



Progress Report

Extractives transparency in a year of change



Extractive
Industries
Transparency
Initiative

2021

citi



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A year in review

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Message from the EITI Chair



“The year has brought new challenges for the EITI, but it has also underscored the urgency of our work, and the value of bringing everyone around the table to find common solutions.”

The extractive sector is central to the economies of many of the 55 countries which implement the EITI. The COVID-19 crisis and historic commodity price downturns have caused seismic shifts for these countries, upending livelihoods, economies, and ways of working. Yet the crisis has also brought new opportunities. This report documents examples of innovation in transparency which have prevailed despite difficult circumstances.

The year has brought new challenges for the EITI, but it has also underscored the urgency of our work, and the value of bringing everyone around the table to find common solutions.

Thanks to the adaptability and commitment of the EITI Board, multi-stakeholder groups, and national secretariats, the EITI has been able to respond to the needs of implementing countries, companies and civil society during the COVID-19 crisis. The EITI Board introduced and extended flexible reporting measures. It began to place greater emphasis on the EITI’s direct role in addressing corruption, and in providing information to support the energy transition. It also introduced a new Validation model to ensure that EITI implementation continues to be relevant and in line with national priorities.

It is not surprising that such a challenging year also saw some countries experiencing political turmoil and instability. Recent events in Chad have underscored the fragility of the Sahel region. The EITI also responded quickly and decisively to the overthrow of the civilian regime in Myanmar, suspending that country from the EITI and keeping developments there under review.

I am optimistic that, despite such challenges, the EITI’s mission will continue to gain traction. We will continue to reflect on lessons learned from the extraordinary year which we have experienced. We will embrace this mindset of learning as we forge ahead with important themes such as contract and beneficial ownership transparency, the energy transition, and anti-corruption.

A handwritten signature in black ink that reads "Helen Clark". The signature is written in a cursive, flowing style.

Rt Hon. Helen Clark
EITI Chair

Message from the EITI Executive Director



“EITI implementing countries have demonstrated enormous resilience in the face of unprecedented challenges.”

Over the past year, EITI implementing countries have demonstrated enormous resilience in the face of unprecedented challenges. This report documents many of the emerging practices and innovative solutions for bringing extractives data into the public domain. These stories show that, in many countries, EITI implementation has persevered and thrived despite constraints on funding and mobility.

Several countries have embraced a new, flexible approach to reporting, publishing timely and relevant data on the impact of the pandemic on the sector. Flexible reports have included information on policies to support the extractive sector through the COVID-19 crisis, for example in the form of tax relief and production incentives. Many countries have also been able to increase the systematic disclosures of data, with Afghanistan, Argentina and Mexico making notable progress.

During the past year, we were fortunate to receive substantial funding for our work on beneficial ownership transparency. We hope to build on existing political commitment to take significant steps forward in this important area, working together with our partners in the Opening Extractives programme. The start of 2021 also saw a new requirement in the 2019 EITI Standard come into force on the publication of new or amended contracts between governments and extractive companies. These developments represent game-changers for extractives governance.

The lessons we learned this year will shape the organisation as we move forward with our strategic priorities for the remainder of 2021 and in 2022. We have identified six strategic shifts to help us progress extractive governance, in a world where the energy transition is a prominent and pressing issue, and where the role of open data in addressing corruption risk is critical. Recent developments have further underpinned our understanding of how the EITI can best create impact, an area which we plan to advance with an independent evaluation of the EITI and increased focus on country measurement frameworks.

I would like to thank our Chair, Board, staff and all office holders in implementing countries for their commitment, ingenuity and resilience. On behalf of the International Secretariat, we look forward to working together to realise the EITI's mission in our implementing countries and beyond.

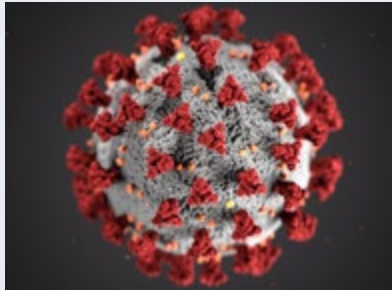
A handwritten signature in black ink, appearing to read 'Mark Robinson', with a horizontal line underneath it.

Mark Robinson
EITI Executive Director

A year in brief



MAY 2020 – APRIL 2021



COVID-19 CRISIS leads the EITI Board to introduce greater flexibility in EITI reporting, enabling countries to focus on data that is most relevant to stakeholders.

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IMF ANTI-CORRUPTION CHALLENGE

The EITI and Directorio Legislativo win a global competition with our pilot project in Colombia, aimed at identifying corruption risks related to public officials in the extractive sector.

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ENERGY TRANSITION

The EITI Board agrees next steps to strengthen the use of EITI data in climate policy and debate.

UGANDA joins the EITI.

NIGERIAN NATIONAL PETROLEUM CORPORATION becomes an EITI supporting company.

ECUADOR joins EITI.

LUNDIN FOUNDATION becomes an EITI supporter.

MAY

AUGUST

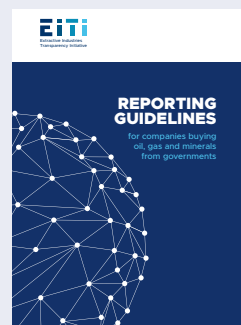
OCTOBER

2020

JUNE

EITI'S IMPACT is considered by the EITI Board and next steps are agreed to improve its measurement.

SEPTEMBER



COMMODITY TRADING REPORTING GUIDELINES are launched for companies buying oil, gas and minerals from governments.

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NOVEMBER



COMMUNITY ENGAGEMENT With support from the Ford Foundation, new field research from Colombia, Ghana and Indonesia is published on empowering communities to participate in extractive sector oversight.

> [PAGE 18](#)



55 countries implement the EITI Standard.

PETRONOR E&P becomes an EITI supporting company.



USAID

partners with the EITI to support anti-corruption efforts, contract transparency and systematic disclosure.

CONTRACT TRANSPARENCY

As of 1 January 2021, all EITI implementing countries are required to publish new and amended contracts for extractive projects.

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17 countries adopt flexible reporting.

EU COMMISSION

extends its support for the EITI International Secretariat for an additional three years.

EITI STRATEGIC PRIORITIES

are launched for 2021-2022, outlining six key shifts for EITI implementation.

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NEW EITI VALIDATION MODEL

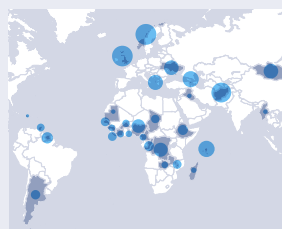
is agreed by the EITI Board.

> [PAGE 23](#)

SYSTEMATIC DISCLOSURE

The EITI launches a new tool to track and monitor systematic disclosures in EITI countries.

> [PAGE 20](#)



BOLIDEN

becomes an EITI supporting company.

DECEMBER

JANUARY

MARCH

2021

FEBRUARY

26% of EITI data is now reported at source.

OPENING EXTRACTIVES

The EITI launches a new global programme in partnership with Open Ownership to advance beneficial ownership transparency.

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EXPECTATIONS FOR EITI SUPPORTING COMPANIES

The EITI Board agrees to review adherence to the supporting company expectations.

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EITI Reports published.

MYANMAR

is suspended due to political instability.

Extractives transparency in a year of change



PHOTO CREDIT: PHOTOGRAPHIC SERVICES; SHELL INTERNATIONAL LIMITED

Responding to a global crisis

The COVID-19 crisis has had significant effects on the extractive industries and on EITI implementation. Constraints on funding and mobility have hampered core aspects of the EITI process, such as convening stakeholders and disseminating information. Most EITI countries have had to pursue alternative ways of working to sustain EITI implementation throughout the pandemic.

These challenges have also created opportunities for innovation. Recognising the pressures and limitations that many EITI countries are facing, the EITI Board introduced greater flexibility in EITI reporting requirements. Initially introduced in May 2020, the flexible measures were extended in October and to date, almost a third of EITI countries have opted for this approach.

By undertaking flexible reporting, implementing countries have been able to retain the momentum of the EITI process while adapting to local circumstances and urgent information needs. It has enabled multi-stakeholder groups to focus their resources on disclosing key information, such as the impact of COVID-19 on extractive revenues, production, exports and employment. This type of data can further inform governments and companies to support sound policy decisions through and beyond the crisis.



17 countries have opted for flexible EITI reporting.

ARGENTINA

Argentina published its first EITI Report in December 2020 under the flexible format. This approach enabled the country to report timely data shortly after joining the EITI, including some first-time disclosures in the mining sector.

The report included key information on the impact of COVID-19 on oil, gas and mining operations and management. During the first nine months of 2020, mining exports fell by nearly 13% compared to the previous year, prompting the government to reduce metal export taxes. The government also modified export duty rates and suspended an increase on taxes for petroleum products.

Argentina's first EITI disclosures represented a significant accomplishment in light of resource constraints and the COVID-19 crisis. It required a strong commitment from Argentina's Multi-Stakeholder Group and national secretariat with support from the International Secretariat. The process was a valuable opportunity to strengthen trust and embark on an innovative and cost-effective approach to EITI implementation.

CHAD

April 2021 saw significant political upheaval in Chad, following the death of President Idriss Déby Itno. Prior to these events, the country had made significant progress in its EITI reporting. This included the adoption of the flexible reporting measures and the publication of data on oil production and exports up to the first half of 2020. The country's report also contained projections for future oil production and revenues.

The pandemic has had a significant impact on Chad's extractive activities. Oil producer Glencore suspended its operations in 2020, and Esso and CNPCI introduced new measures to ensure the continuity of operations. The decline in oil revenues required the government to postpone a USD 22 million payment of its debt service to Glencore that was initially scheduled for 2020. The government further introduced tax incentives and exemptions for companies to support the national economy.

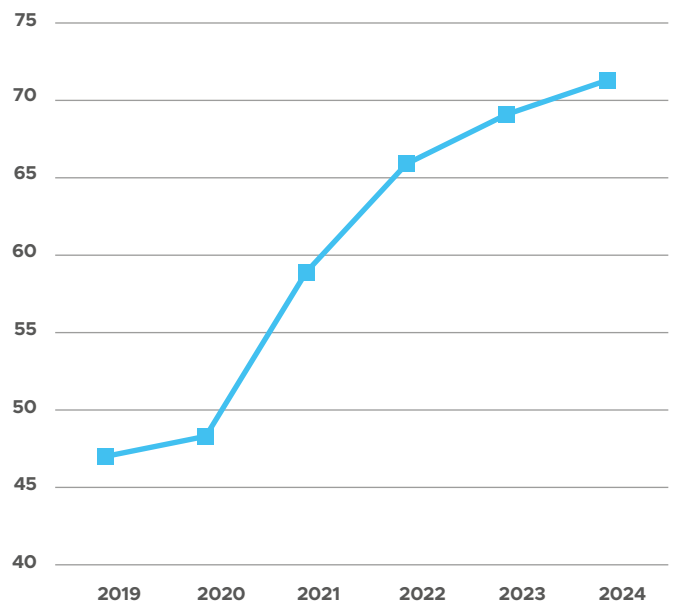
If the political situation normalises in Chad, it is hoped that the country can take forward recommendations from its Multi-Stakeholder Group. These include proposals to strengthen future disclosure practices by, for example, establishing a data certification mechanism by the Court of Auditors.



