: COMPRENDRE LES REVENUS ET LES VENTES PÉTROLIÈRES DE L'ÉTAT EN RÉPUBLIQUE DU CONGO GRÂCE À LA MODÉLISATION FINANCIÈRE

Mozambique

Mozambique's government estimates that it will receive between USD 35 billion and 64 billion from liquefied natural gas (LNG) projects, and currently has a stake in some of these through the state-owned company, Empresa Nacional de Hidrocarbonetos (ENH). Yet these revenues are heavily impacted by capital and operating costs which, while critical for developing extractive resources, can potentially reduce government revenues in the early phases of a project.

In response to calls by local civil society groups for greater transparency on these costs, Mozambique's 2019 EITI Report includes disclosures of cost audits for the areas operated

by energy companies Eni and Total from 2015 to 2017. The disclosures reveal that of approximately USD 2 billion in costs, USD 33 million (2%) was considered ineligible for recovery. Several costs were deemed as non-recoverable, including VAT, penalties related to withholding tax, employment disputes, expenditures related to corporate social responsibility and inflated costs.

These disclosures strengthen public oversight and help to ensure that only eligible and verified costs are claimed by companies. Building on these learnings, Mozambique's petroleum regulator noted that it intends to disclose cost audit reports for other exploration areas in the coming months and is preparing to conduct audits for the period covering 2018 to 2020.



Workers at a diamond mine.

PHOTO: SHUTTERSTOCK

Gender and extractives governance

Promoting more equal participation in the extractive sector

Ensuring equal participation in decision-making in the extractive sector is critical to addressing inequalities and ensuring that the sector is managed in the interest of all citizens. To this end, the EITI encourages women's participation in extractives governance and EITI processes, as well as reporting on gender distribution in sector employment.

Women make up only 25% of members on EITI multi-stakeholder groups, and 66% of EITI countries now report some gender data, up from 33% in 2020. This year, the EITI released new guidance to support countries in their efforts to promote more inclusive approaches and disclosures related to extractive sector management. The revised Expectations for EITI supporting companies also include commitments for companies to publish a policy on gender diversity and employment data by gender.

Sierra Leone

In July 2021, Sierra Leone's parliament introduced the Gender Empowerment Bill with the aim to mainstream gender into all development and political processes. The bill stipulates that 30% of parliamentary seats and cabinet positions are to be held by women, giving a monumental impetus to advance equality and inclusion.

Building on this momentum and in line with the EITI Standard, Sierra Leone's EITI multi-stakeholder group (MSG) integrated gender diversity in its strategic planning and implementation and increased its membership of women from five to nine. Chaired by a woman, the MSG also includes representatives from two women's organisations, Women in Mining and Extractives and Women's Network for Environmental Sustainability.

Sierra Leone EITI aims to make further progress in this area by developing a gender strategy, improving disaggregated data on gender, raising awareness around women in the sector's labour force and engaging the Ministry of Gender Affairs and other stakeholders to improve gender inclusion in extractives governance.

Philippines

In its 2019 EITI Report, Philippines EITI included a gender reporting template for companies, covering project-level employment data, local and indigenous disaggregation, staff and contractual status, nature of work, union membership, employee pay and benefits, and gender and diversity policies (including parental leave, sexual harassment in the workforce, compensation and training opportunities). Among the 70 extractive companies that submitted information for the report, only 7% of the total workforce was comprised of women. The disclosures also reveal that only a small number of female employees occupy senior staff positions.



Mine worker.

PHOTO: SHUTTERSTOCK

66%
of EITI countries
now report some
gender data

25%
of members of EITI
multi-stakeholder
groups are women

Transparency at source

Embedding transparency in government and company systems

Transparency should be an integral and systematic part of extractive sector management. EITI implementing countries are increasingly disclosing data at source – through government and company databases, online registries, websites and portals – providing citizens and stakeholders with accessible and up-to-date information on the sector.

Open data remains one of the EITI's key strategic priorities, and progress in this area will enable multi-stakeholder groups to shift their role from report production to data use, analysis and dissemination.

