



Extractive Industries  
Transparency Initiative



# **State-owned enterprises and the EITI: tackling risks through transparency**

EITI Asia SOE workshop  
23 November 2021



The global standard for the good governance  
of oil, gas and mineral resources.

## The IMF on SOEs: “Bang for the taxpayer’s buck”

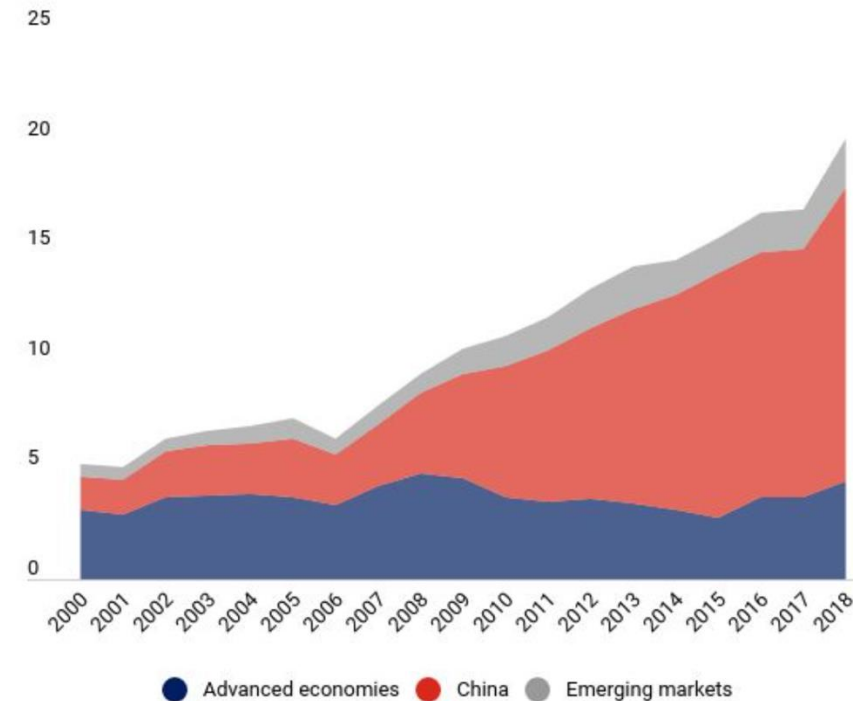
When governments are facing increasing demands and struggle with high debt, a core principle for state-owned enterprises is not to waste public resources. Four key IMF recommendations:

- Governments should regularly review if an enterprise is still necessary and whether it delivers value for taxpayers’ money.
- Countries need to create the right incentives for managers to perform and government agencies to properly oversee each enterprise.
- Governments also need to ensure state-owned enterprises are properly funded to achieve their economic and social mandates.
- Ensuring a fair playing field for both state-owned enterprises and private firms would have positive effects by fostering greater productivity and avoiding protectionism.

### Emerging giants

State-owned enterprises have grown in size and number in recent years, driven by emerging markets, and their assets are worth \$45 trillion, about half of global GDP.

(Percent of assets of largest firms)



Source: S&P Capital IQ; UNCTAD; S&P Global UDI World Electric Power Plant database; and IMF staff estimates.

Note: Figure 3.3.1 shows the share of SOE assets among the world’s 2,000 largest firms. Figure 3.3.2 shows aggregate average values of SOE debt and revenue among the world’s 2,000 largest firms. The latter is a composite ranking of separate rankings of 2018 revenue and assets obtained from Capital IQ.