13%

In 2020, due to the impact of COVID-19, Argentina's mining sector saw a 13% decrease in exports compared to the previous year.

PROJECTED OIL PRODUCTION IN CHAD
IN MILLIONS OF BARRELS



SOURCE: CHAD 2018 EITI REPORT

DEMOCRATIC REPUBLIC OF THE CONGO

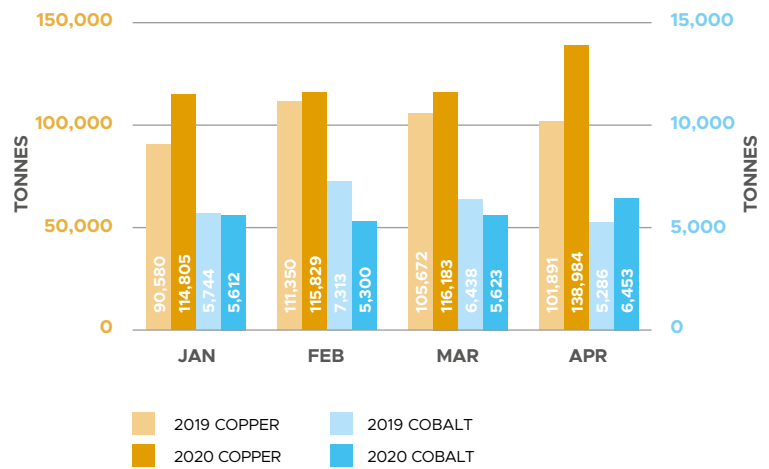
In March 2021, the Democratic Republic of the Congo published its latest EITI Report based on flexible reporting measures. The new approach led to more timely and comprehensive disclosures than ever before, including data on production and revenues from early 2020.

According to the report, the first quarter of 2020 saw an increase in copper exports (13%) and offshore oil production (12%), but a dip in cobalt exports. Mining revenues for the total fiscal year were projected to decrease due to lower metal prices. Such disclosures can help inform public debate and recovery plans in response to economic contractions.

By adopting a more streamlined approach to reporting, the DRC's Multi-Stakeholder Group could focus its resources on new types of analysis. ITIE-RDC commissioned six thematic studies on key governance issues, including license allocations, revenue management related to state-owned enterprises and subnational transfers of extractive revenues. These aim to provide a more accurate picture of the contribution of the sector to the economy, as well as recommendations to address deviations, vulnerabilities and corruption risks along the DRC's extractive sector value chain.

COPPER AND COBALT EXPORTS IN THE DEMOCRATIC REPUBLIC OF THE CONGO

2019 VERSUS 2020



SOURCE: DRC 2018-2019 EITI REPORT

INDONESIA

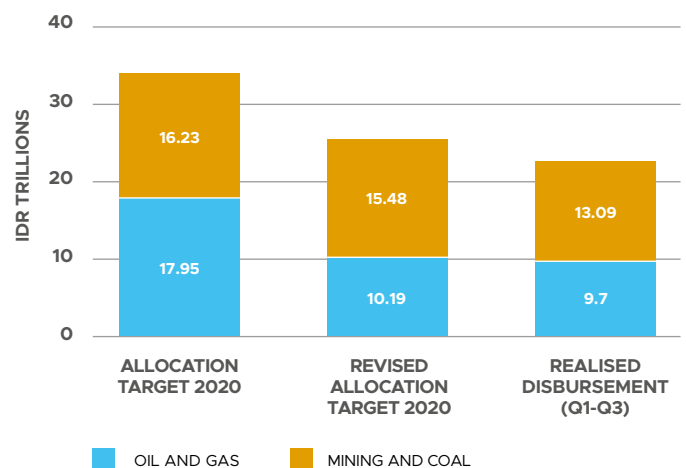
Indonesia's latest EITI Report, which adopts a flexible approach, provides a comprehensive overview of how the COVID-19 crisis has impacted the country's oil, gas and mining production, revenues and employment. It also outlines new policies that were introduced in response to economic downturns, such as exemptions from fees and taxes for extractive companies and incentives for upstream activities. Due to a decline in production levels and lower tax rates, the state's oil and gas income tax fell by 45% in 2020.

The decrease in the state's extractive revenues has curtailed important sources of revenue for regional governments. At the end of the third quarter of 2020, subnational revenue shares amounted to 54% of the initial oil and gas annual target and 81% of initial mining targets. These disclosures can help inform recovery plans, by providing critical information to citizens and communities that depend on extractive revenue streams.

The report represents a milestone in Indonesia's EITI disclosures. Compared to previous reports that took 12 months to complete, the flexible approach allowed the government to publish data in four months at a reduced cost. This enabled Indonesia EITI to meet local demands for timely data on vital sources of revenue.

DISTRIBUTION OF REVENUE SHARES TO REGIONAL GOVERNMENTS IN INDONESIA

ALLOCATION TARGET VERSUS REALISED, ACCORDING TO GOVERNMENT PROFIT-SHARING FORMULA FOR 2020 FISCAL YEAR



SOURCE: 2018 EITI INDONESIA REPORT

ZAMBIA

Zambia's latest flexible EITI Report documents the substantial impact of the COVID-19 crisis on mining operations, exports and company cash positions. Over 60% of the surveyed companies indicated that they had decreased revenue forecasts by 30 to 50% and that production would fall by more than 10%.

In response to the pandemic, the government provided incentives and introduced tax relief measures for extractive companies. The latest EITI disclosures have informed public debate on the scale of the pandemic's impact on the mining sector and the national economy. Further discussions on the mining fiscal regime are still underway and are amplified by the recent boom in copper prices.

Flexible reporting enabled Zambia EITI to produce a more analytical report with timely data. Taking a risk-based approach, Zambia EITI focused its reconciliation exercise on revenue streams that had the largest discrepancies in previous years and addressed gaps in data quality. Zambia EITI further plans to adopt the flexible approach for its next report.



USD 25M

In 2020, tax and duty exemptions caused government extractive revenues to decrease by USD 25 million, according to the latest EITI disclosures.



PHOTO CREDIT: JAN ARNE WOLD / © EQUINOR

ACCELERATING THE ENERGY TRANSITION

The COVID-19 crisis has cast uncertainty on the speed and trajectory of the global transition to renewable energy. While oil prices fell to historic lows in 2020, many countries increased extractive production outputs to offset income losses. Demand for battery minerals is growing, causing a resurgence of governance challenges related to revenue collection and social and environmental impacts. In addition, many extractive companies have announced ambitious climate targets.

To be sustainable, the shift to renewables needs a transparent and accountable extractive sector. Data on the current and expected production, exports, revenues and employment of the sector can inform investment decisions on future fossil fuel projects and can help shape new policies on energy and mineral production.

In October 2020, the EITI Board agreed to conduct a pilot analysis with select countries on how data can inform debate on the energy transition, drawing on encouraged disclosures from flexible EITI reporting. This information will be critical in supporting understanding of how climate commitments have been translated into action and how the energy transition will affect public finances in resource-rich countries.

Extractive industries in transition

Strengthening corporate accountability in the COVID-19 era and beyond

In the wake of health restrictions and fluctuating commodity prices, extractive companies have no longer been able to continue business as usual. Many have had to suspend or shut down operations, causing major disruptions to employment and economies. Others have set up emergency funds and taken measures to support local communities through the crisis.

Corporate transparency is critical to understand the actual impact of the COVID-19 crisis on the sector. Several EITI supporting companies have begun to disclose taxes paid in each jurisdiction where they operate and their economic contribution to communities. Some are also publishing information on their beneficial owners and agreements with governments, thereby promoting greater accountability in the way they conduct business.

COMMODITY TRADING TRANSPARENCY

Almost half of total government revenues reported through the EITI come from the sale of oil, gas and minerals to commodity trading companies. The scale and significance of these payments make them a matter of public interest.

In September 2020, the EITI launched new reporting guidelines for companies buying oil, gas and minerals from governments. The guidelines aim to shed more light on these trades, promoting greater public oversight on revenues paid to government and how they are managed.

Since then, several trading companies have drawn on the reporting guidelines to compile their public reporting, including Glencore, Gunvor and Trafigura. The international oil company Total has also reported purchases of oil and gas from state-owned enterprises, referring to the EITI guidelines in their annual report. By disclosing payments made to governments, these companies are paving the way to new transparency benchmarks in commodity trading and assisting in combatting corruption.



eiti.org/commodity-trading

USD 1,2 TR

or nearly half of the revenues disclosed by EITI countries come from the sale of the state's oil, gas or minerals to trading companies.

STATE-OWNED ENTERPRISES

Many governments have turned to state-owned enterprises (SOEs) to plug budget deficits caused by the COVID-19 crisis. Public demands for SOE transparency have also intensified, particularly on issues related to SOEs' economic contributions, expenditures and financial relationship to the state.

New requirements introduced in the 2019 EITI Standard have led to new disclosures practices. For example, Ghana's national oil company reported data on its crude oil sales for 2015–2019. The Nigerian National Petroleum Corporation, which became an EITI supporting company in 2020, published its group-level audited financial statement for the first time, alongside audited accounts for its subsidiaries.

In November 2020, the EITI re-launched its SOE Network. The forum gathers more than 20 state-owned enterprises from EITI and non-EITI implementing countries to share expertise and champion transparency practices. The International Secretariat has also issued new guidance on disclosures related to SOE governance and aims to provide further support to SOEs by identifying and seeking to close gaps in their public disclosures.

