



Netherlands EITI (NL-EITI) Annual Progress Report 2018

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Introduction

The international “Extractive Industries Transparency Initiative” - EITI - was founded in 2003. The EITI is the global standard to promote the open and accountable management of oil, gas and mineral resources. The EITI Standard requires the disclosure of information along the extractive industry value chain from the point of extraction, to how revenues make their way through the government, and how they benefit the public. By doing so, the EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide the data to inform reforms for greater transparency and accountability in the extractives sector. In each of the 51 implementing countries, the EITI is supported by a coalition of government, companies, and civil society.

The government of the Netherlands has been closely involved with the Extractive Industries Transparency Initiative (EITI) since its inception in 2002. The steps taken by the Netherlands regarding the EITI are listed in chronological order in attachment 1.

In 2017, the ministers from the Ministry of Foreign Affairs and Economic Affairs appoint Dirk-Jan Koch as the champion for EITI implementation in the Netherlands (NL-EITI). In late 2017, those same ministers establish the multi-stakeholder group for NL-EITI (NL-EITI MSG).

In late 2017 and early 2018, the MSG prepared the Dutch EITI candidature. The MSG agreed that the objective of the EITI in the Netherlands is:

"to provide each member of Dutch society with transparent and verified information about the money flows between the extractive industries and the government in the context of the extractive industry value chain, in order to contribute to a well-informed debate about the extractive industry value chain in the Netherlands."

The extractive industry in the Netherlands include the oil and gas industry as well as the salt industry. The context of the extractive industry value chain in The Netherlands also refers to certain forms of sustainable energy, such as geothermal and wind energy.

On 17 April, the NL-EITI MSG send their candidate application to the EITI Board. On 28 June, the EITI Board admitted the Netherlands as a Candidate country. The Netherlands is the fourth European country to receive this status. The Netherlands is now required to publish the first EITI Report, in accordance with the EITI Standard, before the end of 2019.

Foreword

I am delighted to be able to present to you today the first Netherlands Annual Progress Report on the implementation of the Extractive Industries Transparency Initiative (EITI) in the Netherlands. The report provides an overview of the activities of the multi-stakeholder group (MSG) of the NL-EITI and the NL-EITI Secretariat for 2018.

2018 saw the successful organization of a national NL-EITI event and the admission by the EITI Board of the Netherlands as a Candidate Country at its Board meeting in Berlin.

I would like to take the opportunity here to thank both the NL-EITI MSG for their continued dedication to the EITI agenda and the EITI International Secretariat for their support.

Looking ahead, the MSG is facing the challenge to publish its first NL-EITI report. This report will cover the fiscal year 2017 and should – in accordance with the EITI standard – be published before the end of 2019. I am confident that the members of the NL-EITI MSG will do everything in their power to make this happen and I look forward to a successful year.

Ruud Cino, Interim-Chair of the NL-EITI Multi Stakeholder Group

Chapter 1: General assessment of year's performance

Overview

The NL-EITI MSG met 5 times in 2018 in a formal setting and once in an informal setting. Minutes from all NL-EITI MSG meetings as well as other useful information can be found on the NL-EITI website: www.eiti.nl.

MSG Membership and Secretariat changes

In October 2018, the government welcomed Ruud Cino and Hans van Gemert for Bert Roukens and Merei Wagenaar (representatives from the Dutch Ministry of Economic Affairs and Climate). Wouter Wormgoor took over from Omer van Rentherghem as representative from the Dutch Ministry of Foreign Affairs) on 1 September.

The MSG welcomed Geesje van Niejenhuis, who replaced Evert Everts as Coordinator NL-EITI since 1st May.

As Dyas sold its exploration & production facilities in the Netherlands, Peter Waaijer's membership of the NL-EITI MSG ended in October 2018. As of January 2019, he will be replaced by Tijmen Zaal, Finance Manager Gas Storages at TAQA Energy B.V.