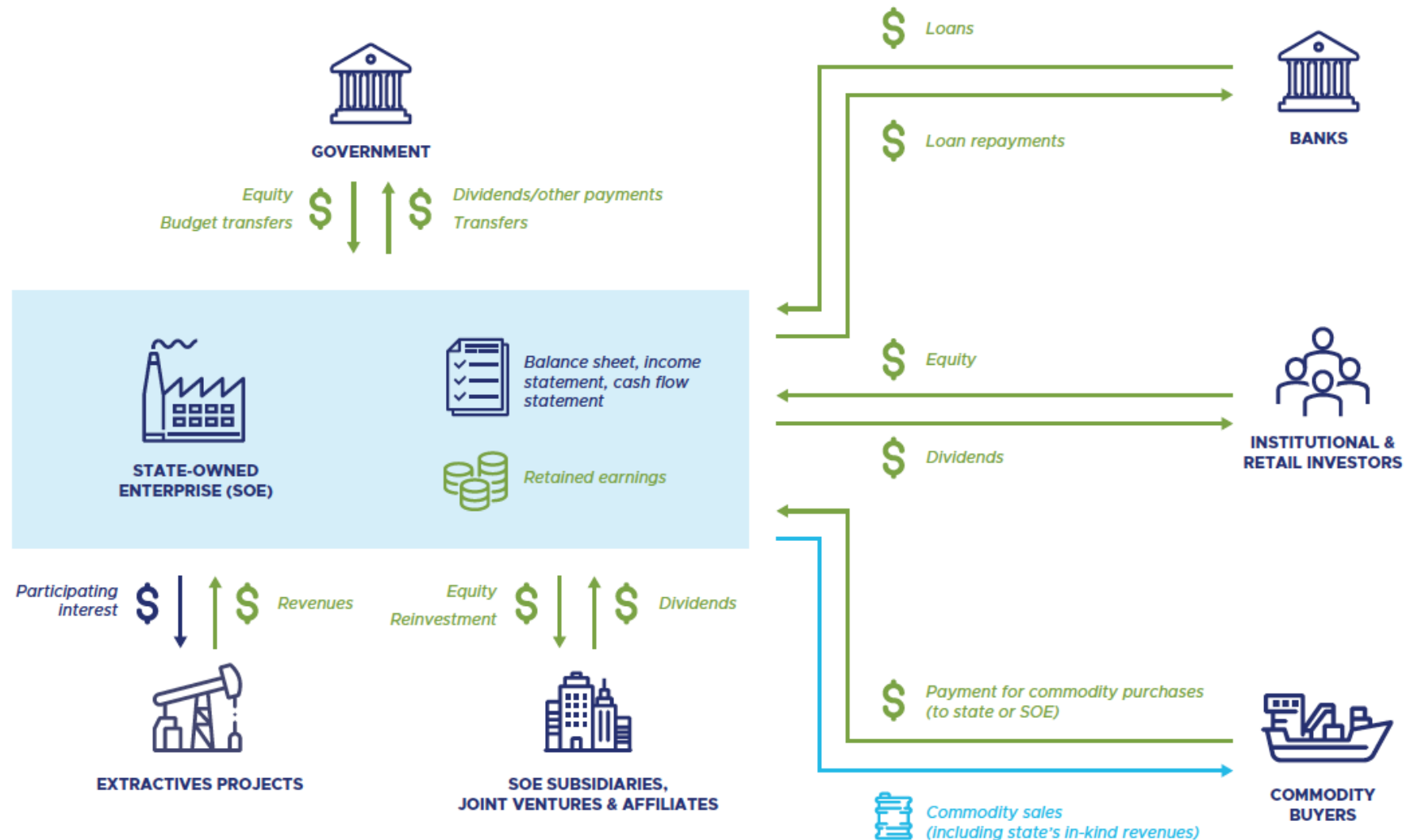
# Tackling risks through transparency

Risks, disclosures and the EITI's value add

**eiti**

# What disclosures does the EITI require of SOEs?

## SOE financial relations



# Performance on SOE Requirements at Validation

Requirements	Afghanistan: 2017	Afghanistan: 2020	Armenia: 2019	Indonesia: 2018	Iraq: 2017	Iraq: 2019	Kazakhstan: 2017	Kazakhstan: 2019	Kyrgyz Republic: 2016	Kyrgyz Republic: 2019	Mongolia: 2016	Mongolia: 2018	Myanmar: 2018	Papua New Guinea: 2018	Philippines: 2017	Tajikistan: 2016	Tajikistan: 2018	Timor-Leste: 2016	Timor-Leste: 2018	Ukraine: 2017	Ukraine: 2020
State participation (#2.6)	Yellow	Green	Hatched	Green	Yellow	Green	Green	Green	Yellow	Green	Yellow	Green	Green	Green	Green	Yellow	Green	Hatched	Hatched	Yellow	Green
In-kind revenues (#4.2)	Hatched	Hatched	Hatched	Green	Blue	Blue	Green	Green	Hatched	Hatched	Hatched	Hatched	Green	Hatched	Hatched	Red	Hatched	Hatched	Hatched	Hatched	Hatched
SOE transactions (#4.5)	Green	Green	Hatched	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Green	Green	Green	Yellow	Green	Green	Green	Yellow	Green
SOE quasi-fiscal expenditures (#6.2)	Red	Green	Hatched	Yellow	Hatched	Hatched	Yellow	Green	Red	Green	Yellow	Green	Yellow	Yellow	Hatched	Red	Green	Hatched	Hatched	Yellow	Green

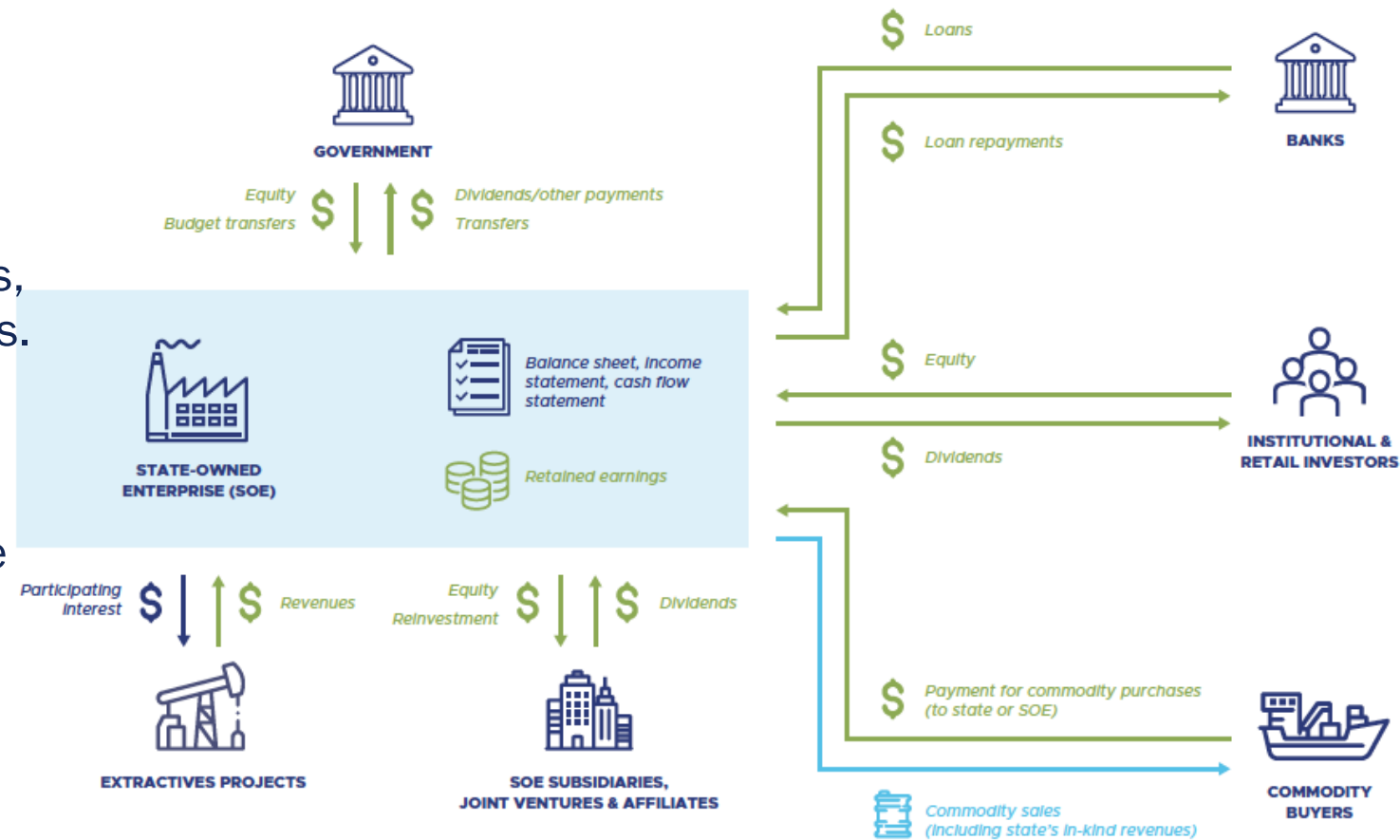
# Diagnostic of SOEs' financial relations

EITI Requirements 2.6 and 4.5 requires that both the rules and practice are clear:

- How SOEs manage their profits and financing.
- The flow of profits within the SOE group, between subsidiaries, JVs and affiliates.
- In which companies the state owns interests, and what terms are attached to the interests.
- What support the state and SOEs provide to extractive companies and projects.
- Procurement, sub-contracting and corporate governance.