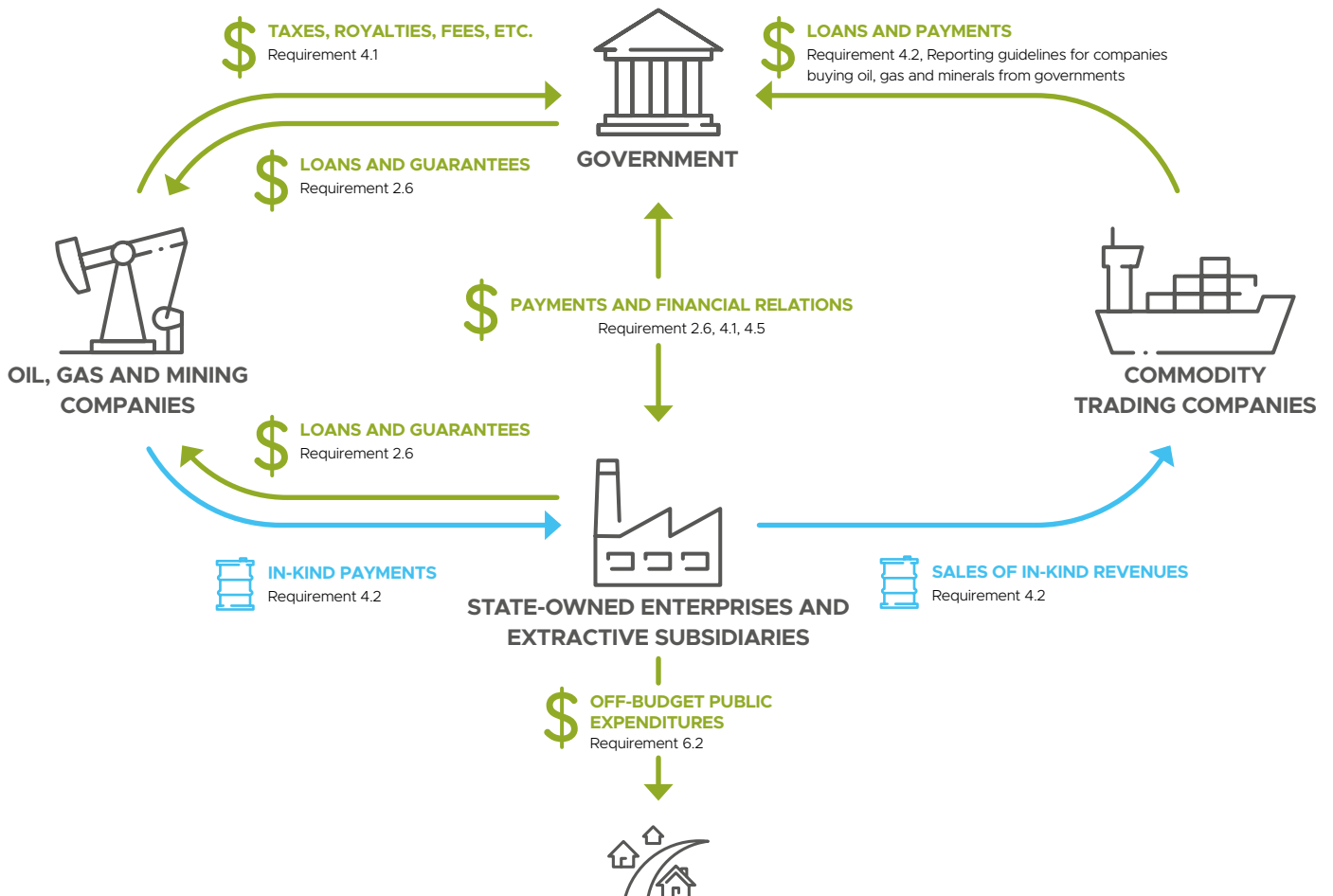


120+
extractive SOEs
operate across
EITI implementing
countries.

55
SOEs participate in
EITI reporting processes,
and 25 are represented
in EITI national multi-
stakeholder groups.

SHEDDING LIGHT ON SOE TRANSACTIONS

KEY EITI REPORTING REQUIREMENTS RELATED TO EXTRACTIVE, STATE-OWNED AND COMMODITY TRADING COMPANIES



A global norm in contract transparency

Strengthening public oversight of extractive deals

In response to budget shortfalls and constraints on investment capital, some governments have faced an urgent need to secure revenues from their extractive sector. The global transition to renewable energy will reshape economies and resource-rich countries may seek to exploit fossil fuels while prices remain competitive.

In some cases, governments may come under pressure to conclude extractive deals and agree to less favourable or inconsistent provisions. In this context, it is more important than ever that governments and companies disclose contracts to strengthen accountability and public oversight.

This has been a milestone year for contract transparency. As of 1 January 2021, EITI implementing countries are required to publish all new and amended extractive contracts. The EITI Board also clarified the requirement on contract publication to ensure full transparency over the terms agreed by governments and companies.

Many countries are setting new precedents in this area. Disclosures have enabled civil society groups and analysts to scrutinise the terms of agreements, conduct revenue projections and track whether communities are receiving the shares to which they are entitled.



eiti.org/contract-transparency

OIL AND GAS CONTRACTS

-  SOME/ALL CONTRACTS
-  NO CONTRACTS

MINING CONTRACTS

-  SOME/ALL CONTRACTS
-  NO CONTRACTS
-  DISCLOSING STANDARD LICENSES



MEXICO

Mexico's latest EITI Report contains a list of all contracts and licenses in the hydrocarbon sector, and includes for the first time a detailed breakdown of royalties, dividends and taxes per contract. This data corresponds with systematic disclosures made by the National Hydrocarbons Commission on exploration and production agreements.

Disaggregated reporting on hydrocarbon agreements has established a baseline for further disclosures of information on the mining sector.



rondasmexico.gob.mx

900+

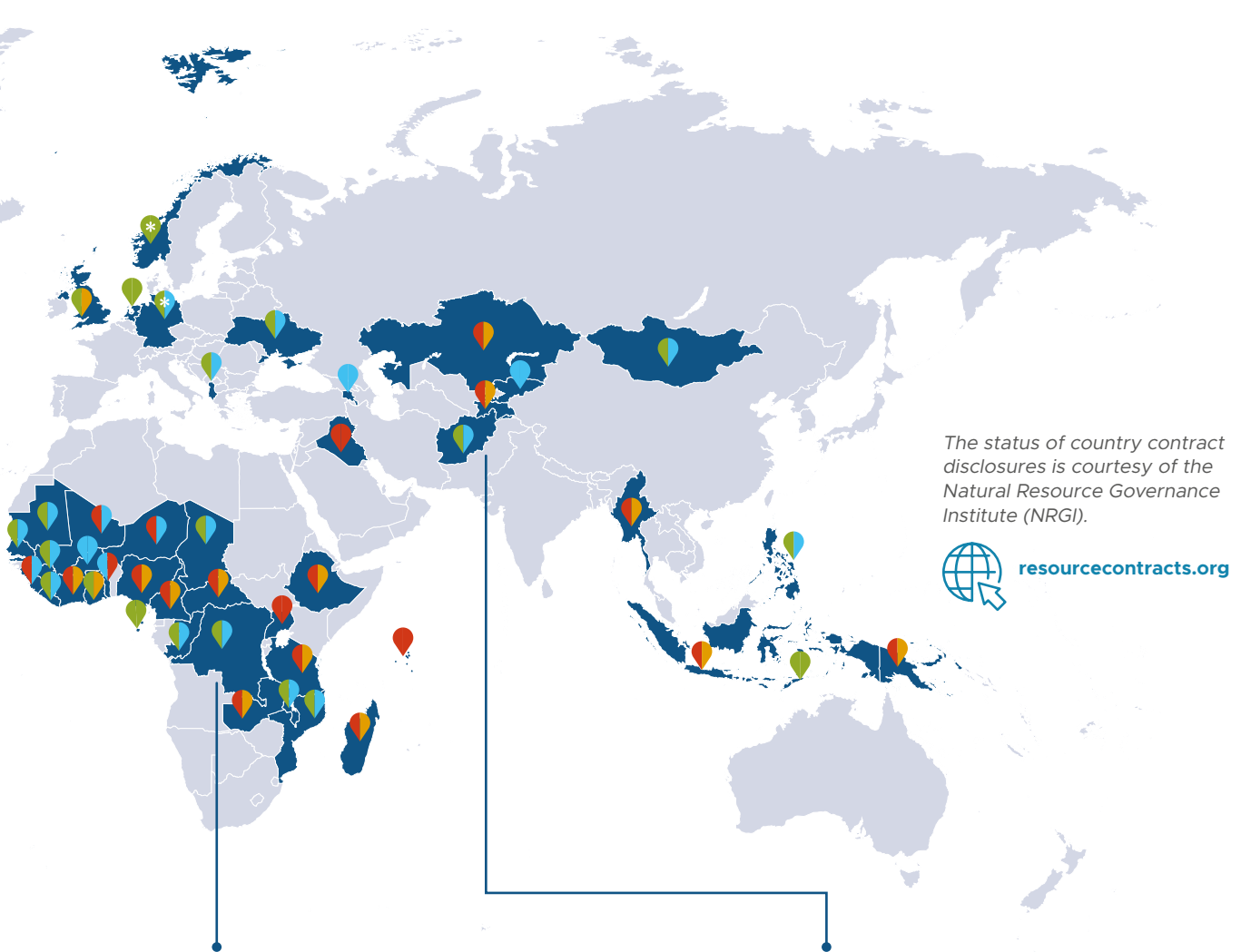
petroleum and mining contracts have been disclosed in EITI countries.

28

countries publish some or all oil and gas contracts.

25

countries publish some or all mining contracts.



DEMOCRATIC REPUBLIC OF THE CONGO

In October 2020, DRC EITI (ITIE-RDC) published a contract detailing the purchase of royalties in the Metalkol copper and cobalt project from state-owned mining company Gécamines. The investment was made in 2017 by Multree, a company registered in the British Virgin Islands and reportedly owned by Dan Gertler, who was sanctioned by the US government in 2017 for alleged corruption.

The connection between the project and the ultimate owner of the company, as well as the low price paid by Multree for high-value royalties, were widely reported and scrutinised by international and local media and stakeholders.



itierdc.net

AFGHANISTAN

In 2019, Afghanistan's Ministry of Mines and Petroleum published a total of 439 mining, oil and gas contracts, in accordance with its 2018 Minerals Law. Over the past year, Afghanistan EITI cross-referenced these documents with the list of active contracts in the government's Transparency Portal, to ensure that all contracts were duly published.

These contracts have been used by government agencies to monitor revenue collection in line with bespoke royalty rates. The civil society group Integrity Watch Afghanistan plans to use these disclosures to assess whether mining companies are adhering to their contractual obligations.



momp.gov.af

Knowing who owns and controls extractive companies



“Beneficial ownership transparency is critical to ensuring the revenues generated by the natural resources industry provide maximum benefit to every single citizen.”

James Ensor
BHP Foundation
Chief Executive Officer and President

PHOTO SOURCE: BHP

Accelerating beneficial ownership transparency

Knowing who ultimately owns extractive companies can help mitigate corruption and deter illicit financial flows. Maintaining up-to-date public registers of company owners can provide essential data to address potential risks.