Argentina

In February 2022, the Argentine federal government adopted a resolution to establish an open information system – the Sistema de Información Abierta a la Comunidad sobre la Actividad Minera en Argentina (SIACAM) – in line with its implementation of the EITI Standard. According to the resolution, the system must systematically report data on the economic, geological, geographic, social and environmental aspects of mining activity in Argentina.

SIACAM allows citizens to easily access information at both the federal and provincial levels, including data on production, exports, employment and revenue. It also provides an opportunity for provincial authorities to publish data on the mining activities in their region, thereby streamlining disclosures from decentralised government systems. This effort is supported by forums such as the National Table on Mining Open to the Community (MEMAC), which builds on EITI disclosures and dialogue to engage local stakeholders.



> argentina.gob.ar/produccion/mineria/siacam

Mauritania

In 2019, the government issued a decree mandating the systematic disclosure of extractive sector data through government and company systems and platforms, which was drafted with the support of ITIE Mauritanie. The decree also specifies the role of the EITI multi-stakeholder group in promoting and monitoring systematic disclosures. With support from GIZ, the government has implemented a “Data Warehouse”, which automates the process of collecting payment data from reporting entities’ systems. Smaller entities can submit information through an online form.

The Data Warehouse allows for faster and less costly data collection. In Mauritania’s latest EITI reporting, all government disclosures and almost half of company disclosures were made

through the Data Warehouse, making Mauritania a leader in systematic disclosure. In February 2022, Mauritania became the third country to join a pilot project on alternative approaches to EITI reporting.



> mauritania.opendataforafrica.org

Guinea

Over the past three years, ITIE Guinée has worked with government agencies to improve the timeliness and accessibility of EITI data through systematic disclosures. Information on production, exports and artisanal mining are now disclosed through quarterly government publications and ministry websites. An open data portal is being developed to centralise access to this information. Licenses and contracts are also systematically disclosed through the Ministry of Mines and Geology’s public cadastre and contracts portals. Guinea was also a pioneer in disclosing mining contracts, now publicly available through the Ministry of Mines and Geology’s public cadastre portal and contract database. These are among some of the timeliest EITI disclosures globally and significantly improve public oversight of the sector’s management.



> opendataitie-guinee.org

Netherlands

Most extractive industry information in the Netherlands is systematically disclosed on government platforms including the Dutch Oil and Gas Portal (NLOG), Statistics Netherlands (CBS) and the general government website. Disclosures include key information such as production, export and licensing data for the petroleum and salt mining sectors. In 2021, the Validation of the Netherlands noted that these platforms enable Netherlands EITI to undertake an annual diagnostic of government and company disclosure systems.

The NLOG platform, managed by the Geological Survey of the Netherlands (TNO) on behalf of the Ministry of Economic Affairs and Climate, features dynamic data visualisations and an interactive map with information on deep subsurface exploration and extraction of energy and minerals. Users can toggle through layers to locate different fields, producing wells, production platforms, pipelines, licenses by commodity, 2D and 3D seismic data and more. The public can use the data in different ways, including for analysis of energy transition plans involving technologies such as carbon capture and storage or licensing for geothermal energy projects.



> nlog.nl

EITI implementation around the world

The EITI holds all implementing countries to the same global standard. Through Validation, the EITI's quality assurance mechanism, implementing countries are assessed on their ability to meet the provisions of the EITI Standard.

Over the past year, the EITI Board evaluated 8 of the EITI's 56 implementing countries on their progress. The evaluations were undertaken in accordance with a new Validation model, which takes into account the effectiveness and sustainability of EITI implementation. A review is underway to gather lessons from the new approach, and to consider how Validation can better support countries in ensuring that EITI implementation reinforces national priorities.

Senegal

Senegal's Validation found that the country has increasingly made data available through online platforms, such as the mining and oil and gas registers, and portals with production data and contracts. While Senegal has shed more light on how mining licenses are awarded, it has yet to replicate these efforts in the oil and gas sector, this being an area of public interest since allegations of improper licensing activities were made in 2019.