The objective of this requirement is to ensure an effective mechanism for transparency and accountability for well-governed SOEs and state participation more broadly through a public understanding of whether SOEs' management is undertaken in accordance with the relevant regulatory framework. This information provides the basis for continuous improvements in the SOE's contribution to the national economy, whether financially, economically or socially.

## SOE financial relations



# Common risks in SOEs' financial relations

## Dual commercial and socio-economic mandates:

- SOEs manage sometimes competing priorities in line with their commercial imperatives and their socio-economic priorities as state-owned entities.
- Lack of clarity on the regulatory framework for SOEs' financial relations can lead to public misunderstanding of these dual mandates and competing claims on the SOE's resources.
- Competing mandates can create challenges in access to finance, given uncertainty on use of funds.

## High profit retention by subsidiaries, JVs, affiliates:

- Lack of clarity on the statutory financial relations within a SOE group can lead to excessive profit retention by subsidiaries, JVs and affiliates.
- Lack of clarity on the flow of profits within the SOE group can create public mistrust over the SOE's contribution to government revenues (dividends).
- Clear rules on financial relations support better financial management.

## Challenges in benchmarking performance:

- Gaps in SOEs' financial disclosures create challenges for benchmarking the company's performance against peers.
- Lack of disclosures by SOE subsidiaries, JVs and affiliates can complicate the SOE leadership's oversight of the companies' financial management.
- Weak SOE public disclosures can reflect gaps in internal record-keeping, a common challenge for management oversight.

## Lack of clarity on return on public investment and social license to operate:

- Weak public reporting by SOEs can exacerbate the lack of clarity on SOEs' profitability and the return on public investment.
- Lack of clarity on SOEs' financial management can elicit questions about their commercial orientation and subsidies they provide or benefit from.
- Weak SOE disclosures can lead to greater public scepticism about their social license to operate.



# SOEs' disclosures of financial relations

In the **Philippines**, state-owned mining company PMDC publishes full corporate information on its website, inc. on any subsidiaries, financial statements, and corporate governance.

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Republic of the Philippines  
**PHILIPPINE MINING DEVELOPMENT CORPORATION**  
Creating Wealth • Enriching Lives

Projects Invitation to Bid Corporate Social Responsibility Career Opportunities

## TRANSPARENCY SEAL

**PHILIPPINE TRANSPARENCY SEAL**  
A pearl buried inside a tightly-shut shell is practically worthless. Government information is like a pearl, meant to be shared with the public in order to maximize its inherent value.

The Transparency Seal, depicted by a pearl shining out of an open shell, is a symbol of a policy shift towards openness in access to government information. On the one hand, it hopes to inspire Filipinos in the civil service to be more open to citizen engagement; on the other, to invite the Filipino citizenry to exercise their right to participate in governance.

**PHILIPPINE MINING DEVELOPMENT CORP. COMPLIANCE WITH TRANSPARENCY SEAL**

▲ PART I - AGENCY'S MANDATE AND FUNCTIONS; NAMES OF ITS OFFICIALS WITH THEIR POSITION AND DESIGNATION, AND CONTACT INFORMATION

List of Subsidiaries and Affiliates	[none]	Mandates and Functions	[view details]
Manual of Corporate Governance	[view details]	Articles of Incorporation	[view details]
CSR Statement	[view details]	By-Laws	[view details]
No Gift Policy	[view details]	Key Officials	
Functions of PMDC Board Committees	[view details]	Board of Directors	[view details]
Board Committee Memberships	[view details]	Corporate Officers	[view details]
Compensation Package of Board Members and Officers		Department Managers	[view details]
2020	[view details]	Office Directory	[view details]
2019	[view details]	General Information Sheet (GIS)	
2018	[view details]		
2017	[view details]		

In **Afghanistan**, the Ministry of Mines and Petroleum has established a webpage for SOEs, publishing information on both rules and practices of financial relations. This included the first ever audit of SOEs' financial statements.

ISLAMIC REPUBLIC OF AFGHANISTAN  
Ministry of Mines and Petroleum

ABOUT US GEO SURVEY LAWS & POLICIES OPPORTUNITIES

## SOEs Directorate Attachments

- SOEs Addendum Report [Download Files](#)
- SOEs Retained Earning, reinvestment, third party financing and gov ownership [Download Files](#)

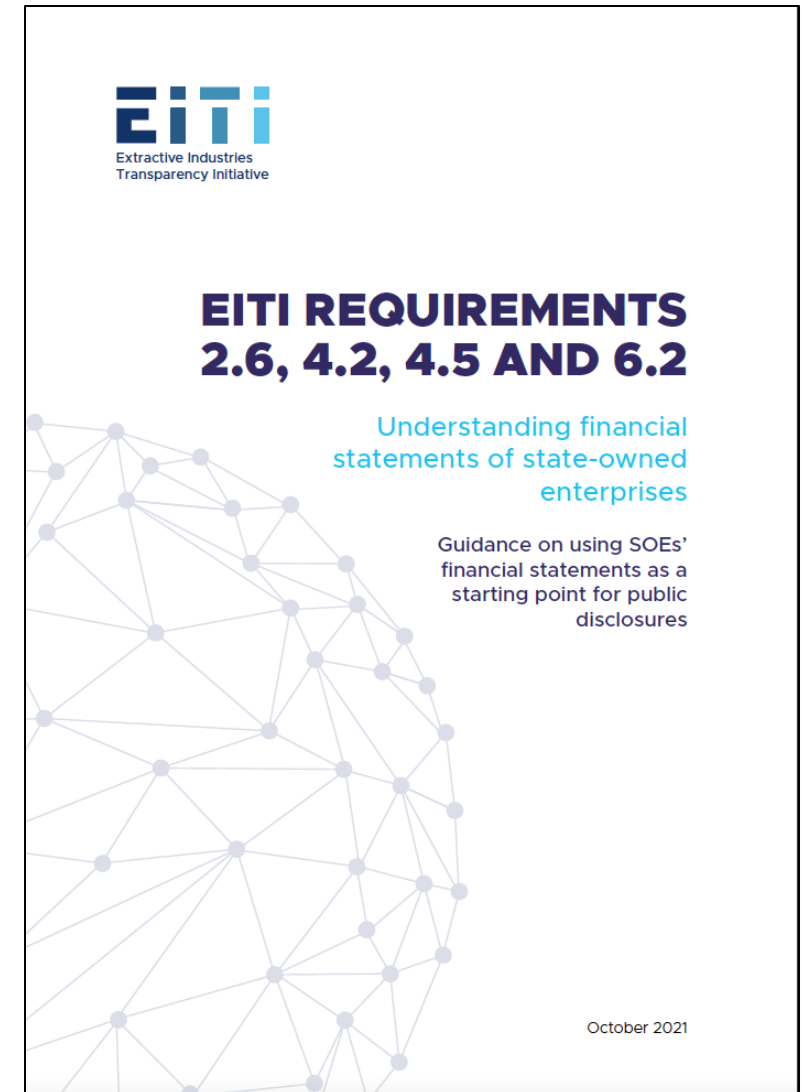
## NCE Attachments

- Assessment of and Restructuring Options of the Northern Coal Enterprise [Download Files](#)
- Reform and Restructure of Northern Coal [Download Files](#)
- MoMP, Coal Industry 05-06-2018 [Download Files](#)
- North Coal Enterprise Balance sheet [Download Files](#)

