

# EITI ANNUAL ACCOUNTS 2012

**EITI International Secretariat**

Oslo, 10

April 2013

## **Contents**

1	2012 Annual Accounts.....	1
2	2012 Revenue .....	2
3	Expenditure – 2012.....	5

# EITI ANNUAL ACCOUNTS 2012

## 1 2012 Annual Accounts

The EITI annual accounts for 2012 were received from the Auditors, MGI Revisjon, on 8 April 2013.

This paper presents the Board with a set of audited accounts for the period 1 January to 31 December 2012. The Finance Committee notes that in 2012, revenue exceeded expenditure by US\$ 0.9m and that the financial affairs at the Secretariat were healthy.

The Secretariat carried over US\$1.2m from 2011 to 2012. This included a reserve fund of US\$0.5m that was set aside to cater for fluctuations in the exchange rate and uncertainties in some major funding streams. This reserve had been agreed by the Board in 2010<sup>1</sup>.

For 2012, the EITI Board approved a budget of US\$3.7m. Expenditure in 2012 was US\$4.0m (a 10% overspend) against an income of US\$4.9m (35% above forecast) which included both 2011(US\$0.1m) and 2013 (US\$0.3m) funding received in 2012 (see table 2 below).

The overspend was first brought to the attention of the Board at the 22<sup>nd</sup> Board meeting held in Oslo in February 2013 having been flagged to the Finance Committee through the half-year accounts. The Secretariat will continue to give timely notice to the Board on any foreseen over-expenditure.

On 31 December 2012, the Secretariat had a balance of US\$2.1m. This includes the amount carried over at the end of 2011 and the reserve.

While expenditure figures for 2012 were significantly higher than the amount budgeted for, the Secretariat raised more funding than originally foreseen, and realised US\$4.9m in revenue compared to US\$4.8m in 2011

The financial status of the EITI International Status for 2012 is briefly summarised in Table 1 below.

**Table 1: Revenue and Expenditure January-December 2012**

<b>Revenue and Expenditure 2012 (US\$)</b>			
<i>(2012 budget: 3 650 000)</i>			
<b>Revenue</b>		<b>Expenditure</b>	
Carry over from 2011	<b>1 248 831</b>		
<i>of which reserve</i>	<i>500 000</i>		
<i>balance</i>	<i>748 831</i>		
2012 revenue	<b>4 920 795<sup>[1]</sup></b>	2012 expenditure	<b>4 016 681<sup>[2]</sup></b>

<sup>1</sup> The annual reserve does not equal exactly \$500,000 because it was established in Norwegian Kroner (NOK2.7m). The reserve has subsequently appreciated to US\$509,434.

<b>TOTAL</b>	<b>6 169 626</b>	<b>4 016 681</b>
<b>Bank Balance as at 31 Dec 2012 (including reserve)</b>	<b>2 152 945</b>	

Table 1 above shows that:

1. As at 31 December 2012, the International Secretariat had a cash balance of US\$2.2m of which US\$0.5m was the reserve.
2. Revenue (US\$4.9m) exceeded the budgeted amount of US\$3.7m by 35%.
3. Expenditure (US\$4.0m) exceeded the budgeted amount of US\$3.7m by 10%.

## 2 2012 Revenue

The EITI received US\$4.9m in 2012 compared to US\$4.8m in 2011 including parallel funding from Chevron towards the EITI Global Conference and funding for the calendar years 2011 and 2013 received in 2012. This exceeded the forecast income of \$3.6m by 35%. As agreed by the Board, the International Secretariat sent out its funding requests in line with the financing formula agreed at the Berlin Board meeting in April 2007. Table 3 breaks down the contributions by type of stakeholder.

**Table 2: Revenue 2008 – 2012 broken down by constituency**

Source	2008	2009	2010	2011	2012	2012	% of 2012 budget received
	Actuals					Budget	
<b>Core contribution, Government of Norway</b>							
Government of Norway	500 000	560 000	602 654	669 442	583 333	600 000	97 %
<b>Supporting countries, International Development Agencies (IDAs) and NGOs (approximately 50% of remaining requirement)</b>							
Civil society	130 109	0	0	0	0	75 000	0 %
Supporting countries & IDAs	939 018	2 034 945	1 328 431	2 317 486	2 436 056 <sup>2</sup>	1 450 000	168 %
<b>Private sector (approximately 50% of remaining requirement)</b>							
Investors	10 942	9 763	4 180	14 355	12 537 <sup>3</sup>	50 000	25 %

<sup>2</sup> 2013 funding from AusAid, Australia was received in 2012.

<sup>3</sup> The Secretariat continues to work closely with the investors to work out how best the budgeted amounts can be achieved.