Dirk Jan Koch ended his chairman's term at the end of September. Ruud Cino took over as interim chairman as of 1st October.

NL-EITI Workplan 2018-2019

The workplan was adopted by the NL-EITI MSG on 30 April. The workplan was the basis for the activities of the NL-EITI MSG in 2018.

NL-EITI MSG Terms of Reference

The NL-EITI MSG Terms of References (NL-EITI ToR) was approved by the MSG on 6 February 2018. With one issue still open (article 8.2.), the MSG will work towards a final and approved ToR before 6 February 2019.

National NL-EITI event

On 7th March, NL-EITI organized a national NL-EITI event at RVO in The Hague. 65 people - coming from the 3 NL-EITI MSG segments - attended the event. The event was successfully received by the participants as well as the NL-EITI MSG.

Speeches were delivered by Reina Buijs (Acting DG for International Cooperation, Ministry of Foreign Affairs), Dirk-Jan Koch (special representative for raw materials and chair of the NL-EITI multi-stakeholder group), Marjan van Loon (CEO, Shell Nederland), Marinke van Riet (former member of the EITI board on behalf of PublishWhatYouPay) and Sandor Gaastra (DG for Energy, Telecommunications and Competition, Ministry of Economic Affairs and Climate Policy). The meeting was chaired by Joost Hoebink of the Dutch Debate Institute (NDI). In addition, there was a lively debate between members of the NL-EITI multi-stakeholder group (businesses, civil society organizations and government entities) and secondary school pupils about the future of raw materials extraction in the Netherlands.

Admission of Candidate status

On 17 April, the NL-EITI MSG submitted the Dutch Candidature application to the EITI Board. On 28 June, the EITI Board admitted the Netherlands as a Candidate country at its Board meeting in Berlin. The Netherlands is the fourth European country to receive this status. The Netherlands is now required to publish the first EITI Report, in accordance with the EITI Standard, before the end of 2019.

EITI Board meeting in June in Berlin

The Chairman of the NL-EITI MSG, the coordinator of the NL-EITI Secretariat and the NL-EITI MSG representative of the Dutch Ministry of Foreign Affairs took part in the EITI Board meeting in June in Berlin. The Chairman as well as the representative of the Dutch Ministry of Foreign Affairs represented NL-EITI in several EITI Board working groups and international forums. The coordinator of the NL-EITI Secretariat established new contacts and published, together with the EITI International Secretariat, a news release about the Netherlands Candidature status on the international and local EITI websites (i.e.: www.eiti.org and www.eiti.nl).

MSG Sub-groups

In 2018, the NL-EITI MSG installed 5 sub-groups that consisted of representatives from each sector and were facilitated by the coordinator of the NL-EITI Secretariat. All sub-groups reported back to the NL-EITI MSG on a regular basis to receive feedback and approval on next steps. These sub-groups worked on the following subjects:

- Sub-group on materiality:
The purpose of this sub-group was to define which revenue streams are material. The sub-group met several times; the Dutch SEO (EBN) was invited to one of the meetings. The result was an overview of payment streams that are material and relevant for NL-EITI that can be used as a basis for the reconciliation exercise for the 1st NL-EITI report 2017. The NL-EITI MSG approved this overview of payment streams at their MSG meeting on 12 June.
- Sub-group on the procurement of the Independent Administrator:
The purpose of this sub-group was to set-up and manage the procurement process of an Independent Administrator. This sub-group worked successfully together through 3 rounds to procure an Independent Administrator. The 3rd procurement round through TenderNed was successful. BDO Tunesia was selected and will start at the beginning of January 2019. The MSG has been involved during this process and approved the Terms of Reference for the Independent Administrator as well as the selected Independent Administrator. The assistance and advice of the International EITI Secretariat in Oslo also proved to be helpful during the procurement process.
- Sub-group on the appointment of a NL-EITI MSG Chairman:
The purpose of this sub-group is to find and propose a new NL-EITI MSG Chairman that has the confidence of all stakeholders. The search for a new NL-EITI MSG Chairman is still work in progress.
- Sub-group on the 1st NL-EITI report 2017:
The purpose of this sub-group was to: 1) draft the contents for the 1st NL-EITI report and get approval from the NL-EITI MSG; 2) make an overview of remaining discussion points for the NL-EITI MSG in relation to publicly available information in the Netherlands. The contents of the 1st NL-EITI report was approved as draft by the NL-EITI MSG at its meeting on 5 December. A new sub-group was established to write the 1st NL-EITI report.
- Sub-group on Communications:
The purpose of this sub-group is to draft a NL-EITI communications plan and Q&As. A draft communications plan and Q&As have been set up and discussed within the NL-EITI MSG at its meetings in June and September. This included the communications strategy, message and Q&As with regard to the NL-EITI Candidature. The writing of the communications plan and Q&As is work in progress that will continue into 2019.