In February 2021, the EITI and Open Ownership launched Opening Extractives, a new global programme to advance beneficial ownership transparency. Largely funded by the BHP Foundation, the programme will run for five years, enabling the EITI and Open Ownership to work alongside governments, civil society groups and companies to support the establishment and use of beneficial ownership registers.

Through the programme, a group of 10-12 countries will be offered intensive technical support customised to their needs. The programme will also work to promote the widespread publication of beneficial ownership data by communicating lessons learned and highlighting examples of data use and publication.



eiti.org/beneficial-ownership

ARMENIA

Armenia has demonstrated strong commitment to beneficial ownership transparency since becoming an EITI country in 2017. Since 2018, Armenia's government has been strengthening its legislation on beneficial ownership disclosure, in line with the country's broader anti-corruption agenda. Armenia EITI worked together with the World Bank, Open Government Partnership, Open Ownership and local partners to establish a public register in line with open data principles, and began testing in early 2021. Companies submit declarations electronically through the platform and the register simplifies the process of collecting comprehensive ownership information. It automatically verifies some of the data and makes this information easily accessible to the public.



bo.e-register.am/en/auth

TRINIDAD AND TOBAGO

Trinidad and Tobago EITI (TTEITI) launched the first publicly accessible ownership register in Latin America and the Caribbean in August 2020. The database contains ownership information for mining, oil and gas companies, including the names and registered addresses of natural persons, as well as the company tax identification and stock exchange listings. It also contains information on politically exposed persons associated with these companies.

Although the register draws on voluntary disclosures, companies are required to declare their beneficial owners to the government under the Companies (Amendment) Act 2019, which aims to counteract tax evasion, terrorist financing and money laundering.

TTEITI established the register as part of a wider public campaign to spread awareness among government, civil society, industry and media on beneficial ownership transparency. The country has since been removed from the Financial Action Task Force’s “grey list”, which monitors jurisdictions committed to addressing deficiencies in their regimes to counter money laundering.

To this end, the register is a learning opportunity for the government, which plans to create a national beneficial ownership register for all companies. While it represents a significant step toward achieving greater accountability in the sector, further efforts are needed to ensure all beneficial owners are disclosed and that data is freely accessible.



tteiti.com/beneficial-ownership-register

COLOMBIA

In October 2020, the EITI conducted a pilot project in partnership with Directorio Legislativo to identify corruption risks related to politically exposed persons (PEPs) in Colombia. By cross-checking beneficial ownership data for extractive companies with financial disclosures, the tool generates red flags, such as potential conflicts of interest in licensing and contracting. Since beneficial ownership data is not publicly accessible in Colombia, the tool drew on proxy data from publicly available contracts.

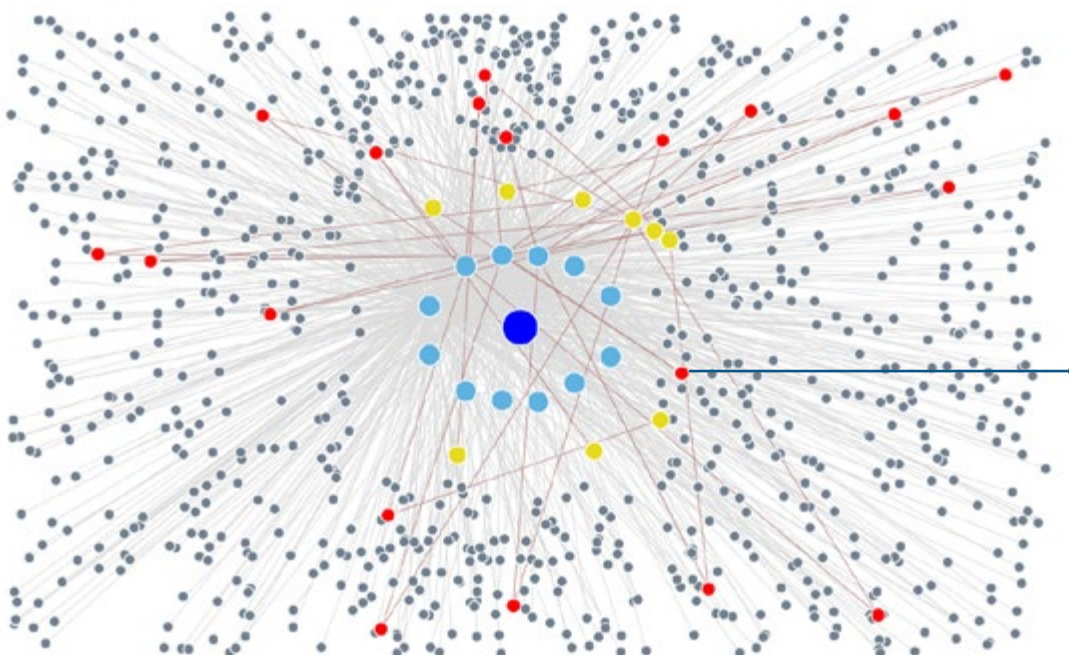
The results revealed 19 red flags from a sample of 900 public officials and a more comprehensive analysis is expected later in 2021. The project was awarded second place in the IMF Anti-Corruption Challenge.



peps.directoriolegislativo.org

IDENTIFYING RED FLAGS IN COLOMBIA

■ GOVERNMENT
 ■ COMPANIES
 ■ POLITICALLY EXPOSED PERSON
 ■ RED FLAGS



POLITICALLY EXPOSED PERSON

Position: Member of the House of Representatives

Corporation shares: Cooperativa Minera Boyacense, Carboneros de Boyacá, Ecopetrol

Red flags found: Potential conflict of interest (an elected representative who owns shares in a state contracted company)

Strengthening revenue collection

Leveraging fiscal transparency to inform decision-making

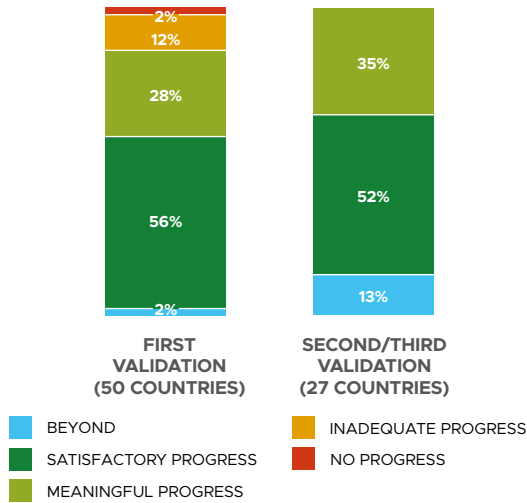
The COVID-19 pandemic required governments to manage public finances to meet urgent healthcare and welfare needs. It underscored the importance of ensuring that natural resource revenues contribute to public services and safety nets.

Fiscal transparency can support governments in ensuring that extractive revenues contribute to development priorities. Detailed information about the terms of oil, gas and mining contracts, production and payments helps citizens and governments assess whether companies are paying what they should and whether state budgets are realistic, not least in periods of economic recession.

Increasingly, governments, companies, analysts and civil society groups are drawing on EITI data to conduct financial modelling. This type of analysis can be a powerful tool for projecting future revenues from the sector and can help inform data-driven decisions that are sustainable in the long term.

IMPROVING FISCAL TRANSPARENCY

ASSESSMENT OF EITI REQUIREMENTS 4.1 - 4.9 ON REVENUE COLLECTION



COLOMBIA

In Colombia, the EITI has served as a platform for dialogue on the impact of the COVID-19 crisis on the country's public finances. In October 2020, EITI-Colombia published a study on how extractive revenues could contribute to economic recovery. Basing its analysis on future revenue expectations, the study offered recommendations on addressing economic dependence on coal, improving policies to maintain the sector's competitiveness and using extractive royalty transfers to promote economic recovery at the regional and local level.



GHANA

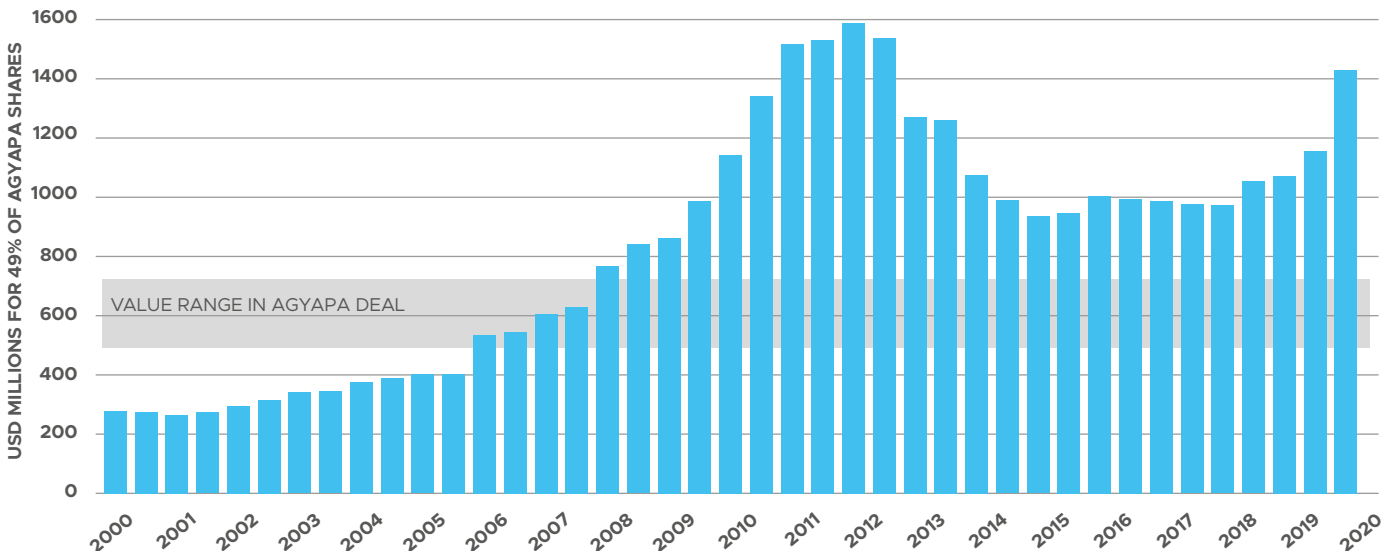
In August 2020, Ghana's parliament approved a bill allowing the government to invest mineral royalties in a special purpose vehicle called Agyapa Royalty Limited, and to issue 49% of the company's shares to public investors. The deal was established to secure short term capital (USD 500 million) to finance development priorities.

Civil society stakeholders expressed concerns about the deal, including the basis for valuing Agyapa at USD 1 billion. To inform public debate on whether the transaction presents a fair value for the country, the EITI International Secretariat supported Ghana EITI with a financial modelling study in collaboration with Open Oil. The analysis concluded that the Agyapa shares – assessed at a value of between USD 500 million and

USD 750 million – appeared to be undervalued. It also recommended that the government publish its own modelling. The government subsequently suspended finalising the deal to conduct further consultation with stakeholders.

