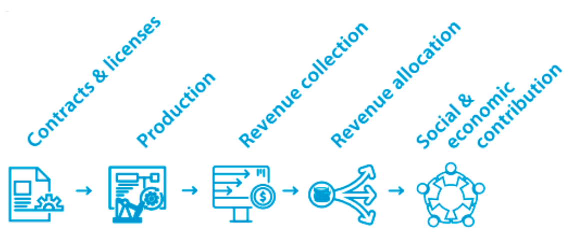
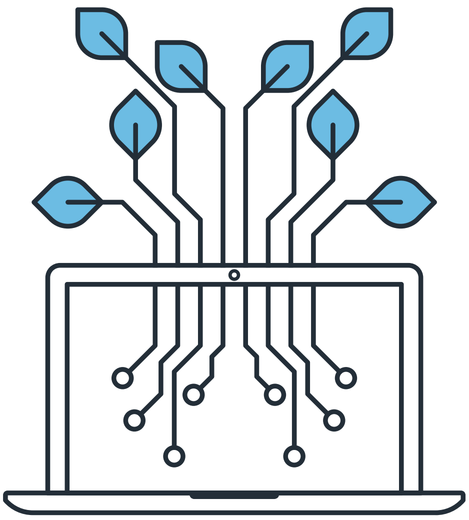
EITI – disclosing critical investment information

The EITI Standard requires that countries publish information on licensing, production, state ownership, how much each company pays in taxes, royalties and bonuses, broken down by project and type of payment, transfers to local governments and social and infrastructure investments. It encourages contract transparency and disclosure of beneficial ownership of extractive industry companies.

Countries that implement the EITI are also required to disclose the financial structure of state-owned enterprises, including loans and guarantees provided by central government, their quasi-fiscal expenditures and their role in the extractive industries.

This information is captured in summary data reports that also include how much money went to subnational levels of government





Allocation of licenses

Includes reference to the official processes of rights' allocation, which can serve as reference for governments' control of activities in a country.

Register of licenses

Includes references to online sources of official government information allowing investors to verify companies' exploration/exploitation rights in a country, and/or provide a reference for governments' control of activities in a country.

Contract disclosure

Encourages companies to publish the contract including the terms that a company has to uphold, including references to other companies'/investors' terms.

Beneficial ownership

Assists in investors' due diligence to check who they are really investing in, potential partner companies, reducing investment risks and exposes potentially undesired political influence.

Government revenues

The full revenue received by extractives companies in the form of tax, royalties, bonuses, etc.

Company by company information

Information regarding specific companies, often including unique and traceable identifiers, as well as commodity types. This information allows for the monitoring of the relative payments from companies to governments.

Classification according to IMF's Government Finance Statistics

This ensures that payment obligations/types are comparable across time and countries.

Revenue allocation

This sets out where the revenue goes – i.e. to central government budget, to wealth funds, to special projects or directly to subnational levels of government.

EITI Validation process

Validation is the EITI's independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard. Ten countries have undergone Validation as of October 2017, a further 13 are currently in their Validation process. All 53 countries will be validated by January 2019.

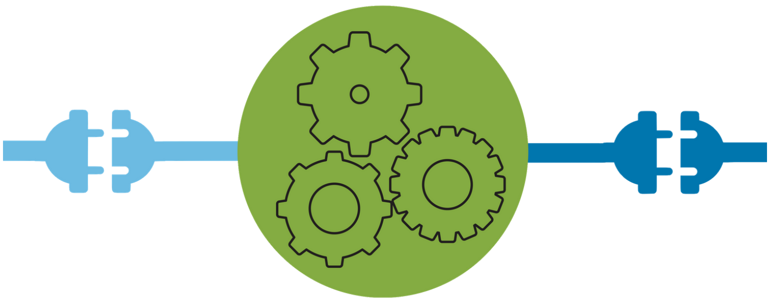
This leaflet seeks to explain how data collected as part of the EITI process can be useful to financial institutions – banks, pension funds and other institutional investors. It sets out how the data can be automated into the systems of the financial institutions to be used in their analysis of countries and companies engaged in the extractives sector.

Details on how to become an EITI supporting institutions and have access to these data can be found at:
https://eiti.org/supporters/financial-institutions

How an API works

An API, or application programming interface, is software that allows data sets to communicate with each other. The EITI's API gives access to multiple data points across the extractive industries value chain. Analysts working for investors with access to the EITI's API will be able to investigate specific data points in the files, deepening their analysis and providing more accurate assessments.

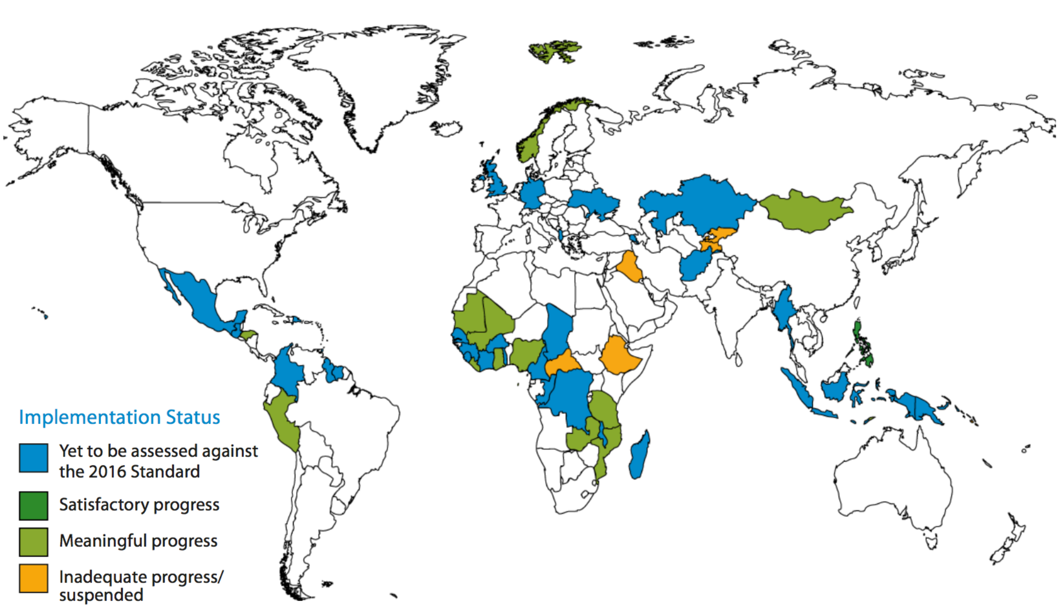
API



Timeline

2002	Tony Blair announces the launch of the EITI
2004	G8 endorses EITI
2006	 EITI Board established. Peter Eigen appointed as Chair
2007	EITI International Secretariat established in Oslo
2008	EITI Validation process agreed
2009	EITI Rules agreed and first Validations undertaken
2011	 Rt. Hon Clare Short becomes Chair
2012	100th EITI Report is published
2013	 EITI Standard replaces the EITI Rules moving requirements far beyond revenue transparency
2014	200th EITI Report is published
2016	EITI board agrees new beneficial ownership  disclosure requirements. Fredrik Reinfeldt becomes Chair

51 countries implement the EITI



as of August 2017

> **There is mounting evidence that information release supports greater competition around government contracting and that being an EITI signatory leads to greater inflows of both aid and foreign direct investment.**
>
> The Economist, February 2017

EITI