Guyana

Guyana's Validation identified weaknesses in company reporting and tax administration, hindering public oversight of the large revenue flows from the country's booming oil sector. Nonetheless, disclosures of oil and gas contracts and oil sales through EITI reporting have helped inform public understanding of the terms pertaining to Guyana's Stabroek Block, which has seen one of the largest crude oil discoveries worldwide in recent history.

Overall score in implementing the EITI Standard

- Very high
- High/satisfactory
- Moderate/meaningful
- Fairly low/inadequate
- Yet to be assessed
- Suspended due to political instability
- Suspended for missing reporting deadline

Zambia

Zambia's Validation found that Zambia EITI has helped to inform policies on mining taxation by modelling the potential impacts of fiscal regime changes, and by comparing the performance of Zambian copper mines to other copper producers. Companies are also disclosing more detailed payment data for individual mining projects, enabling the government to track if payments are made in line with agreed terms.

United Kingdom

The United Kingdom's Validation found that UK EITI has strengthened its data management systems across a complex landscape of 11 licensing authorities. It also encouraged the UK to use the EITI to spur debate on issues of national interest such as the energy transition, including the decommissioning of oil and gas infrastructure and prospects for strategic minerals production.

Netherlands

The Netherlands' Validation identified opportunities to strengthen disclosures on environmental management, revenue projections and agreements between license holders and the state-owned company EBN, to contribute to debate on how the sector is managed.

Philippines

The Philippines' Validation found that the EITI has been used to inform debate about matters of public interest such as subnational transfers and social payments. However, the objective of full, effective and active engagement by civil society was only partly met, as there were alleged instances of intimidation of civil society activists and journalists. The EITI Board will revisit this issue in October 2022.

Albania

Albania's Validation found that, despite challenges posed by COVID-19, EITI Albania used data to stimulate debate on how extractive revenues are allocated to subnational governments and the ability of these transfers to fund public services in extractive regions.

Guinea

Guinea's Validation found that the country went beyond the EITI Standard to include key information on a 2017 infrastructure agreement with China, which is backed by revenues from the mining sector. The resource-backed loan forms an integral part of Guinea's national development plan, which aims to leverage extractive revenues to diversify the economy.

Facing unrest and political instability

Sustaining EITI implementation in fragile and conflict-affected states

Fragility, conflict and violence present serious threats to transparency initiatives and sustainable development. In several countries, conflict and political instability have undermined the hard-earned gains that EITI implementation has helped to deliver, in some cases undoing years of progress and multi-stakeholder collaboration and exacerbating corruption risks.

Other countries have seen the overthrow of elected governments, through military coups or insurrections, which have further weakened fragile governance structures. In some cases, these regime changes have stalled EITI processes and prevented the free, independent and effective engagement of media and civil society actors, whose voices are vital for ensuring that governments and companies are held to account.

Afghanistan

The Taliban's violent takeover of Afghanistan in August 2021 overturned 20 years of democracy, prompting a humanitarian and economic crisis. Accountable governance of Afghanistan's extractive sector had been a priority for the former elected government, which implemented the EITI with the objective of improving the regulatory framework and empowering public debate on how the sector is managed. Implementation led to concrete improvements in Afghanistan's governance systems, including the launch of a portal with license data, beneficial owners and non-tax revenues, as well as routine disclosures on state-owned enterprises and small-scale mining. The country was temporarily suspended from the EITI due to political instability.

Myanmar

Myanmar was temporarily suspended from the EITI in February 2021 in the wake of a military coup. The country had previously made strides in extractives transparency and was a leader in beneficial ownership disclosure, having been one of the first countries to launch a public register. The former civilian government had also implemented EITI recommendations to improve oversight of large revenue flows from state-owned enterprises. Since the military takeover, there have been continuing reports of arrests, reprisals and violence against civilians and civil society actors in Myanmar – including EITI stakeholders – which violate the EITI's protocol on civil society participation.

