

Environmental payments, Open data and Decentralisation: Ukrainian and German CSOs build coalition to shape the debate!



3 Parts:

- **Environmental payments** and EITI. Who pays the bill of extractive projects? Key issues are subsidies granted to extractive companies, securing of environmental rehabilitation costs and compensation payments.
- **Inclusion of local stakeholders** into EITI. How to work with civil society.
- **Open data** and EITI.





3 key issues:

- Beneficial Ownership
- Transparency Register
- Crossborder and subsidiary (.UA <-> .DE)



OGP 2nd national action plan



EITI Open Data Build Trust

from manual data
work

to automatic roll-out with
open data and open standard



Environmental payments

Who pays the bill for extractive projects?

- Contribution to state revenues through taxes and fees are the benefits, but at what cost?
- Water and air pollution, greenhouse gases of fossil fuels
 - To which extent do extractive companies pay for these costs (i.e. are costs internalized)?
- In Germany environmental costs are partly internalised: water fees, royalties, compensation measures (and payments), obligation to rehabilitate the sites when mines are shut down
 - But: extent of internalisation not sufficient, many exemptions



Environmental payments: water fees and royalties

Who pays the bill for extractive projects?

- Most Federal States levy consumption-related fees for the use of ground and surface water. But fee level is rather low and several exemptions for extractive (and other) water users
- Royalties: vary greatly between German states and mining activity. High rates on oil and gas in Lower Saxony and Schleswig-Holstein, no royalties for lignite and hard coal.



Environmental payments: financial provisions for rehabilitation of sites

Who pays the bill for extractive projects?

- Companies are also obliged to create and maintain long-term accounting provisions ('financing provisions') for recultivation of the sites.
- Provisions made by companies which must publish their annual financial statements are shown transparently at <http://www.bundesanzeiger.de>
- Authorities can ask for other implementation securities (i.e. cash, payment to a fund etc.) to ensure that rehabilitation costs are covered even in case of insolvency, but they rarely do. This is especially important for lignite extraction (coal-phase out in Germany by 2038).



Environmental harmful subsidies

Who pays the bill for extractive projects?

- Hard coal mining has been subsidized over decades in Germany, because it was not competitive. At the end of 2018, the last hard coal mine was shut down.
- Still other energy subsidies are relevant for extractive sector, e.g. tax relief for fossil fuels and (fossil-dominated) electricity used in the sector.
- EITI validation: “The EITI Report showed that in 2016 subsidies to the coal sector totalled nearly EUR1.3 billion. In the same year, total gross government revenue from the extractive sector was less than EUR500 million”. <https://eiti.org/news/germany-eiti-leads-by-example>





✔ EITI Status Meaningful progress ✔ Joined EITI in 2013 ✔ Latest Data From 2015 ✔ Latest Validation 2017 🌐 Website EITI Ukraine

- **ENERGY TRANSPARENCY COALITION** and multi-stakeholder dialog
- **AWARENESS RAISING CAMPAIGNS** and understanding the reports

- **EITI PLUS:** automatization, data availability, growing from upstream to other segments of energy sector



ANALYTICS ON DUTY



THE EXTRACTION TRANSPARENCY LAW

- BEYOND THE EU DIRECTIVES
- PROJECT BY PROJECT REPORTING
- REPORTING OF STATE AID,
- SOCIAL PROJECTS, LABOR FORCE



THE EXTRACTION
TRANSPARENCY



dixi group

ANALYTICS
ON DUTY



Transparency and rent decentralization strengthen local communities in Ukraine

According to the Law, 95% of the rental fee comes to the state budget, while 5% is distributed between local budgets of different levels.