Separately, Ghana's Multi-Stakeholder Group and GIZ commissioned a report to examine how EITI implementation has contributed to strengthening domestic revenue mobilisation. The study found that the implementation of fiscal reforms, which were recommended in GHEITI Reports, led to an additional USD 714 million in government revenue between 2004 and 2018. These revenues were accrued mainly from a review of mineral royalties and corporate income taxes.

AGYAPA VALUATIONS AGAINST GOLD SPOT PRICE



SOURCE: OPEN OIL

Understanding the local impact of extractive activities

Monitoring impact and revenue flows in extractive communities

Communities that depend on extractive activities for revenues and employment have been particularly vulnerable in the volatile situation created by the COVID-19 pandemic. Constraints on resources and mobility have hampered engagements with local stakeholders, which are a critical component of the EITI process.

Yet, extractive companies and investors are placing increasing attention on environmental, social and governance (ESG) standards. Reporting ESG data can shed light on the local impact of extractive operations, as well as unsustainable government and corporate practices.

Some EITI countries are demonstrating progress in this area by disclosing detailed information on the social and economic benefits of the sector. For example, Mali recently published a study examining the transfer of extractive revenues to local communities and reports on local content in service contracting. In 2020, the EITI conducted field research in Colombia, Ghana and Indonesia on local oversight of extractive activities, which identified opportunities for promoting greater community engagement.

BURKINA FASO

To centralise the collection and transfer of extractive revenues to local communities, Burkina Faso's government established a fund (*Fonds Minier de Développement Local*) intended to finance regional and local development plans. The fund collects a 1% share of monthly revenues from mining companies and 20% of the royalties collected by government.

Burkina Faso's latest EITI Report highlights discrepancies between the revenues that were owed and paid. It also documents several legal disputes between the government and companies that had not transferred expected shares in accordance with a 2017 decree.

In June 2020, Burkina Faso's Court of Auditors published a report to ascertain whether the funds were properly allocated and managed. It identified weaknesses in the revenue sharing mechanism and provided a number of recommendations to improve the management of mining revenues owed to regional and local authorities. EITI reporting has helped to shed light on issues related to the fund, and has subsequently informed national media and public debate.

Supporting a more inclusive sector

Keeping gender diversity on the table through the COVID-19 crisis

The COVID-19 crisis has exacerbated gender inequalities in the extractive sector. Women have been more vulnerable to violence and loss of livelihoods, increasing the urgent need for gender equality. To this end, the crisis has fostered dialogue around strengthening women's participation in extractive management and promoting equal employment opportunities.

Over the past year, EITI countries have taken steps to advance gender equality in the sector. Civil society organisations are advocating for more diverse representation in multi-stakeholder groups, from the Dominican Republic to Zambia. Many countries have for the first time disclosed gender-disaggregated employment figures, providing baseline data on socio-economic inequalities in the sector.

To make further progress in this area, the EITI is collaborating with key partners such as Oxfam, Publish What You Pay, Transparency International and the Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, who are issuing guidance on documenting the impact of extractive activities on women and promoting women's participation in the sector.



eiti.org/gender-extractive-sector-governance

PHILIPPINES

EITI disclosures have shown that only 12% of the mining workforce in the Philippines is female, and few women occupy leadership positions. Recognising the prevalence of structural gender inequality in the extractive sector, Philippines EITI conducted a study on the social, economic and environmental impacts of large-scale mining on women, as well as barriers they face to participate in the sector.

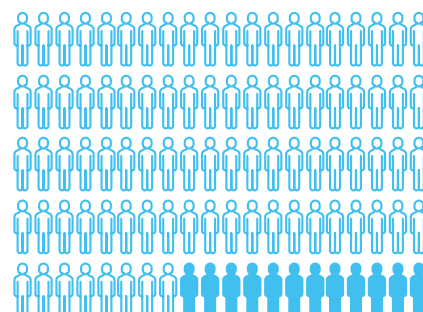
Published in October 2020, the study presents several recommendations for addressing key issues and policy gaps, including amendments to the Philippine Mining Act of 1995 to incorporate gender-sensitive provisions. The findings corroborate earlier research and can further help to shape data-driven policies that support a more inclusive sector. Integrating gender in EITI reporting and implementation has remained a priority for the Philippines EITI, which has been disclosing gender-disaggregated employment data since 2016.

COLOMBIA

In August 2020, EITI-Colombia led a multi-stakeholder forum on gender equality in the extractive sector. The discussion built on policy guidelines developed by the Ministry of Energy in March 2020. These identify four main areas for action: increasing employment opportunities, promoting a culture of equality in the industry, strengthening inter-agency collaboration and tackling gender-based violence in the mining communities.

Since then, EITI-Colombia also conducted a series of virtual events to engage government, industry and civil society actors on the importance of inclusive reporting and sector management.

Some companies are paving the way for more detailed reporting on gender. In its latest sustainability report, Ecopetrol, Colombia's largest petroleum company included employment information broken down by gender, position and average salaries.



12%
of the mining workforce in the Philippines is female.

Transparency at source

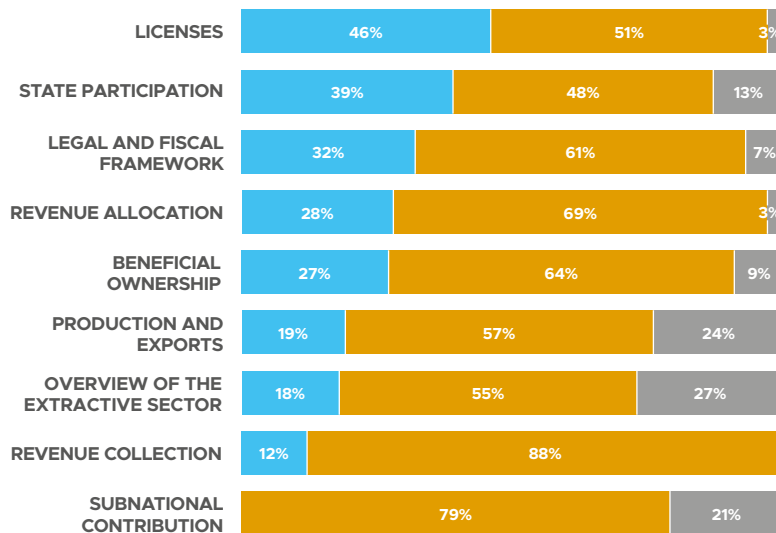
Advancing systematic disclosure of extractives data

Transparency should be an integral and systematic part of governance, not least in the extractive sector. By publishing information at source, governments and companies take an important step in delivering on the original purpose of the EITI – publishing data in a way that enhances accountability, public understanding and debate on how natural resources are managed.

The COVID-19 pandemic has made the shift towards systematic disclosure timelier and more critical. Funding and mobility challenges have imposed constraints on data collection and dissemination. Disclosing data at source can help reduce data collection costs and time lags, enabling multi-stakeholder groups to focus on analysing data in a way that contributes to their national objectives.

In 2020, the EITI International Secretariat developed a tool to track progress towards systematic disclosure. For the 30 countries surveyed to date, 26% of EITI disclosures are reported through government and company systems, rather than solely in EITI Reports.

SYSTEMATIC DISCLOSURE BY TOPIC*



■ SYSTEMATICALLY DISCLOSED ■ THROUGH EITI REPORTING ■ NOT AVAILABLE

The systematic disclosure tracking tool is updated on a rolling basis and accessible online:



bit.ly/3ddKPzY

* Based on submissions of Summary Data from 30 EITI implementing countries.

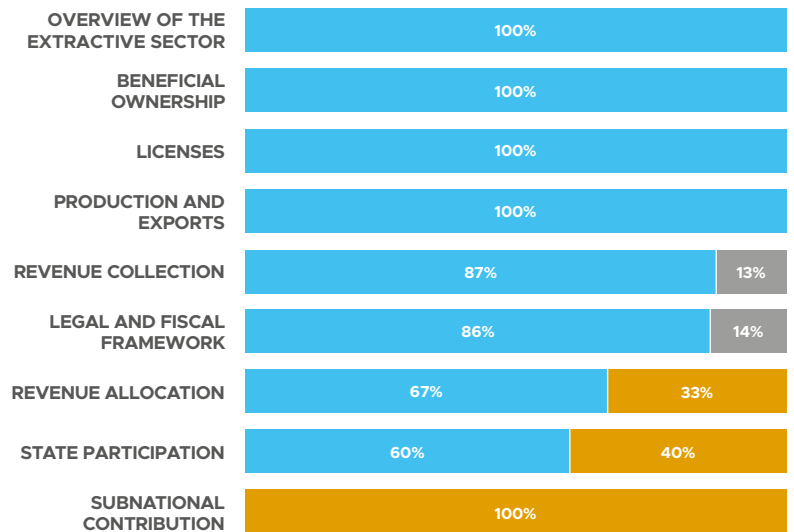
AFGHANISTAN

Afghanistan's government has strengthened disclosures on its dedicated Transparency Portal, which was first launched in 2018 to systematically disclose data on licenses, fiscal terms and non-tax revenues. Since then, the portal has expanded to disclose production volumes, contracts, company and license ownership. Social and environmental expenditures and export data will also be added. Other government agencies have also been improving their systematic disclosures across the sector, including on aggregated monthly tax revenue data, macro-economic data and the government's financial relations with state-owned corporations.

In July 2020, Afghanistan joined the EITI pilot on alternative approaches to reporting, which aims to re-engineer the country's EITI reporting cycle by building on its systematic disclosures. The government is seeking to centralise its information systems to ensure these are actively used and updated.