Ukraine

Russia's invasion of Ukraine has had devastating effects on civilians, causing Europe's largest refugee crisis since World War II and shaking the global energy sector. EITI Ukraine, which has been an exemplar of civil society engagement and public debate, has slowed its activities, and several stakeholders have fled the country. In addition to creating a grave humanitarian crisis, the war risks jeopardising hard-earned achievements supported by EITI Ukraine's efforts to strengthen extractives governance and accountability. Ukraine's parliament had recently amended its law regarding transparency of the sector, and the country had begun working on establishing local multi-stakeholder groups to increase local oversight of the sector's management. Ukraine has also been a leader in beneficial ownership transparency, the significance of which has been heightened by the current conflict and sanctions on individuals with connections to Russia's regime.

West Africa

Several countries in West Africa have been subject to coups d'état over the past year, which have destabilised the region and undermined progress in democratic and accountable governance.

In May 2021, a military coup in Mali brought about the detention of President Bah Ndaw and Prime Minister Moctar Ouane. The third coup d'état in 10 years, the regime change delayed planned legislation, undermined inclusive governance processes and impeded EITI processes. The government continues to state its commitment to the EITI.

In September 2021, President Alpha Condé of Guinea was captured by the country's armed forces and the government and constitution were subsequently dissolved. These events coincided with government efforts to improve Guinea's regulatory framework and increase transparency around the terms of extractive contracts.

In January 2022, a military coup was launched in Burkina Faso, ousting President Roch Marc Christian Kaboré and dissolving the parliament, government and constitution. Burkina Faso had previously made strides in creating an environment for the active and effective participation of civil society in the EITI. The EITI Board continues to monitor the effects of recent events on civic space.

Protest in
Mandalay, Myanmar.




OPERATIONS



The year ahead

Since its inception in 2003, the EITI has grown to become an influential voice on extractives governance, with more than 50 countries implementing the EITI Standard and over 60 supporting companies. As the organisation enters its third decade and prepares for the EITI Global Conference, it will continue to build on this momentum to support progress and reform across a range of topics and geographies.

The EITI International Secretariat is gradually returning to in-person engagements, and will maintain its virtual and agile approach as it seeks to achieve its strategic priorities and support implementation.



A production operator opens a ball valve on an offshore oil and gas production platform.

PHOTO: SHUTTERSTOCK.



Advancing the EITI's strategic priorities

The EITI's strategic framework seeks to ensure that EITI implementation continues to be relevant, responsive and cost-effective. Extended to 2023, it sets out six priority areas where the EITI can be used to improve extractive sector governance through and beyond the COVID-19 crisis. These include addressing corruption risks; informing the energy transition and environmental, social and governance (ESG) investment decisions; supporting open data; strengthening revenue mobilisation and measuring the EITI's impact. Progress is being made on these priorities, which will be refreshed in 2023.



Refining the EITI Standard

Based on lessons from EITI implementation and Validation, the EITI International Secretariat is consulting key stakeholders on potential refinements to the EITI Standard. Amendments could help address ambiguities, strengthen implementation and reaffirm current policy and practices related to extractives governance. A revised EITI Standard is expected to be launched in 2023.



Convening the global EITI community

The EITI Global Conference, hosted every three years and due to take place in 2022, was postponed due to the COVID-19 pandemic. The conference will return in 2023 and is expected to gather more than 1,000 stakeholders, experts and EITI practitioners to take stock of global challenges and fresh opportunities for EITI implementation in its third decade. This inclusive gathering will be an opportunity to celebrate 20 years since the EITI was established and set a strategic direction for the organisation moving forward.



Extending the mandating of the EITI Board

As the EITI Board is elected at the Members' Meeting in parallel with the EITI Global Conference, the 2019-2022 EITI Board will extend its mandate to 2023. A virtual Members' Meeting will be held in June 2022 for the first time to agree the extension and amendments to the Articles of Association.

An independent evaluation of the EITI

Gaining a better understanding of how the EITI is implemented and contributes to meaningful outcomes is one of the EITI's key priorities, and is vital for strengthening the EITI's sustainability and relevance. To this end, an independent evaluation of the EITI is underway, seeking to assess its effectiveness, impact, relevance and sustainability.