momp.gov.af

# Locating EITI data in SOEs' financial statements

- This guidance maps Requirements of the EITI Standard against conventional financial statements prepared in accordance with International Financial Reporting Standards (IFRS).
- A type of expanded glossary of financial terms and their equivalents in the EITI Standard.
- Guidance for practitioners that is complimentary to Guidance Notes on Requirements 2.6, 4.2, 4.5 & 6.2.

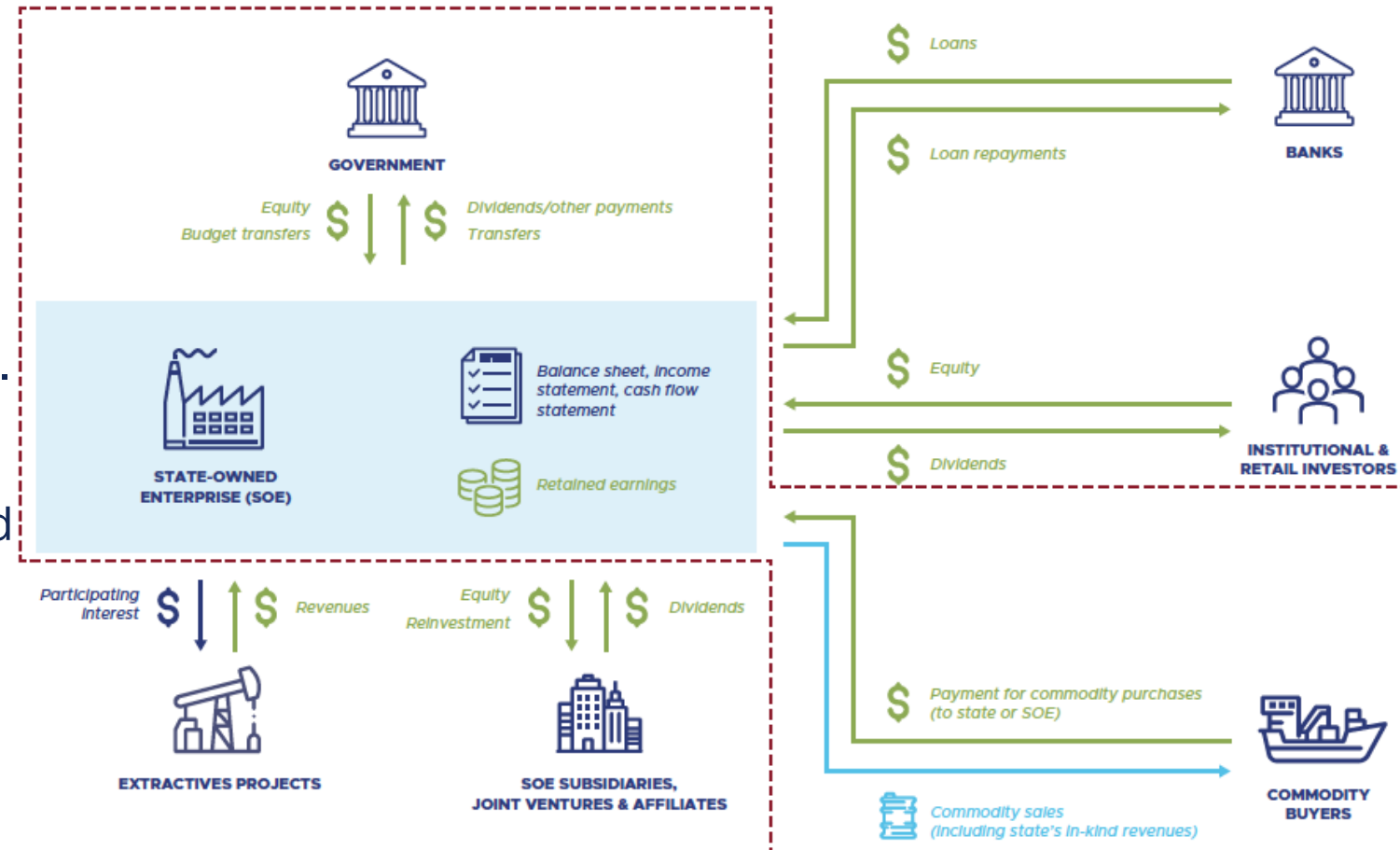


# Diagnostic of SOEs' commodity sales

EITI Requirement 4.2 requires that both the rules and practice are clear:

- The volumes of physical commodities collected and sold by SOEs for government.
- The value of sales and transfer of proceeds to the Treasury.
- Details of products and prices per cargo.
- Buyer selection and sales contracts.
- Coverage of swaps and resource-backed loans.

The objective of this requirement is to ensure transparency in the sale of in-kind revenues of minerals, oil and gas to allow the public to assess whether the sales values correspond to market values and ensure the traceability of the proceeds from the sale of those commodities to the national Treasury.



# Common risks in SOEs' commodity sales

## Low valuations of commodity prices:

- Sales of commodities that are not traded on commodity exchanges run the risk of low valuations of the commodity price.
- In sales transactions that are not based on the spot market in particular, the process for assessing whether commodities were sold at fair market value can be challenging.

## Foregone revenues linked to buyer selection:

- Excessive discretion in buyer selection can lead to the sale of commodities to others than highest bid.
- Opacity in the beneficial ownership of buyers can create challenges in selecting qualified buyers.
- Inadequate buyer selection processes can lead to the selection of buyers without sufficient technical or financial capacities to lift and market products.

## Weak oversight of sales terms and conditions:

- Less robust commodity sales processes can lead to the terms and condition of sales to be on unfavourable terms for the SOE.
- Weak oversight of commodity sales can lead to contravention/circumvention of sales terms and conditions by buyers.