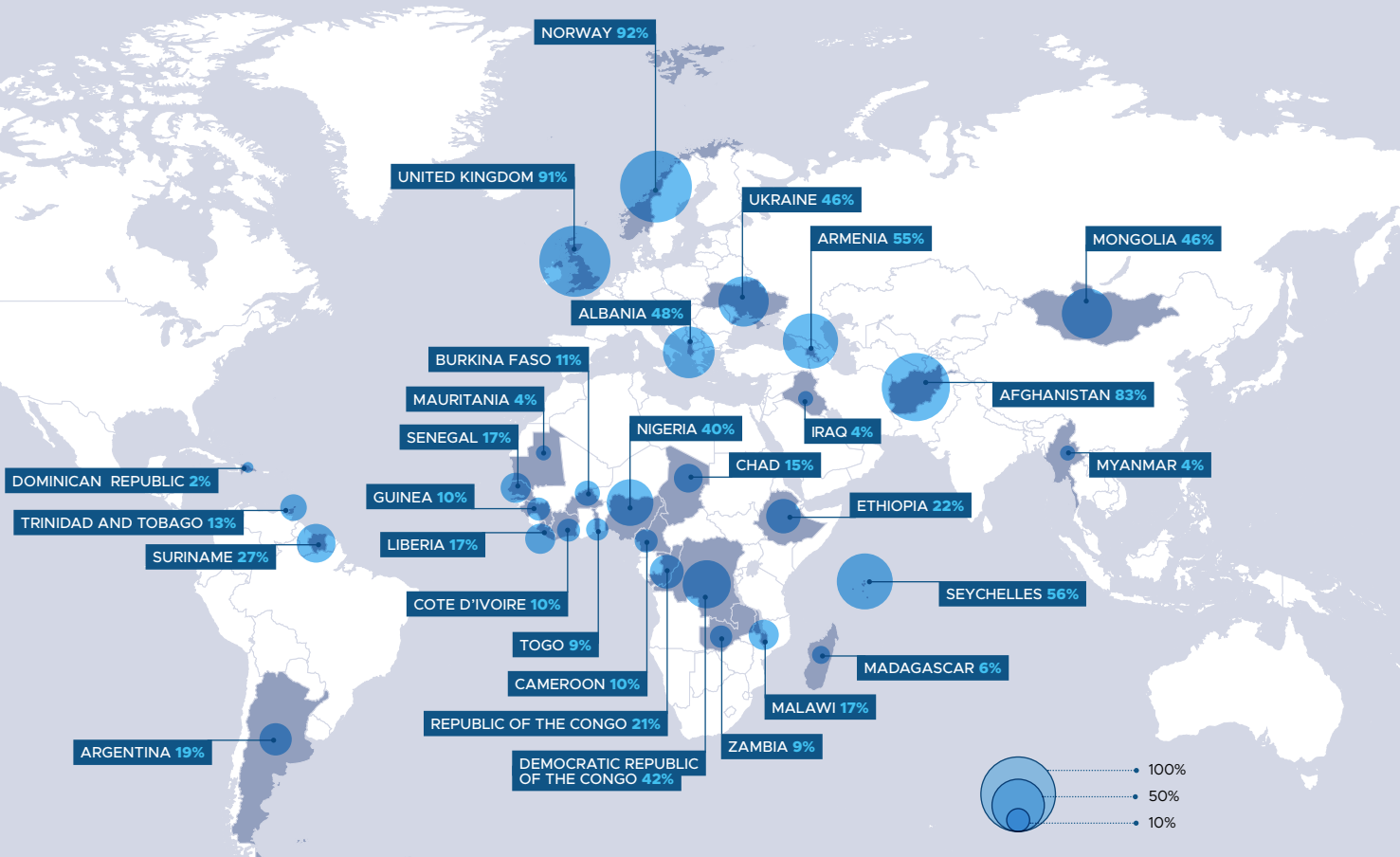
SYSTEMATIC DISCLOSURE OF EITI DATA IN AFGHANISTAN



■ SYSTEMATICALLY DISCLOSED ■ THROUGH EITI REPORTING ■ NOT AVAILABLE

GLOBAL OVERVIEW OF SYSTEMATIC DISCLOSURE

SAMPLE OF EITI DISCLOSURES FROM 30 COUNTRIES COVERING 2017 – 2019 FISCAL YEARS, AS OF 30 APRIL 2021



ARGENTINA

Among Argentina's first EITI disclosures, nearly half the applicable data requirements were systematically disclosed. The country's first EITI Report contains publicly accessible links with information on oil and gas exploration and production permits, as well as the geographical coordinates of permits, oil fields and wells in the country.

In addition, EITI Argentina launched a webpage with customisable visualisations on extractive production and exports. It also includes links and datasets on licenses, royalties, commodity sales, environmental impact and economic contributions.

By adopting the EITI's flexible reporting measures and a systematic approach to disclosures, Argentina has published extractive data that is timely, usable and easily accessible, thereby enabling greater public oversight of extractive sector management.



argentina.gov.ar/eiti



8 of 17

applicable requirements
are disclosed systematically
in Argentina.

UNITED KINGDOM

In December 2020, the UK government published its EITI Report in the form of an annual review, designed to complement systematic, online disclosures. The review covers extractive sector payments from 2019, setting an example for timely reporting. Nearly all EITI-required data is disclosed systematically, apart from data on subnational contributions.

By mainstreaming its EITI reporting, the UK's Multi-Stakeholder Group can focus on analysing data and leveraging EITI implementation to support national objectives, such as contract transparency and the energy transition.



ukeiti.org

MEXICO

Since 2003, the Mexican government has operated GEOINFOMEX, a website with detailed information on mining concessions and licenses including the commodities, duration, geographical data and companies holding licenses. In July 2020, the government also launched a portal, *Data México*, with systematically disclosed data on various economic activities. It shows detailed information on the mining sector, such as economic contribution, exports and employment figures broken down by gender. The portal presents datasets and visualisations that are easy to use, customise and download.

Mexico's Multi-Stakeholder Group is currently exploring the feasibility of linking the information on these websites with EITI Mexico's web portal. Centralising the data could help facilitate access to information disclosed directly by the government. The government is also in the process of modernising its public mining cadastre.



datamexico.org

"I would like to see UK EITI forge a role in building public understanding [...]. The new UK EITI website, which was launched in May 2020, provides an excellent platform for making data on the extractive industries available and accessible to the public in a timely way."

Lord Callanan

UK EITI Champion and Minister for Climate Change and Corporate Responsibility

Striving for progress

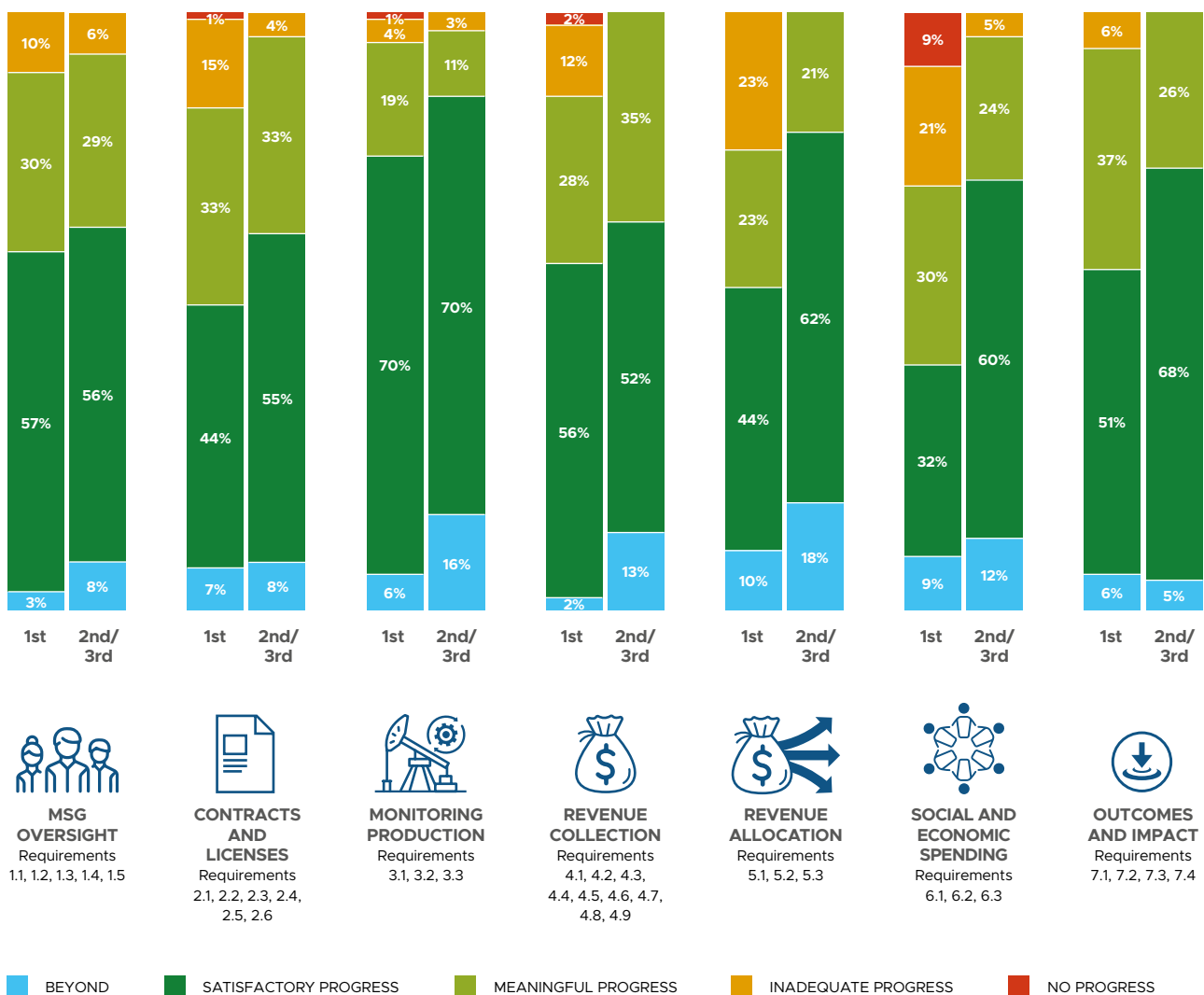
Sustaining momentum in meeting the global standard for extractive transparency

The EITI holds all implementing countries to the same global standard. To monitor progress in achieving transparency, the EITI Board regularly assesses implementing countries through Validation, the EITI's quality assurance mechanism. This process is informed by a rigorous review of disclosures and consultations with government, industry and civil society stakeholders.

Since Validation was first introduced in 2016, over 300 corrective actions have been highlighted to implementing countries, of which 56% have been addressed, demonstrating that EITI implementation is steadily closing disclosure gaps in extractive sector management.

PROGRESS IN MEETING THE EITI STANDARD

COMPARISON OF RESULTS FROM 50 FIRST VALIDATIONS AND 27 SECOND/THIRD VALIDATIONS, BY EITI REQUIREMENT



Highlights from Validation

Over the past year, the EITI Board evaluated 15 countries on their progress in meeting the EITI Standard. On 1 April 2021, new Validations commenced under a revised model.



CIVIL SOCIETY ENGAGEMENT

Progress in civil society engagement in the EITI was mixed. In some countries, the EITI provides scope for enhancing public debate and holding governments and companies to account. Elsewhere civil society has faced restrictions on its ability to play this role. In the **Republic of the Congo**, Validation showed that the EITI was an important tool for facilitating an enabling environment for civil society participation.

Civil society was a key driver of the EITI process in **Suriname** and included representatives from indigenous and tribal people. In **Honduras**, however, many civil society groups had opted out of the EITI process, as it was not seen as addressing environmental and social concerns.