Oil and Gas (2/3 after investors)	755 562	882 879	748 615	1 003 330	1 253 764 <sup>4</sup>	983 334	128 %
Mining and Minerals (1/3 after investors)	274 436	441 440	129 960	816 439	635 104	491 666	129 %
<b>TOTAL REVENUES (excluding reserve)</b>	<b>2 610 067</b>	<b>3 929 027</b>	<b>2 813 840</b>	<b>4 821 052</b>	<b>4 920 795</b>	<b>3 650 000</b>	<b>135 %</b>

In total, 54 organisations contributed to the EITI International Management in 2012 compared to 43 in 2011 (see table 4). The first column shows the exact amount disbursed and the currency it was received in. The second column shows that exact amount received. The third column shows the amount received based on the average exchange rate for 2012 (1US\$=6.0 NOK)<sup>5</sup> for accounting purposes.

The Table below sets out the revenue of the EITI International Secretariat in the period January–December 2012. Funding raised in 2012 exceeded the budgeted amount by 35%.

**Table 3: Revenue 2012**

<b>FUNDING RECEIVED - January - December</b>			
<b>2012 (US\$)</b>			
<b>Received from</b>	<b>Actual</b>	<b>Amount (NOK)</b>	<b>Amount (US\$)</b>
<b>Governments, Civil Society &amp; International Dev. Agencies</b>			
AusAid - Australia	€ 281 505	2 128 782	354 797
AusAid – Australia (2013_	€300 000	2 194 878	365 813
MFA - Denmark	DKK 1 500 000	1 470 650	245 108
BMZ - Germany	€190 000	1 407 500	234 583
MFA - Norway	NOK 3 500 000	3 500 000	583 333
MFA - Netherlands	\$250 000	1 418 025	236 338
SIDA - Sweden	SEK 2 500 000	2 112 400	352 067
SECO - Switzerland	\$160 000	919 840	153 307
NRCan - Natural Resources Canada	CAD\$150 000	857 785	142 964
DFID - UK	£230 000	2 106 475	351 079
<b>Total revenue from Govt's, CSO and Int. Dev. Agencies</b>		<b>18 116 334</b>	<b>3 019 389</b>
<b>Institutional Investors</b>			
Allianz Global France	\$2 000	11 472	1 912
ATP Denmark	\$2 000	12 120	2 020
Canada Pension Plan	\$2 000	11 456	1 909
FT Management	\$2 500	14 144	2 357

4 10 new companies joined the EITI as supporters in 2012. Some 2011 and 2013 funding from companies were received in 2012.

5 Average Rate for 2012: 1USD=6,0 NOK

Source: <http://www.xe.com/currencytables/?from=USD&date=2012-06-30>

NAMF Mauritius	\$ 2 000	11 825	1 971
PS Eft Payments	\$ 2 000	11 280	1 880
Stitching Ned. Inst. Int.	€ 400	2 926	488
<b>Total revenue from Institutional Investors in 2012</b>		<b>75 223</b>	<b>12 537</b>
<b>Companies</b>			
<b>Oil &amp; Gas</b>			
BG International	\$60 000	339 980	56 663
BP International	£30 000	273 481	45 580
Chevron	\$60 000	340 200	56 700
Chevron – Global Conference	\$50 000	283 315	47 219
ConocoPhillips	\$60 000	335 484	55 914
DONG E P	\$10 000	55 223	9 204
ENI SPA	\$60 000	348 833	58 139
Eramet	\$20 000	116 420	19 403
Exxon Mobil	\$60 000	348 053	58 009
Galp Energia	\$20 000	112 882	18 814
GDF Suez	\$20 000	114 220	19 037
Glencore	\$60 000	348 938	58 156
Hess Corporation	\$60 000	359 750	59 958
Inpex Corporation	\$60 000	342 810	57 135
KOGAS	\$10 000	57 003	9 500
Kosmos Energy	\$10 000	59 261	9 877
Marathon Oil (2011)	\$60 000	335 094	55 849
Marathon Oil	\$60 000	332 994	55 499
Mærsk Oil & Gas	\$60 000	356 258	59 376
Noble Energy Inc.	\$60 000	335 484	55 914
Norsk Hydro	\$10 000	59 931	9 989
Pacific Stratus Energy	\$35 000	196 509	32 751
Petrobras	\$60 000	364 325	60 721
Repsol	\$10 000	60 002	10 000
Shell International	\$60 000	345 270	57 545
Talisman Energy	\$60 000	343 190	57 198
Timor Gap	\$10 000	58 798	9 800
TOTAL (2011)	\$50 000	286 350	47 725
TOTAL	\$50 000	343 784	57 297
Tullow Group	£30 000	268 746	44 791
<b>Total revenue from Oil &amp; Gas companies in 2012</b>		<b>7 522 587</b>	<b>1 253 764</b>
<b>Mineral &amp; Mining</b>			
Base Titanium	\$10 000	57 385	9 564
Base Titanium (2013)	\$10 000	55 508	9 251
De Beers	\$60 000	359 898	59 983
Dundee Precious Metal	\$10 000	56 798	9 466
Centera Gold Inc.	\$10 000	57 965	9 661
ICMM	£260 000	2 378 540	396 423