## Public mistrust over SOE's commodity sales:

- Opacity in commodity sales can lead to public mistrust of the management of sales proceeds and allegations of diversion of funds.
- There is often a lack of public understanding of special commodity sales agreements (e.g. resource-backed loans).
- Public mistrust can lead to calls for greater regulation of SOEs and, in extreme cases, the removal of commodity sales from SOEs' mandates.

# SOEs' disclosures of commodity sales

In **Iraq**, the oil marketing SOE, SOMO, publishes crude oil sales volumes and values in aggregate on a monthly basis on its website, with a list of buyers.

EVENTS AND EVENTS CALL US FINAL ACCOUNTS STUDIES AND REPORTS WHO ARE WE ADS NEWS MAIN

**IRAQ CRUDE OIL EXPORTS - JANUARY 2021**  
Iraq's exports of crude oil during January-January 2021

Released on 02/18/2021, released on February 18, 2021  
Next Release on 25/03/2021  
update post on 25.03.2021

KIRKUK CRUDE Kirkuk oil				BASRAH CRUDE Basra Oil				MONTH month	YEAR Year
EXPORT FROM AL-SMOOD REFINERY Exporting Al Smood refinery tanks to Jordan		The FROM EXPORT AL-QAYARA THE FIELD export field Qayyarah		EXPORT FROM CEYHAN export port of Ceyhan		AMOUNT DOLLAR (\$ Amount)	QUANTITY BARREL (barrel Qty)		
AMOUNT DOLLAR (\$ Amount)	QUANTITY BARREL (barrel Qty)	AMOUNT DOLLAR (\$ Amount)	QUANTITY BARREL (barrel Qty)	AMOUNT DOLLAR (\$ Amount)	QUANTITY BARREL (barrel Qty)				
0.00	0.000	0.00	0	163,391,098.23	3,052,194	4,602,609,369.54	85,870,503	JANUARY January	2021

ORTED THROUGH BASRAH OIL TERMINAL, KHOR AL ZUBAIR OIL TERMINAL, AND SPM FROM ARABIAN GULF AND CEYHAN TERMINAL IN TURKEY FROM THE MEDITERRANEAN SEA BY THE FOLLOWING BUYERS  
of Basra and Khor Al - Zubair and buoys unilateralism on the Arabian Gulf and the port Ceyhan Al-Turki on the Mediterranean for the following purchasing companies

CHEVRON	CHINA OFFSHORE	CNOOC	ENI	EXXON MOBIL	GAZPROM	GS CALTEX	HINDUSTAN	INDIAN OIL
- AMERICAN	- CHINESE	- CHINESE	- ITALIAN	- AMERICAN	- RUSSIA	- SOUTH KOREAN - South Korea	- INDIAN	- INDIAN
American	tray	tray	Italian	American	Russian	KOREAN - South Korea	Indian	Indian

MANGLORE	MOTOR OIL	NAVARA	PETROCHINA	PETRONAS	RELIANCE	SHELL	SINOCHEM	SK ENERGY
- INDIAN	- GREECE	- INDIAN	- CHINESE	- MALAYSIAN	- INDIAN	NETHERLANDS - BRITISH	- CHINESE	SOUTH KOREAN - South Korea
Indian	Greek	Indian	tray	Malaysian	Indian	Dutch - British	tray	KOREAN - South Korea

In **Nigeria**, NNPC publishes cargo-level data on crude oil sales on its website, which includes volumes & values of oil sales, product type, vessel and buyer name, B/L date, invoice number, unit price, producer name and fiscal regime.