Launched in December 2021 and led by the Voconiq-Square Circle consortium, the evaluation takes into account the diversity of national circumstances, objectives and stakeholder perspectives and expectations. It builds on efforts to strengthen the EITI's approach to documenting, communicating and learning from the

results of implementation, in line with recommendations from a 2020 review of international best practice in results measurement and impact evaluation.

The evaluation methodology draws on various qualitative and quantitative methods to triangulate findings, including country case studies, policy case studies, governance sentiment instruments and outcome harvesting. The evaluation includes a global survey to capture views from all stakeholders involved in the EITI, including implementing and supporting countries, extractive companies and civil society groups. The findings will be consolidated and disseminated in late 2022.



> eitiopenevaluation.org



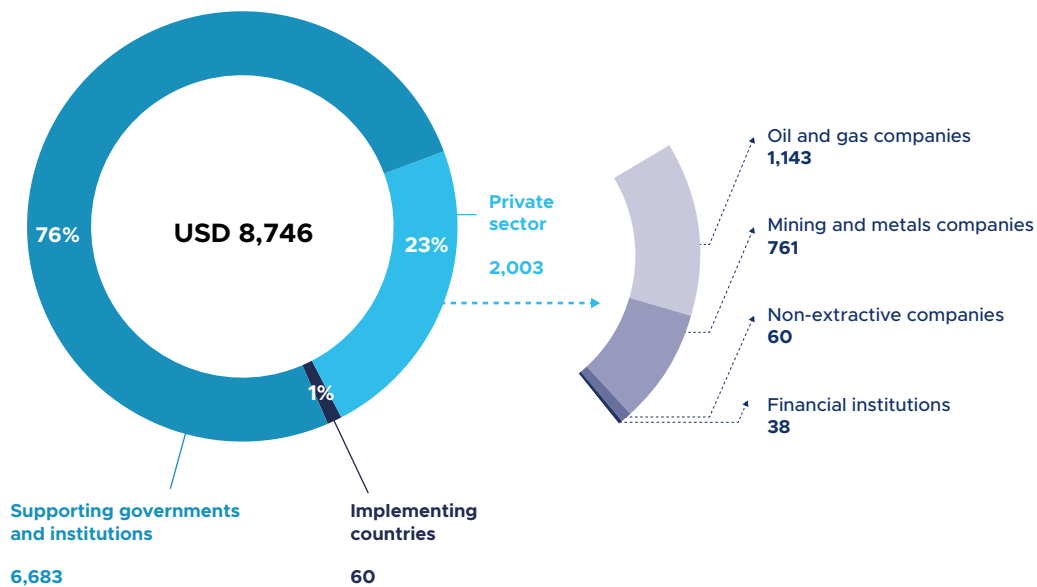
2019 EITI Global Conference
in Paris, France.

How we are funded

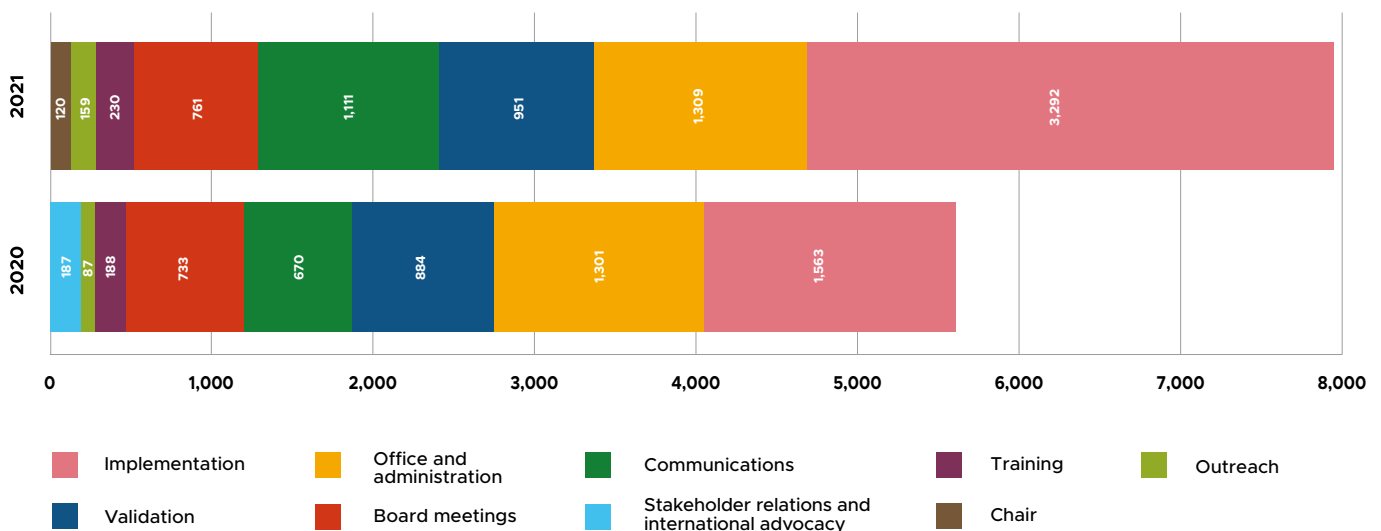
The funding of the EITI International Secretariat reflects its multi-stakeholder support from governments in implementing and supporting countries and more than 60 supporting companies. It also receives project-specific funding to advance and scale priority policy areas, such as beneficial ownership transparency, contract transparency and commodity trading transparency.