SUBNATIONAL/SOCIAL EXPENDITURES

Several countries have made progress in providing data on subnational transfers of extractive revenues and of social payments made by companies. In **Madagascar**, the disclosure of extractive revenue transfers to subnational governments has improved in response to local demand. Validation recommended that the exemplary disclosures of these transfers made in relation to the Ambatovy project should be replicated for other operations.

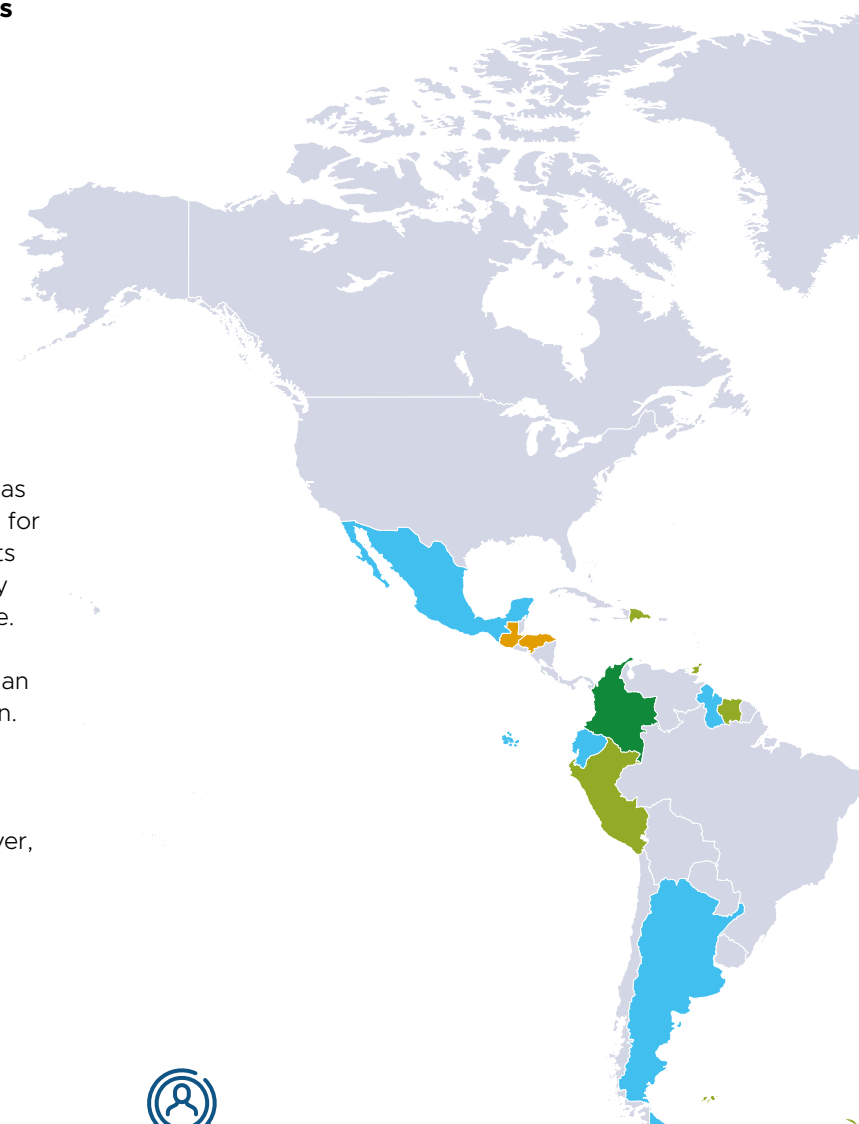
In the **Kyrgyz Republic**, Validation highlighted progress in opening up companies' mandatory social spending, providing detailed data to address demands for accountability from local stakeholders.



BENEFICIAL OWNERSHIP

In 2020, Validation started to assess countries' progress in disclosing who owns and controls oil, gas and mining companies. The first phase of the assessment focuses on the systems established to collect beneficial ownership information.

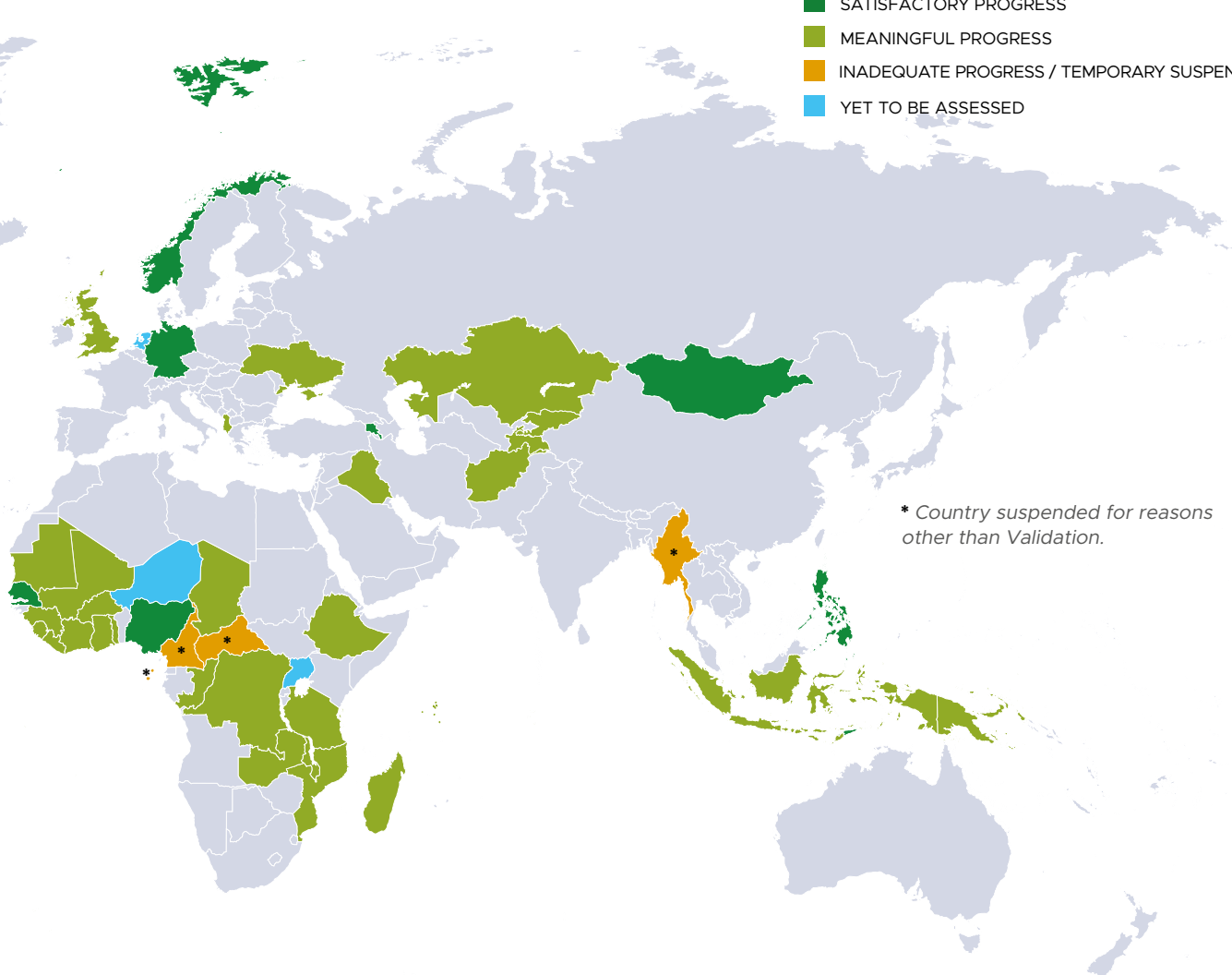
Afghanistan has started to disclose the beneficial owners of extractive companies through a publicly available portal. **Cameroon** among other countries, experienced challenges in requesting beneficial ownership information from all extractive companies and in reviewing gaps in disclosures.



EITI IMPLEMENTATION AROUND THE WORLD

COUNTRY STATUS AS OF 30 APRIL 2021

- SATISFACTORY PROGRESS
- MEANINGFUL PROGRESS
- INADEQUATE PROGRESS / TEMPORARY SUSPENDED
- YET TO BE ASSESSED



* Country suspended for reasons other than Validation.



STATE PARTICIPATION

Validation has highlighted improvements in the transparency of SOEs' financial relations with the state, including their quasi-fiscal expenditures. **Cameroon** has opened up the national oil company's budgetary advances for defense spending, although more details on the expenditures are still needed. **Ukraine** has improved the transparency of its SOEs in a complex environment with hundreds of SOE subsidiaries and joint ventures, although more details on the SOEs' third-party financing and the terms of guarantees are required.



PUBLIC DEBATE

Validations found that multi-stakeholder groups have made improvements in following up on EITI recommendations and assessing the impact of implementation. However, the picture is more mixed when it comes to efforts to disseminate EITI findings as part of public outreach. **Armenia** is an example of proactive outreach to mining-affected communities, where EITI findings have become a key support for public debate on the extractives. By contrast, improvements in the EITI's online presence in **Honduras** have not yet been matched by proactive efforts to create opportunities for public debate on EITI findings.

Looking ahead

Supporting relevant and responsive EITI implementation

STRATEGIC PRIORITIES 2021-2022

The EITI's strategic framework seeks to ensure that EITI implementation continues to be relevant, responsive and cost-effective, in view of the diverse challenges faced by resource-rich countries. It envisages six key areas where the EITI can be used to improve extractive sector governance through and beyond the COVID-19 crisis, remaining true to the principles that underpin the EITI's work.



INFORMING THE ENERGY TRANSITION

As the energy transition gains traction, it will have a transformative impact on the extractive industries and global economy. EITI data can be used to address the imperatives of energy transition, energy affordability and demand, and the need to sustain revenue streams from the extractive sectors.



SUPPORTING OPEN DATA

Timely, usable and accessible data will gradually replace retrospective reporting to inform decision making, foster independent analysis and promote public debate. Open data will enable multi-stakeholder groups to shift their role from report production to data use, analysis and dissemination.



INFORMING INVESTMENT DECISIONS

Investment decisions in the extractive sector are increasingly informed by environmental, social and governance (ESG) metrics. Company commitments to transparency and accountability through the EITI, as well as EITI disclosures, can contribute to the evolving framework for ESG reporting and complement other data published by companies and investors.



STRENGTHENING REVENUE MOBILISATION

Revenue mobilisation is critical for supporting national development and public expenditure priorities, especially under conditions of economic crisis and commodity price volatility. The 2019 EITI Standard requires more detailed disclosures, which can help governments ensure that revenues are maximised for public benefit rather than private gain.