**MONTHLY LIFTING PROFILE FOR JANUARY 2020**

SN	CUSTOMER	BL DATE	DUE DATE	VESSEL NAME	CRUDE TYPE	PRODUCER	FISCAL REGIME	INVOICE NO.	QTY IN BBLs	\$ UNIT PRICE	SALES VALUE IN US\$
<b>A PRODUCT - DSDP CARGOES</b>											
1	SAHARA	03-Jan-20	2-Apr-20	ANDAMAN	BL	TEPNG	JV	CO601COMDSDP0012000-E	382,125	66.6570	25,471,308.13
2	TRAFIGURAI A RAND	08-Jan-20	8-Apr-20	RIO GRANDE	OL	MPN	JV	CO601COMDSDP0020200	945,534	65.8940	62,588,583.40
3	LITASCOBERTANNA U	10-Jan-20	11-Apr-20	TRF HORTEN	FB	SPOC	JV	CO601COMDSDP0030200	940,201	65.3770	61,565,913.79
4	CEPRAGARDO	11-Jan-20	10-Apr-20	ASEGAN ANGEL	BB	SPOC	JV	CO601COMDSDP0040200-B	649,721	64.9770	42,334,999.54
5	CEPRAGARDO	10-Jan-20	10-Apr-20	ASEGAN ANGEL	BB	SPOC	JV	CO601COMDSDP0040200-A	299,519	61.8900	18,564,183.52
6	ASHMEYREHMASTERS/CASHA	10-Jan-20	7-Apr-20	MONTI LUDOLCA	ESL	CNL	JV	CO601COMDSDP0050200	844,130	67.8610	57,281,614.35
7	TOTSA TOTAL OIL TRADING	10-Jan-20	17-Apr-20	FRONT BRAGE	AMB	TEPNG	JV	CO601COMDSDP0060200	648,784	59.0880	38,542,773.31
8	OLUNVORA Y MAKFR	20-Jan-20	19-Apr-20	CAP VICTOR	FB	SPOC	JV	CO601COMDSDP0070200	648,512	64.0830	41,782,979.62
9	DUKE OIL INC	26-Jan-20	25-Apr-20	VIOLANDO	BL	SPOC	JV	CO601COMDSDP0080200	648,179	56.5650	36,633,746.14
10	M.R.S.	17-Jan-20	16-Apr-20	MESDAR	OL	MPN	JV	CO601COMDSDP0090200	849,872	61.0280	51,888,788.42
11	VTOL / CALSON	08-Jan-20	7-Apr-20	ARAGONA	BL	SPOC	JV	CO601COMDSDP0100200-A	672,247	66.3610	44,610,883.17
12	VTOL / CALSON	08-Jan-20	7-Apr-20	ARAGONA	BL	BELEMA	JV	CO601COMDSDP0100200-B	75,000	66.3610	4,977,075.00
13	VTOL / CALSON	08-Jan-20	7-Apr-20	ARAGONA	BL	ATEO	JV	CO601COMDSDP0100200-C	65,000	66.3610	4,313,485.00
14	VTOL / CALSON	08-Jan-20	7-Apr-20	ARAGONA	BL	EROTON	JV	CO601COMDSDP0100200-D	35,000	66.3610	2,322,635.00
15	VTOL / CALSON	08-Jan-20	7-Apr-20	ARAGONA	BL	EROTON	JV	CO601COMDSDP0100200-E	75,000	66.3610	4,977,075.00
16	TRAFIGURAI A RAND	31-Jan-20	30-Apr-20	VORAGER	OL	MPN	JV	CO601COMDSDP0110200	859,127	57.8570	54,871,483.84
17	MATROUPEP/PLANTIC	31-Jan-20	30-Apr-20	JAG LAITI	ESL	CNL	JV	CO601COMDSDP0120200	844,767	58.3970	55,162,114.80
18	BP OIL ATYI SHAFA	31-Jan-20	30-Apr-20	MALBU	BL	SEPLAT	JV	CO601COMDSDP0130200-A	320,000	56.4950	18,078,450.00
19	BP OIL ATYI SHAFA	31-Jan-20	30-Apr-20	MALBU	BL	TEPNG	JV	CO601COMDSDP0130200-B	452,648	56.4950	25,572,348.76
20	BP OIL ATYI SHAFA	31-Jan-20	30-Apr-20	MALBU	BL	EROTON	JV	CO601COMDSDP0130200-C	173,500	56.4950	9,861,882.50
<b>SUB-TOTAL</b>									<b>11,732,868</b>	<b>61.9811</b>	<b>727,216,179.36</b>
<b>CRUDE OIL EXPORT - JVC PROCEEDS ACCOUNT</b>											
1	CALSON	17-Jan-20	16-Feb-20	ARAGONA	BL	SPOC	JV	CO6010012000-SPOC	287,131	64.9270	17,344,014.64
2	ETENERA PLC	10-Jan-20	01-Feb-20	FRONT THOR	ESL	CNL	JV	CO6010020000-CNL	417,776	67.8380	28,241,508.09
3	SACOL ENERGY EQUITY RESOURCE	08-Jan-20	08-Feb-20	BARBAROSA	EA	SPOC	JV	CO60100300000-SPOC	431,485	69.8940	29,927,488.34
4	REP OF NIGER SAHARA ENERGY	21-Jan-20	20-Feb-20	FLEVES	ESL	CNL	JV	CO60100500000-CNL	546,362	59.4970	32,587,479.73
<b>SUB-TOTAL</b>									<b>1,665,654</b>	<b>64.8217</b>	<b>107,878,477.80</b>
<b>FEDERATION ACCOUNT LIFTINGS (IP MORGAN)</b>											
1	PETROGAS ENERGY COR. CONCEPT	07-Jan-20	06-Feb-20	DHT BRONCO	BONGA	SNEPCO	PSC	CO60100400000	860,045	66.5970	57,271,146.87
<b>SUB-TOTAL</b>									<b>860,045</b>	<b>66.5970</b>	<b>57,271,146.87</b>
<b>JVC PROCEEDS ACCOUNT LIFTINGS (EXT. DSDP)</b>											
1	BOHO ENERGY/ETERNARKLEENA	03-Jan-20	02-Feb-20	AMORGOS	FB	SPOC	JV	CO6010020000-SPOC-E-A	718,872	67.1070	48,187,129.90
2	MOCOH SA MOCOH OIL	22-Jan-20	21-Feb-20	MESDAR	OL	MPN	JV	CO60100400000-MPN-E	848,446	59.0130	55,080,210.80
<b>SUB-TOTAL</b>									<b>1,668,318</b>	<b>61.8654</b>	<b>103,187,340.70</b>
<b>FEDERATION ACCOUNT LIFTINGS (EXT. DSDP)</b>											
1	BOHO ENERGY/ETERNARKLEENA	03-Jan-20	02-Feb-20	AMORGOS	FB	MONWESTERN	JV	CO6010020000-E-D	70,000	67.1070	4,687,490.00
2	BOHO ENERGY/ETERNARKLEENA	03-Jan-20	02-Feb-20	AMORGOS	FB	SUNTRUST	JV	CO6010020000-E-E	30,000	67.1070	2,013,210.00
<b>SUB-TOTAL</b>									<b>100,000</b>	<b>67.1070</b>	<b>6,700,700.00</b>
<b>FIRS ACCOUNT LIFTINGS (PSC)</b>											
1	SAHARA ENERGY RESOURCE LTD	12-Jan-20	11-Feb-20	MARE SICILLUM	BONGA	SNEPCO	PSC	FR60100100000	894,248	64.8770	58,089,782.30
2	DUKE OIL CO. INC	25-Jan-20	22-Feb-20	STENA SURPRISE	BONGA	SNEPCO	PSC	FR60100300000	638,799	57.1140	36,518,568.00
3	DUKE OIL CO. INC	26-Jan-20	25-Feb-20	MARLIN SANTIAGO	BB	ADDAX	PSC	FR60100600000	45,000	66.3560	2,985,075.00
<b>SUB-TOTAL</b>									<b>1,578,047</b>	<b>60.8303</b>	<b>114,223,425.30</b>
<b>FIRS DSDP CARGOES CRUDE (NARA PAYMENT)</b>											
1	SAHARA	15-Jan-20	12-Apr-20	SEA PASSION	EGINA	TUPNI	PSC	FR60SDP010002000	697,273	65.5530	45,574,238.97
<b>SUB-TOTAL</b>									<b>697,273</b>	<b>65.5530</b>	<b>45,574,238.97</b>
<b>FIRS EXTENDED DSDP CARGOES CRUDE</b>											
1	MERCURIA/BAREDEO/SRANOLI/PET	25-Jan-20	24-Feb-20	ALM NAVIGATOR	AGBAM	STARTDEEP	PSC	FR60SDP-E-010002000	673,965	54.4450	36,585,746.43