Chapter 2: Assessment of performance against targets and activities set out in the work-plan

The NL-EITI MSG adopted its workplan 2018-2019 on 30 April. This workplan formed the basis of the activities of 2018. The milestones were:

1. Hold MSG meetings and informal dinner;
2. Organize and host a national NL-EITI event;
3. Complete and maintain the NL-EITI website;
4. Define material payments and revenues for NL-EITI;
5. Map material payments and revenues related to state-owned enterprises (SOEs);
6. Complete an overview of already publicly accessible data;
7. Find a definitive solution for the disclosure of tax data for NL-EITI;
8. Application of Netherlands candidate status and Board approval of this status;
9. Communicate about the Netherlands candidate status;
10. Take part in the EITI Board meeting in Berlin;
11. Contract an Independent Administrator;
12. Start of the work of the Independent Administrator;
13. Appoint a new NL-EITI MSG Chairman as of 1st October;
14. Develop a road map for the disclosure of the ultimate beneficiaries of the extractive industries by 1 January 2020 at the latest;
15. Send in a costed-workplan to reach systematic disclosure within 3 years to the international secretariat;
16. Compile an NL-EITI Annual Progress report;
17. Perform administrative duties for the MSG.

All milestones were achieved successfully, except for milestones 7, 11/12 and 13 which were delayed:

- Milestone 7: The MSG finalized a draft waiver in 2018. The final waiver(s) will be discussed and finalized in consultation with the Independent Administrator, the NL-EITI MSG, the Dutch Tax Authorities, the Ministry of Economic Affairs and Climate and EBN in Q1 2019.
- Milestone 11/12: The Independent Administrator was selected just before Christmas and will start its work at the beginning of January 2019.
- Milestone 13: The appointment of a new NL-EITI MSG Chairman is still work in progress.

And, the status of milestones 14 and 15 is:

- Milestone 14: Dutch Ultimate Beneficial Owner (UBO) legislation is an important principle behind the EITI requirement for a roadmap with regard to the disclosure of the ultimate beneficiaries of the extractive industries. At the moment the Netherlands is implementing the (amended) 4th EU anti-money laundering Directive (AMLD4) which will result in a register containing UBO-information of corporate and other legal structures as well as of trusts and other similar legal arrangements. The implementation is foreseen for the end of 2019/beginning of 2020.
- Milestone 15: The MSG discusses to disclose information and make it publicly available. The NL-EITI MSG did preparatory work in 2018 and will work on its first NL-EITI report in 2019. The first report will draw on existing information that is already available in the Netherlands. The MSG will revisit these issues once they have the findings from the 1st NL-EITI report.

Chapter 3: Assessment of performance against EITI requirements

The Netherlands has satisfied Requirements 1.1 to 1.5. The government of the Netherlands has been closely involved with the EITI since its inception in 2002. In late 2015, the Government committed to implement the EITI. In early 2017, Dirk-Jan Koch was appointed as the champion for Netherlands EITI (NL-EITI). In late 2017, the NL-EITI multi-stakeholder group (MSG), MSG Terms of Reference (ToRs) and a workplan have been established. Government, companies and civil society are fully, actively and effectively engaged in the EITI process.