ADDRESSING CORRUPTION RISKS

Priorities include strengthening communications on the EITI's role in addressing corruption, identifying opportunities for industry engagement, enhancing implementation support, strengthening the capacity of multi-stakeholder groups to engage in corruption issues, and building partnerships with groups involved in anti-corruption activities.



MEASURING IMPACT

Measuring impact is key to sustain financial support and promote learning. Over the coming year, the EITI will undertake an independent impact evaluation and will develop a measurement framework that can be adapted by implementing countries.

A NEW APPROACH TO ASSESSING PROGRESS

In December 2020, the EITI Board agreed a new approach to Validation, following extensive consultation with implementing countries and partners.

The revised model acknowledges that countries have different starting points and face diverse challenges in implementing the EITI. It rewards countries for using the EITI to address their most pressing priorities in extractives governance. Moving forward, countries undergoing Validation will receive a score based on their performance in three components.

COMPONENTS OF EITI VALIDATION



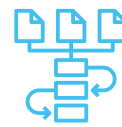
STAKEHOLDER ENGAGEMENT

This component assesses EITI Requirements 1.1 to 1.4, namely the participation of constituencies and multi-stakeholder oversight throughout the EITI process.



TRANSPARENCY

This component assesses EITI Requirements 2 to 6, namely whether the country meets the disclosure requirements of the EITI Standard.



OUTCOMES AND IMPACT

This component assesses EITI Requirements 7 and 1.5, namely on progress in addressing national priorities and contributing to public debate. Countries may also be awarded extra points for effectiveness and sustainability of EITI implementation.



A GROWING NETWORK OF EXTRACTIVES TRANSPARENCY

The EITI is continuously expanding and diversifying its network of countries committed to meeting the global standard of extractives transparency. Ecuador and Uganda have been admitted as implementing countries this year, and the governments of Angola and Gabon have publicly expressed their commitment to join. The International Secretariat is also providing guidance to stakeholders in Lebanon and Tunisia on applying for EITI membership and continues to support Equatorial Guinea in their candidature process.

The EITI has also welcomed new supporting companies this year, including the Boliden, Lundin Foundation, Nigerian National Petroleum Corporation and PetroNor E&P. Following a decision by the EITI Board in February 2021, the International Secretariat will undertake an assessment of company adherence to the *Expectations for EITI supporting companies*, which were agreed in 2018. The assessment aims to highlight best practices from companies in meeting the expectations, as well as identify opportunities to improve and support corporate transparency and accountability.



EITI International Secretariat

Headquartered in Oslo, Norway, the EITI International Secretariat remains a streamlined, flexible and diverse team, focused on advancing extractives transparency, accountability and public debate across our network of 55 implementing countries and beyond.

During the COVID-19 crisis, we adapted to new ways of working to sustain our operations and support the EITI Board and implementing countries. We conducted country missions and Validations virtually, and launched a new webinar series, *Transparency Matters*, as part of our strategic communications. Like many of our partners, we continue to reflect on the past year to build on lessons learned and further strengthen our implementation support through virtual channels.



eiti.org/about/secretariat

EITI Board

The international EITI Board is the EITI's main governing body and consists of representatives from implementing countries, supporting countries, civil society organisations, and supporting companies and financial institutions.

Over the past year, the EITI Board has adopted new ways of working to ensure that multi-stakeholder dialogue could be sustained in an environment where movement and travel remains limited. It conducted three virtual Board meetings between June 2020 and February 2021, and continues to strengthen its coordination by convening its committees on a regular basis. The International Secretariat also continues to facilitate communication among constituencies to ensure engagement in the Board process.



eiti.org/about/board

ADDRESSING GRIEVANCES ON THE EITI

During 2020, the EITI introduced a new policy for addressing grievances and an anonymous procedure on its website for raising concerns. The grievance process encourages the resolution of grievances by the most immediate EITI body, for example the relevant national MSG or constituency of the EITI Board.

If not adequately addressed by these parties, grievances can be raised to the EITI Board, via the International Secretariat's website.



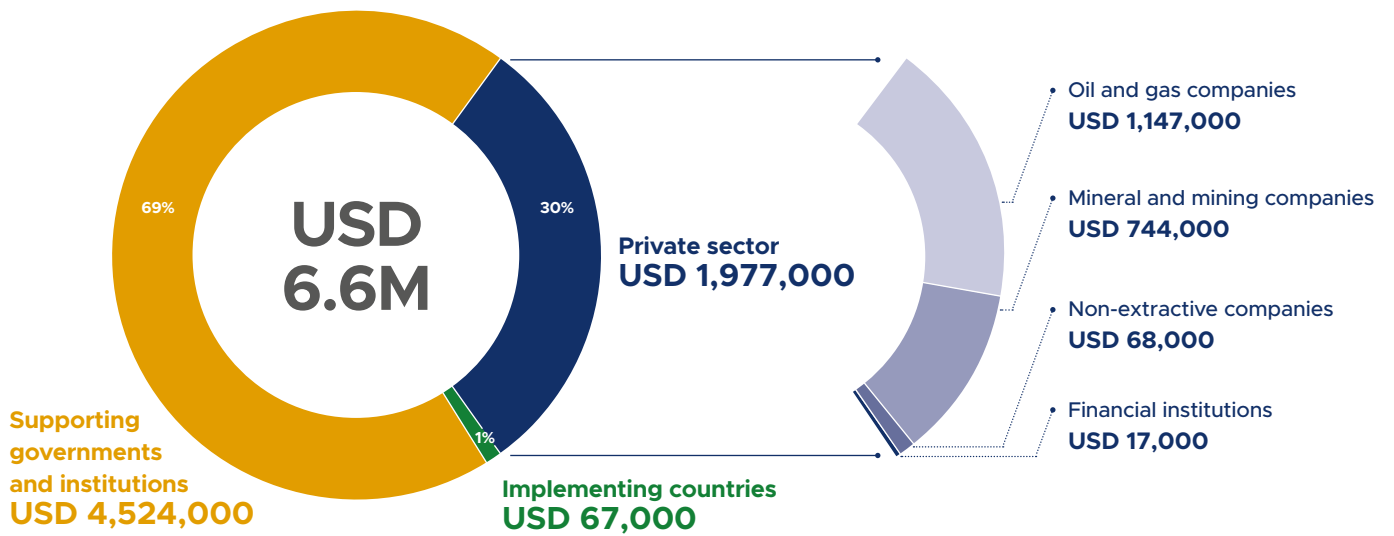
eiti.org/how-to-voice-your-concern

How we are funded

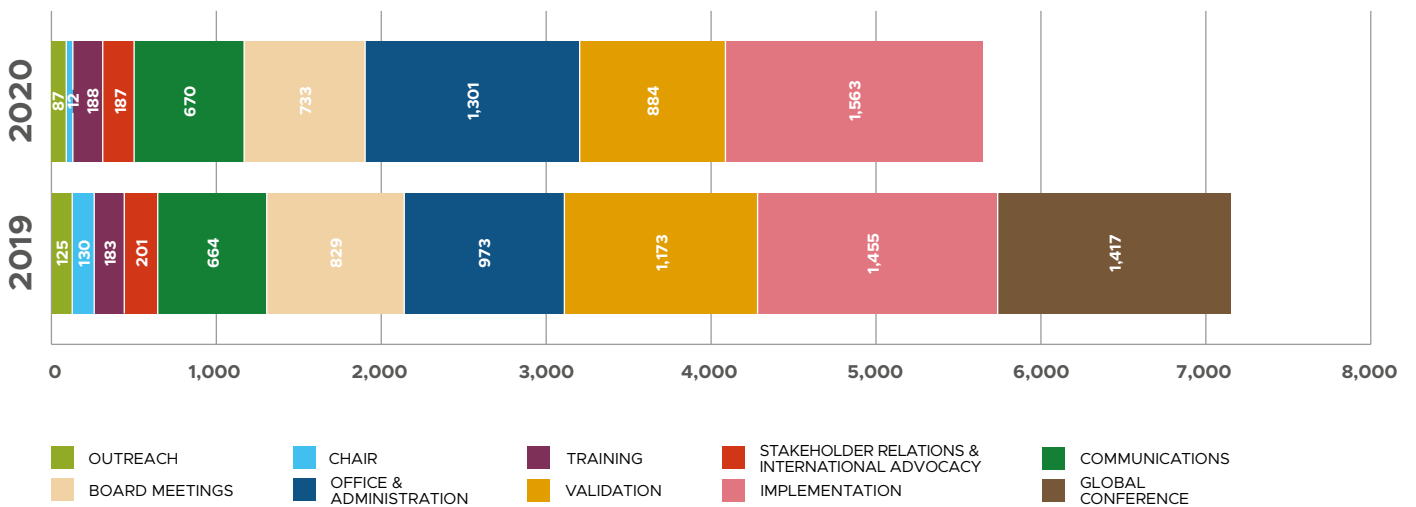
The funding of the EITI International Secretariat reflects its multi-stakeholder support from governments in implementing and supporting countries and over 65 supporting companies. It also receives project-specific funding to advance and scale priority policy areas, such as beneficial ownership transparency, 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.

2020 FINANCIAL CONTRIBUTIONS



EXPENDITURE BY FUNCTION (USD THOUSANDS)



EITI supporters

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.

The EITI also receives project-specific funding. We are grateful for contributions from the BHP Foundation for the Opening Extractives programme, and from the Ford Foundation for supporting work on promoting local oversight of extractive sector management.

MINING COMPANIES

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

OIL AND GAS COMPANIES

- BP
- Cairn Energy
- Chevron
- ConocoPhillips
- ENI
- Equinor
- ExxonMobil
- FAR Limited
- Hess
- Inpex
- Kosmos Energy
- Nigerian National Petroleum Corporation
- Noble Energy
- Oil Search
- PetroNor E&P
- Qatar Petroleum
- Repsol
- Royal Dutch Shell
- Staatsolie
- Total
- Tullow Oil
- Woodside Petroleum

COMMODITY TRADERS

- Glencore
- Gunvor Group
- Trafigura Group

FINANCIAL INSTITUTIONS

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



eiti.org/supporters

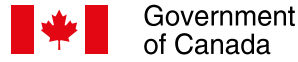
“Becoming an EITI supporting company aligns with NNPC’s corporate vision and principles of transparency, accountability and performance excellence. We are on a journey towards greater transparency and look forward to deepening our collaboration with the EITI to further this work.”

Mele Kyari

Group Managing Director, Nigerian National Petroleum Corporation

Acknowledgments

We are grateful for the steadfast support from our donors during this challenging year, in particular from our supporting countries for providing core multi-year grants:



All information herein is from the EITI unless otherwise indicated and is current as of 30 April 2021.

Cover image photo credit: Anglo American Plc.
Designed by nim design, London



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 extractive sector.



eiti.org