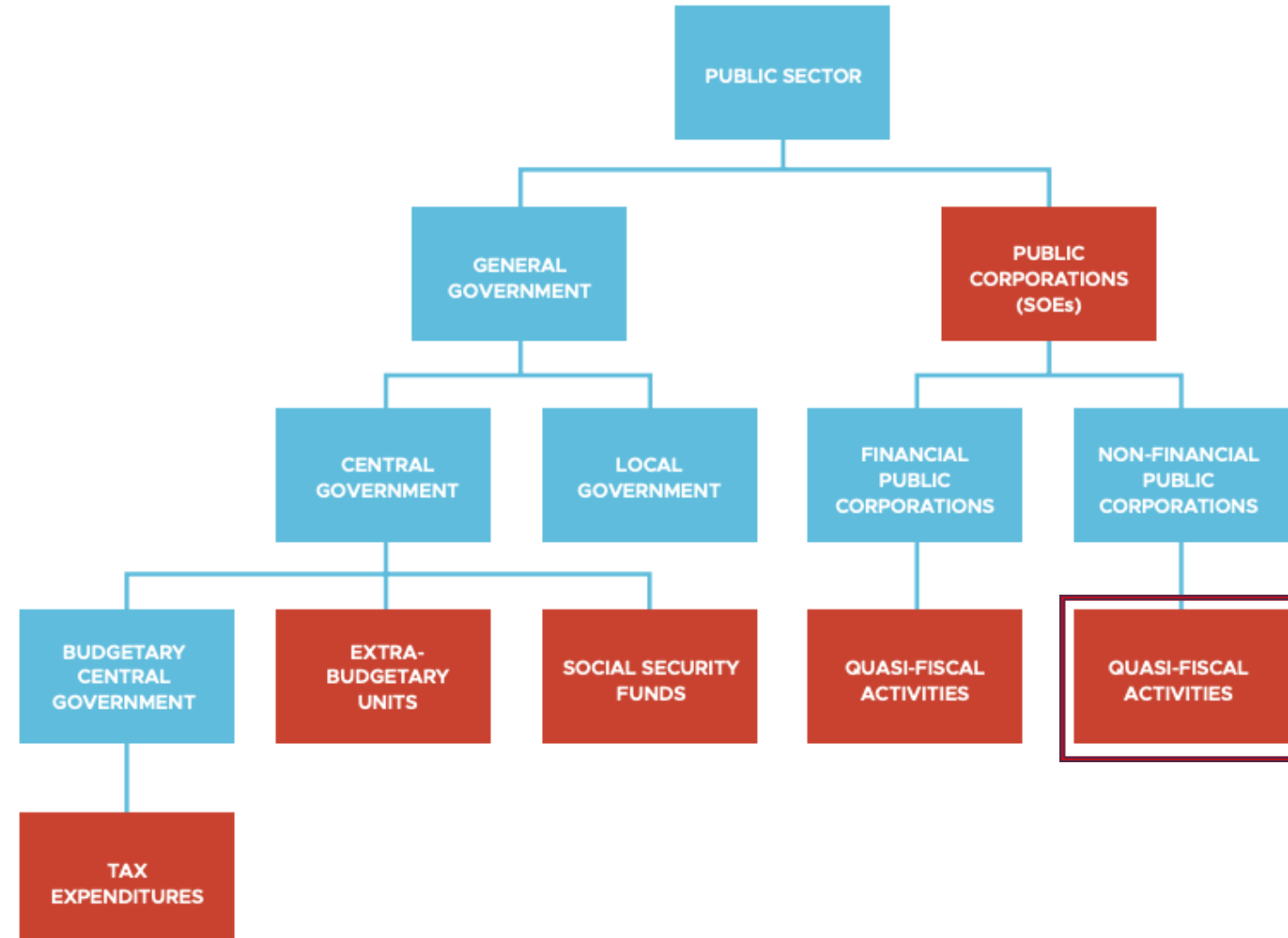
# Diagnostic of SOEs' quasi-fiscal expenditures

EITI Requirement 6.2 requires that there are reliable public disclosures of quasi-fiscal expenditures, including:

- Subsidies related to extractives (coal, gas, oil).
- Public infrastructure (roads, railways, airports).
- Social infrastructure (hospitals, schools).
- Repayment/servicing of national debt.
- Operating costs of government Ministries, Departments and Agencies.



The objective is that where state-owned enterprises undertake extractive-funded expenditures on behalf of the government that are not reflected in the national budget, these are disclosed to ensure accountability in their management.





# Common risks in SOEs' quasi-fiscal expenditures

## Lower profitability than private-sector peers:

- Non-commercial activities such as QFEs can lower SOEs' profitability compared to their private-sector peers. QFEs are often undertaken at a loss for SOE.
- Quasi-fiscal expenditures tend to displace SOEs' expenditures from other commercial activities.
- Non-commercial activities can impact the level of SOEs' capital expenditures and lead to a reduction of growth prospects and profitability over the medium/long term.

## Government interference in SOE management spending decisions:

- Quasi-fiscal expenditures are often made at the direction of government, reflecting political interference in the SOEs' management.
- Government-directed expenditures can be at odds with a SOE's business strategy.
- Government influence on SOEs can complicate access to finance, given non-commercial activities.

## Impact on the balance in SOEs' dual mandates:

- Excessive QFEs can tilt the delicate balance between SOEs' commercial and socio-economic mandates.
- Lack of clarity on SOEs' QFEs can complicate efforts to corporatize the companies and ensure they operate with a focus on profitability.
- Non-commercial activities can create confusion over the SOEs' core mandates.

## Public mistrust over SOEs' non-commercial spending:

- Quasi-fiscal expenditures can lead to allegations of circumvention of Parliamentary oversight.
- Non-commercial activities can lead to unrealistic public expectations of the SOEs' roles and mandates.
- Public mistrust of SOEs' QFEs can lead to calls for additional regulations of SOEs compared to private-sector peers.

# SOEs' disclosures of quasi-fiscal expenditures

In **Nigeria**, the national oil company NNPC publishes monthly data on the value of NNPC's 'under-recovery' on domestic crude oil allocations, through which NNPC is compensated for fuel subsidies not reimbursed by the Federal Budget.

Table 6.4.2: Allocation of Naira Proceeds from Sale of Domestic Crude Oil: Payment to FAAC