As described in Chapter 1, the 2018 activities were related to Requirements 1.1. and 1.5, which were necessary for the preparation and submission of the Dutch Candidature. These were successfully implemented as described.

The NL-EITI event that was organized on 7th March, was successfully received by the participants as well as the NL-EITI MSG. By organizing this event, the NL-EITI MSG meets Requirement 1.1.a.

The NL-EITI MSG has been involved during the process of the procurement of the Independent Administrator and approved the Terms of Reference for the Independent Administrator as well as the selected Independent Administrator. By doing this, the NL-EITI MSG meets Requirements 1.4biv and 4.9ii and 4.9iii.

By publishing the NL-EITI Annual Progress Report 2018 before 1 July, 2019, the NL-EITI MSG meets Requirement 7.4(a)(i),(iv) and (b) and 8.4. The NL-EITI Annual Progress Report 2018 has been approved by the NL-EITI MSG at its meeting on 28th January 2019.

Chapter 4: Total costs of implementation

The NL-EITI Workplan provides a detailed overview of the costs of the NL-EITI implementation. The total costs for the implemented measures and activities of the Workplan 2018 amount to €214.000,-.

The NL-EITI Secretariat consisted of 2 part-time members (1Fte) of staff who work on EITI, the Chair, and administrative support at MSG meetings.

Chapter 5: Details of membership of the MSG during the period

Overview of NL-EITI MSG representatives

Name	Title	Organisation	Status	Period
Merei Wagenaar	Mrs.	Min. of Economic Affairs and Climate	member	Till 1 Oct. 2018
Bert Roukens	Mr.	Min. of Economic Affairs and Climate	alternate	Till 1 Oct. 2018
Ruud Cino	Mr.	Min. of Economic Affairs and Climate	member and interim	As of 1 Oct. 2018
Hans van Gemert	Mr.	Min. of Economic Affairs and Climate	alternate	As of 1 Oct. 2018
Carmen Hageaars	Mrs.	Min. of Foreign Affairs	member	2018
Omer van Renterghem	Mr.	Min. of Foreign Affairs	alternate	Till 1 Sept. 2018
Wouter Wormgoor	Mr.	Min. of Foreign Affairs	alternate	As of 1 Sept. 2018
Dorris Raijmann	Mrs.	Tax Department	member	2018
Marco van Driel	Mr.	Tax Department	alternate	2018
Jo Peters	Mr.	NOGEPA	member	2018
Marieke van den Akker	Mrs.	NOGEPA	alternate	2018
Martijn van der Deijl	Mr.	NAM B.V.	member	2018
Joost Kutsch Lojenga	Mr.	Shell International B.V.	alternate	2018
Peter Waaijer	Mr.	Dyas B.V.	member	Until 1 st October 2018
Tijmen Zaal	Mr.	TAQA Energy B.V.	member	As of January 2019
Joris Hengeveld	Mr.	Vermilion Energy Netherlands B.V.	alternate	2018
Gerno Kwaks	Mr.	Open State Foundation	member	2018
Tom Kunzler	Mr.	Open State Foundation	alternate	2018
Anne Scheltema Beduin	Mrs.	Transparency International NL	member	2018
Paul Vlaanderen	Mr.	Transparency International NL	alternate	2018
Joosje de Lang	Mrs.	FNV	member	2018
Henk Korthof	Mr.	FNV	alternate	2018

Attachment 1 – Steps taken by the Netherlands regarding the EITI

The steps taken by the Netherlands regarding the EITI in chronological order

The government of the Netherlands has been closely involved with the Extractive Industries Transparency Initiative (EITI) since its inception in 2002. The steps taken by the Netherlands regarding the EITI are listed in chronological order below.