Kinross Gold	\$50 000	286 300	47 717
London Mining PLC	\$10 000	56 625	9 438
Oki Tedi Mining Ltd.	\$10 000	58 014	9 669
RWE Aktiengesellschaft (2011)	\$30 000	178 590	29 765
RWE Aktiengesellschaft	\$35 000	209 650	34 942
Talas Copper Gold	\$10 000	55 352	9 225
<b>Total revenue from Mineral &amp; Mining Companies in 2012</b>		<b>3 810 625</b>	<b>635 104</b>
<b>Total Revenue 2012</b>		<b>29 524 770</b>	<b>4 920 795</b>

The Finance Committee would like to bring the Board's attention to the following points:

- In 2012, the revenue of the International Management of the EITI amounted to US\$4.9m. This included some funding for activities in calendar years 2011 and 2013.
- Funding raised in 2012 exceeded the budgeted amount by 35%. Fundraising efforts saw 10 new companies join the EITI as supporters (Base Titanium, DONG, Kogas, Kosmos Energy, Inpex Corporation, London Mining, Oki Tedi Mining, Pacific Stratus, Talas Copper & Gold and Tullow Group).
- No new countries joined as supporters in 2012.
- Contributions from investors increased slightly but continue to be below the budget figure.
- As in previous years, no funding was received from civil society organisations

### 3 Expenditure 2012

In 2012, expenditure exceeded the budgeted amount by 10%. This is mainly due to the following:

- 2013 Conference expenses including deposits for the hotel and venue were paid for in 2012.
- Board meeting costs were higher than budgeted for the first two Board meetings in 2012 due to travel and/or venue costs. In addition, the EITI Strategy Working Group met in London and the Hague. These costs were listed under Board meeting costs.
- Communication costs have been high to cover a new service provider for the development and the maintenance of the EITI website. This included building a database of EITI Reports and translation costs.
- Office expenses have been high to cover telephone and internet providers which are no longer provided by the Norwegian Aid Agency, NORAD. New furniture, computers and telephones were purchased to cater for the growing number of staff.

**Table 4: Expenditure 2012**

Expenditure - January 2012 to December 2012								
Description	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Budget 2012	Actual 2012	Actual 2012	% of budget
	US \$	US \$	US \$	US \$	US \$	NOK	US \$	

Implementation	211 899	167 449	206 902	158 826	250 000	1 197 640	199 607	80 %
Outreach	125 366	103 033	104 683	141 926	150 000	1 012 448	168 741	112 %
Board Meeting <sup>6</sup>	167 661	152 695	457 825	433 921	300 000	2 977 288	496 215	156 %
Conference <sup>7</sup>	35 126	401 830	219 192	1 102 371	150 000	1 568 744	261 457	174 %
Communications	104 339	77 374	95 254	171 741	125 000	1 038 910	173 152	139 %
Chairman's Support	300 360	147 094	153 766	62 526	100 000	208 481	34 747	35 %
Project Consultants	162 391	131 698	106 845	305 871	150 000	1 008 372	168 062	112 %
Salary	1 276 726	1 266 474	1 403 359	1 902 048	2 000 000	10 675 411	1 779 235	89 %
Other Staff	249 221	49 709	93 757	128 696	125 000	1 040 609	173 435	139 %
Office Expenses <sup>8</sup>	275 391	166 576	179 275	259 663	250 000	3 372 184	562 031	225 %
Reserve	-	-	-	509 434		-	-	
Contingency	2 955	-	-	-	50 000	-	-	
Total Budgeted Expenses	2 911 435	2 663 933	3 020 859	5 177 022	3 650 000	24 100 088	4 016 681	110 %

### Board members

Andrew Bone  
David Diamond  
Dorjdari Namkhajianstan  
Harald Tollan

### Committee advisor

Anwar Ravat

### Secretariat

Wouter Biesterbos  
Leah Krogsund  
Jonas Moberg  
Eddie Rich

<sup>6</sup> Board meeting costs (including per diem payments) for 2012: US\$265,894 was spent on four Board and Board related meetings in 2012: full Board meetings at Wiston House (UK), Lima and Lusaka, Strategy Working Group meetings in Henley (UK) and the Hague, plus per diem payments and communication support to Civil Society Board members. In total, accommodation and venue costs accounted for 38% of the costs, travel 37% and interpretation/translations at 25%. A full breakdown is available on request.

<sup>7</sup> US\$0.2m was paid as deposit for venue and accommodation costs for the 6<sup>th</sup> EITI Global Conference to be held in Sydney in May 2013

<sup>8</sup> Office expenses have been high to cover the high cost of telephone bills and new equipment including furniture, computers and telephones to cater for the growing number of staff.