Lifting Month	Receipt / Payment Month	Allocation of Domestic Crude Proceeds							Transfers to (1) Fuel Recovery & Modernisation Account			
		Domestic Crude Cost	Domestic Crude Payments	Under Recovery	Crude Losses	Product Losses	Pipeline Depreciation & Management Cost	Gas & Other Receipts	Total Receipts	Fuel Recovery (Naira Only) - Govt. Priority Projects	Transfer to Modernisation Account	Total Payment to FAAC
A	B	C	D= E-F-G-H	E	G	H	I	J=K+L+M+N+O	K	L	M+N	
		₦	₦	₦	₦	₦	₦	₦	₦	₦	₦	
Jan 15	Sep 15	222,086,379,643	170,476,128,030	31,465,120,316	0	86,673,242	12,716,207,855	7,090,496,532	226,574,646,265	111,625,159,807	74,546,142,095	106,169,021,532
Feb 15	Oct 15	155,623,249,030	120,791,171,155	29,322,055,872	0	659,469,448	4,851,794,164	8,351,845,549	163,975,113,739	75,391,671,104	53,287,143,800	129,151,014,783
Aug 15	Nov 15	222,086,381,252	170,797,059,390	33,125,547,121	0	88,971,597	4,966,661,034	5,780,722,619	217,845,924,671	98,857,582,347	80,723,209,870	179,580,792,217
Sep 15	Dec 15	206,609,845,649	170,675,544,782	26,628,940,282	0	2,177,221,429	7,207,899,845	18,441,137,813	235,532,721,441	124,952,006,110	52,265,776,262	189,530,626,645
Oct 15	Jan 16	184,491,641,034	133,951,388,177	43,386,174,744	0	1,718,494,862	5,479,591,451	4,575,362,156	199,697,507,890	91,717,234,704	64,853,531,229	138,570,765,933
Nov 15	Feb 16	171,542,249,296	142,295,419,648	26,794,937,813	0	1,821,646,720	6,757,445,036	6,238,720,684	177,788,940,000	72,811,162,160	75,622,478,112	148,534,140,272
Dec 15	Mar 16	194,320,757,122	143,439,961,647	37,043,654,185	0	1,545,225,028	7,690,721,790	3,730,045,702	194,088,000,024	77,911,144,528	69,399,844,751	147,149,039,279
Jan 16	Apr 16	222,570,919,084	173,047,456,546	0	0	1,643,022,373	7,836,671,944	6,111,700,002	226,679,651,065	102,596,776,365	96,562,380,403	199,159,156,768
Feb 16	May 16	154,481,122,185	146,946,380,189	0	0	1,536,601,740	7,987,249,056	14,942,609,296	171,422,741,781	69,645,656,207	52,843,023,490	124,488,679,697
Mar 16	Jun 16	71,202,116,494	59,297,071,983	0	0	1,491,027,556	6,235,644,928	18,119,655,114	81,401,571,688	48,925,047,175	19,463,179,940	68,388,227,117
Apr 16	Jul 16	68,715,229,396	45,542,482,149	0	0	1,371,693,813	1,802,242,224	4,611,649,635	73,238,899,020	23,510,102,742	46,574,659,792	70,154,762,704
May 16	Aug 16	46,515,973,526	43,930,388,453	0	0	1,673,153,797	1,492,238,206	4,668,629,246	58,396,537,772	12,520,299,950	24,800,724,719	47,419,024,669
Jun 16	Sep 16	89,693,477,932	69,679,477,932	0	0	0	0	6,674,077,231	96,335,555,463	45,899,077,941	28,033,033,422	94,332,555,463
TOTAL	TOTAL	1,999,039,653,528	1,486,048,351,579	222,081,654,404	0	15,740,794,819	75,232,946,334	101,549,656,520	21,062,933,700	980,289,927,372	793,844,352,526	1,270,944,000,007

In **Mauritania**, the state-owned mining company SNIM's audited financial statements describe the company's payment to the contractor for the capital's new airport, which are reimbursed through off-sets to the SOE's tax liabilities.

### 4.3.1 Investment in associate's entities:

Loans granted to employees do not bear interest. The impact of discounting is deemed insignificant, so loans and guarantees are accounted for at their historical amount.

The NJAH Loan is relative following the tripartite agreement (State, SNIM and NAJAH) by which the State agrees to pay SNIM the remainder of the loan and NAJAH undertakes to carry out certain work in favor of the State.

Deposits and guarantees are valued on the basis of the amounts disbursed. The difference with their fair value is not significant.

In **Afghanistan**, the Supreme Audit Office's audit report on North Coal Enterprise's 2017 financial statements raised concerns over the freeze in coal sales prices since 2008. This represents an implicit subsidy in NCE's coal sales since 2008.

### 2. Issue: Selling price of 1500 and 2100 per ton

The selling prices that have remained the same for over a decade and have not been determined through a competitive process and don't seem to be profitable to the Enterprise.

As per MoMP SOE Directorate's confirmation the then business plan of North Coal Enterprise was approved by Council of Ministers on 31/02/1386 and authority was given to North Coal Enterprise to apply selling rates as per market demand.

### Consequences/Risk:

There is a risk that due to management override and weak controls the Enterprise has not charged competitive rates to generate more revenue.

### Recommendation:

We recommend that the management should establish a transparent and competitive pricing mechanism which may lead to an increase in the revenue of the Enterprise.

In **Madagascar**, the state-owned oil and gas company OMNIS covers certain international travel costs for government officials. The audit report on the financial statements raised concern over these expenditures.

Date	Description	Amount (USD)	Location	Remarks
01/09/18 au 07/09/18	Indemnité Ministre auprès du Ministère des Mines et des Ressources Stratégique - MMRS	26 344 014,67	Beijing Chine	Sommet du forum sur la coopération Sino Africaine (FCSA)
08/10/18 au 16/10/18	Indemnité Ministre auprès du Ministère des Mines et des Ressources Stratégique - MMRS	29 727 500,00	Armenie	17ème sommet de la francophonie
28/02/18 au 03/03/18	Frais de transport Ministre auprès du Ministère des Mines et des Ressources Stratégique - MMRS	40 300 000,00	Moscou	
09 /03/18 au 01/05/18	Frais de transport PCA OMNIS	19 320 000,00	Paris	
22/05/18 au 29/05/18	Frais de transport Ministre auprès du Ministère des Mines et des Ressources Stratégique - MMRS	18 910 000,00	Saint Petersburg	
	Frais de transport Ministre auprès du Ministère des Mines et des Ressources Stratégique - MMRS	8 300 000,00	Addis Abeba	
18/05/18 au 29/05/18	Frais de transport PCA OMNIS	21 995 000,00	Paris - Saint Petersburg	
15/06/18 au 19/06/18	Frais de transport PCA OMNIS	12 625 000,00	Paris	
14/01/18 au 21/01/18	Frais de transport PCA OMNIS	14 715 783,00	Paris	
01/09/18 au 06/09/18	Frais de transport Ministre auprès du Ministère des Mines et des Ressources Stratégique - MMRS	39 765 000,00	Chine	



# SOE transparency through EITI: a tool to support national objectives

- **Domestic resource mobilisation:** Clarifying SOEs' financial relations with the state opens up financial management of public organisations in the extractives and supports improved government revenue collection.
- **Corporate governance:** Annual diagnostic of the rules and practices related to SOEs' financial relations provides a basis for assessing SOEs' corporate governance. Transparency breeds accountability.
- **Anti-corruption:** Tracing the flow of extractive funds through SOEs improves accountability of revenues not transferred to the Treasury. Opening up SOEs' commodity sales allows for public oversight of the efficiency of SOEs' marketing, sales and financial management.
- **Investment promotion:** Clarifying SOEs' financial management helps reduce information asymmetry and improves the credit-worthiness of SOEs and the confidence of private investors.



Extractive Industries  
Transparency Initiative

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