2003: The Netherlands declares its support for the EITI at the first EITI conference.

2005: The Netherlands provides USD 1.5 million in funding to the Multi-Donor Trust Fund managed by the World Bank. In addition, the Netherlands becomes a member of the "supporting countries" group on the EITI board.

2010: The Dutch government commissions Roland Berger to write the Extractive Industries Transparency Initiative (EITI) Feasibility Study (*Haalbaarheidsonderzoek Extractive Industries Transparency Initiative [EITI]*), which examines the advantages and disadvantages of EITI implementation in the Netherlands (please see: www.eiti.nl).

2011: The Dutch government sends the Raw Materials Memorandum (*Grondstoffennotitie*, please see: www.eiti.nl) to the House of Representatives, in which it specifies that:

- "it will provide financial support to the EITI";
- "based on the predicted international developments with regard to various transparency initiatives, including those initiated by the EU, the Netherlands will adopt the EITI or a similar initiative in due course";
- "it will lobby international financial institutions to give preference to companies that demonstrably adhere to EITI rules when it comes to tendering procedures, with a further advantage given to those companies that provide technical assistance and expertise during contract negotiations with developing nations about the exploitation of raw materials";
- "it will encourage developing nations who have implemented the EITI successfully to support other African nations".

2011–2020: The Dutch government provides USD 250,000 in funding to the EITI secretariat annually.

2012–2013: The Netherlands is an active member of the EITI board in a donor support group, together with France, Germany, Switzerland, Italy and the European Commission.

2012–2015: A member of staff of the Ministry of Foreign Affairs is on secondment to the EITI secretariat in Oslo.

2014: The Dutch government commissions Roland Berger to update his 2010 study to reflect the actual state of affairs (please see: www.eiti.nl).

2015: The Dutch government sends two letters to the House of Representatives, in which it states its intention to implement the EITI in the Netherlands. In late 2015, the then Minister for Foreign Trade and Development Cooperation writes to the House of Representatives, also on behalf of the then Ministers of Economic Affairs and Finance, in order to announce the government's intention to put the Netherlands forward as a candidate country for EITI implementation (please see: www.eiti.nl).

2015: The Dutch government commissions Royal HaskoningDHV to carry out a scoping study for EITI implementation in the Netherlands (please see: www.eiti.nl) and a survey of civil society organisations to gauge their interest in taking part in NL-EITI.

2015: The Dutch government implements the EU Directive on the annual financial statements by publishing the Decree on Disclosing Payments to Government Entities (*Besluit rapportage van betalingen aan overheden*; please see: www.eiti.nl), among other things.

2016: The Ministry of Foreign Affairs tasks the Netherlands Enterprise Agency (RVO) with making preparations for EITI implementation in the Netherlands (NL-EITI). The RVO is to coordinate NL-EITI until after the publication of the first NL-EITI report in late 2019.

2016–2018: Prof. Dirk-Jan Koch, the Ministry of Foreign Affairs' special representative for raw materials, is an active member of the EITI board.

2017: The then Minister of Economic Affairs and the then Minister for Foreign Trade and Development Cooperation appoint Prof. Dirk-Jan Koch as the champion for NL-EITI (please see: www.eiti.nl).

In late 2017, those same ministers establish the multi-stakeholder group (MSG) for NL-EITI. The Dutch government is represented in the MSG by managers and/or senior members of staff at the Ministry of Economic Affairs and Climate Policy, the Ministry of Foreign Affairs, and the Tax and Customs Administration (please see: www.eiti.nl).

2018: On 17 April, the NL-EITI MSG submitted the Dutch Candidature application to the EITI Board. On 28 June, the EITI Board admitted the Netherlands as a Candidate country at its Board meeting in Berlin. The Netherlands is the fourth European country to receive this status. The Netherlands is now required to publish the first EITI Report, in accordance with the EITI Standard, before the end of 2019.