The EITI is grateful for the considerable investments of time and advice from civil society groups, government representatives, partners and companies. While not reflected in the budget, these contributions are invaluable to achieve the EITI's mission.

FINANCIAL CONTRIBUTIONS 2021 (USD THOUSANDS)



EXPENDITURES BY FUNCTION 2021 (USD THOUSANDS)



Supporting companies

We are supported by many of the world's leading oil, gas and mining companies, commodity traders and financial institutions. Our supporting companies and financial institutions advance transparency and good governance in the extractive sector worldwide by observing and promoting the Expectations for EITI supporting companies and by contributing financially to the international management of the EITI.

We are grateful for project-specific contributions from the BHP Foundation for the Opening Extractives programme, and from the Ford Foundation for supporting work on providing civil society and national EITI multi-stakeholder groups with a better understanding of how the energy transition impacts livelihoods and the extractive sector at the local level.

MINING AND METALS COMPANIES

African Rainbow Minerals
Alcoa
AMG
Anglo American
AngloGold Ashanti
Antofagasta Minerals
ArcelorMittal
Barrick Gold
Base Titanium
BHP
Boliden
Centerra Gold
Codelco
Dundee Precious Metals
Eramet
Freeport-McMoRan
Gold Fields
JX Nippon Mining & Metals
KAZ Minerals
Kinross Gold
Minera San Cristóbal
Minsur
Mitsubishi Materials
MMG
Newcrest Mining
Newmont
Norsk Hydro ASA
Orano
Rio Tinto
Sibanye-Stillwater
South32
Southern Copper
St Barbara
Sumitomo Metal Mining
Teck Resources
Vale

OIL AND GAS COMPANIES

Africa Oil Corp.
BP
Capricorn Energy
Chevron
ConocoPhillips
Eni
Equinor
ExxonMobil
FAR Limited
Hess Corporation
INPEX Corporation
Kosmos Energy
Nigerian National Petroleum Corporation
PetroNor E&P
QatarEnergy
Repsol
Shell plc
Santos Ltd.
Staatsolie
TotalEnergies SE
Tullow Oil
Woodside Energy

COMMODITY TRADING COMPANIES

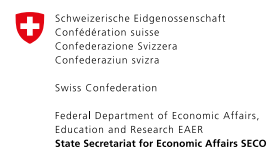
Glencore
Gunvor Group
Trafigura Group

FINANCIAL INSTITUTIONS

Council on Ethics of the Swedish National Pension Funds
KfW Group
Nordea
Norges Bank Investment Management

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Extractive Industries Transparency Initiative

We believe that a country's natural resources belong to its citizens. Our mission is to promote understanding of natural resource management, strengthen public and corporate governance and provide the data to inform greater transparency and accountability in the extractives sector.

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