



Extractive Industries Transparency Initiative

Deb Ranjan Banerjee



Brief Introduction to **THE ETI STANDARD** 2019

Deb Ranjan Banerjee

Deb Ranjan Banerjee

19.03.2021



Background & Few Basics

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

- ✓ Ensuring good governance of the extractive industries is essential for meeting the Sustainable Development Goals and tackling corruption.
- ✓ The EITI Standard has continuously evolved since it was first agreed in 2013.
- ✓ It sets the global standard for transparency and accountability in the extractive industries
- ✓ It has become the model for multi-stakeholder transparency initiatives working in other sectors.
- ✓ It puts into action the EITI Principles, basic of which is a belief shared by all EITI stakeholders that a country's natural resource wealth should benefit all its citizens.
- ✓ EITI Standard now starts from the assumption that countries and companies should systematically disclose the information through their own systems.

Guided by the belief that a country's natural resources belong to its citizens, the EITI has established a **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 how extraction rights are awarded, to how revenues are managed and allocated by government.

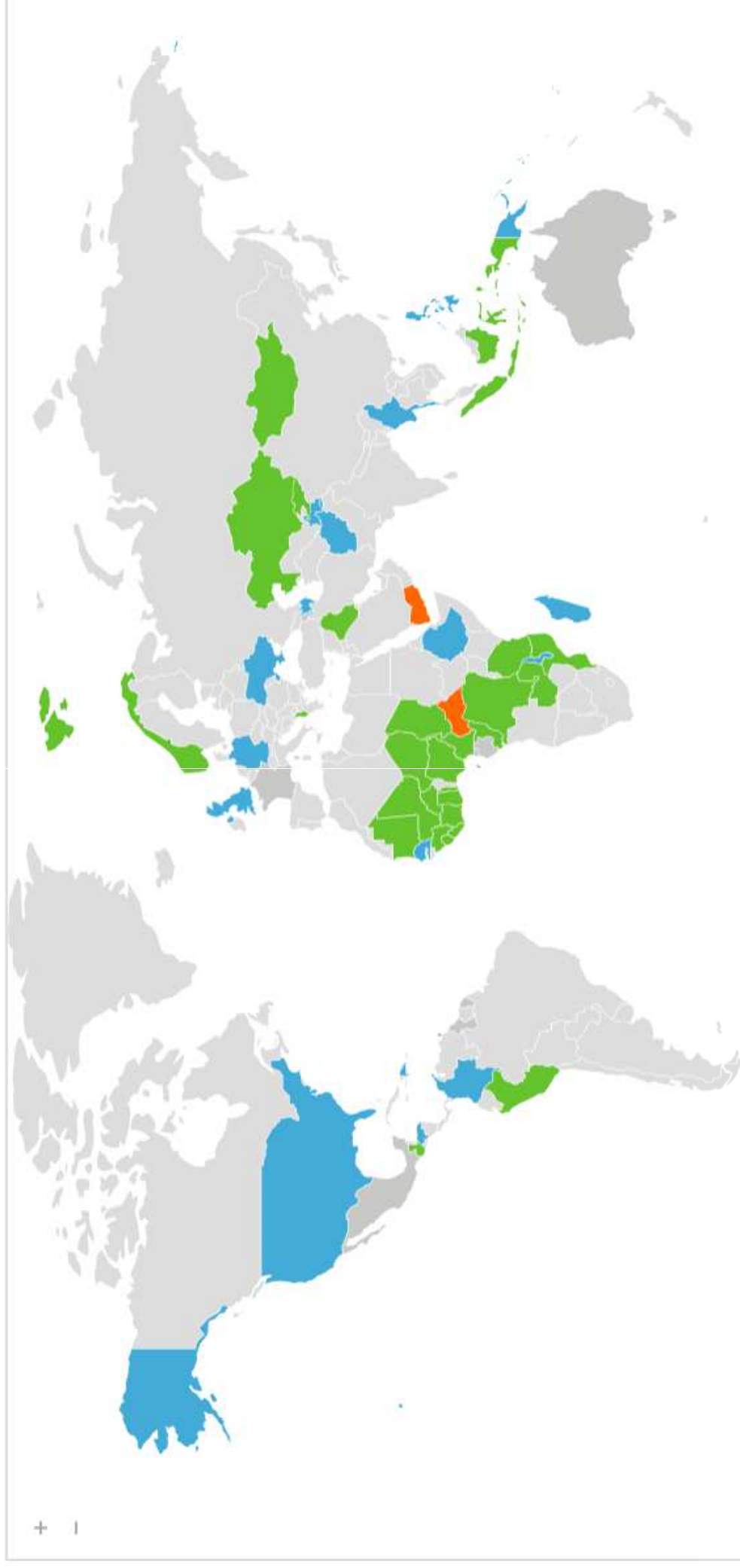
By doing so, the EITI seeks to foster multi-stakeholder collaboration, promoting a healthier and more accountable sector that can play a positive role in development.




As of January 2021, **55 countries** are implementing the EITI

- | | | | | |
|---------------------------------------|------------------|--------------|------------------------|----------------------|
| •Afghanistan | •Ecuador | •Madagascar | •Papua New Guinea | •Trinidad and Tobago |
| •Albania | •Ethiopia | •Malawi | •Peru | •Uganda |
| •Argentina | •Germany | •Mali | •Philippines | •Ukraine |
| •Burkina Faso | •Ghana | •Mauritania | •Republic of the Congo | •United Kingdom |
| •Cameroon | •Guatemala | •Mexico | •Sao Tome and Principe | •Zambia |
| •Central African Republic (suspended) | •Guinea | •Mongolia | •Senegal | |
| •Chad | •Guyana | •Myanmar | •Seychelles | |
| •Colombia | •Honduras | •Mozambique | •Sierra Leone | |
| •Côte d'Ivoire | •Indonesia | •Myanmar | •Suriname | |
| •Democratic Republic of Congo | •Iraq | •Netherlands | •Tajikistan | |
| •Dominican Republic | •Kazakhstan | •Niger | •Tanzania | |
| | •Kyrgyz Republic | •Nigeria | •Timor-Leste | |
| | •Liberia | •Norway | •Togo | |

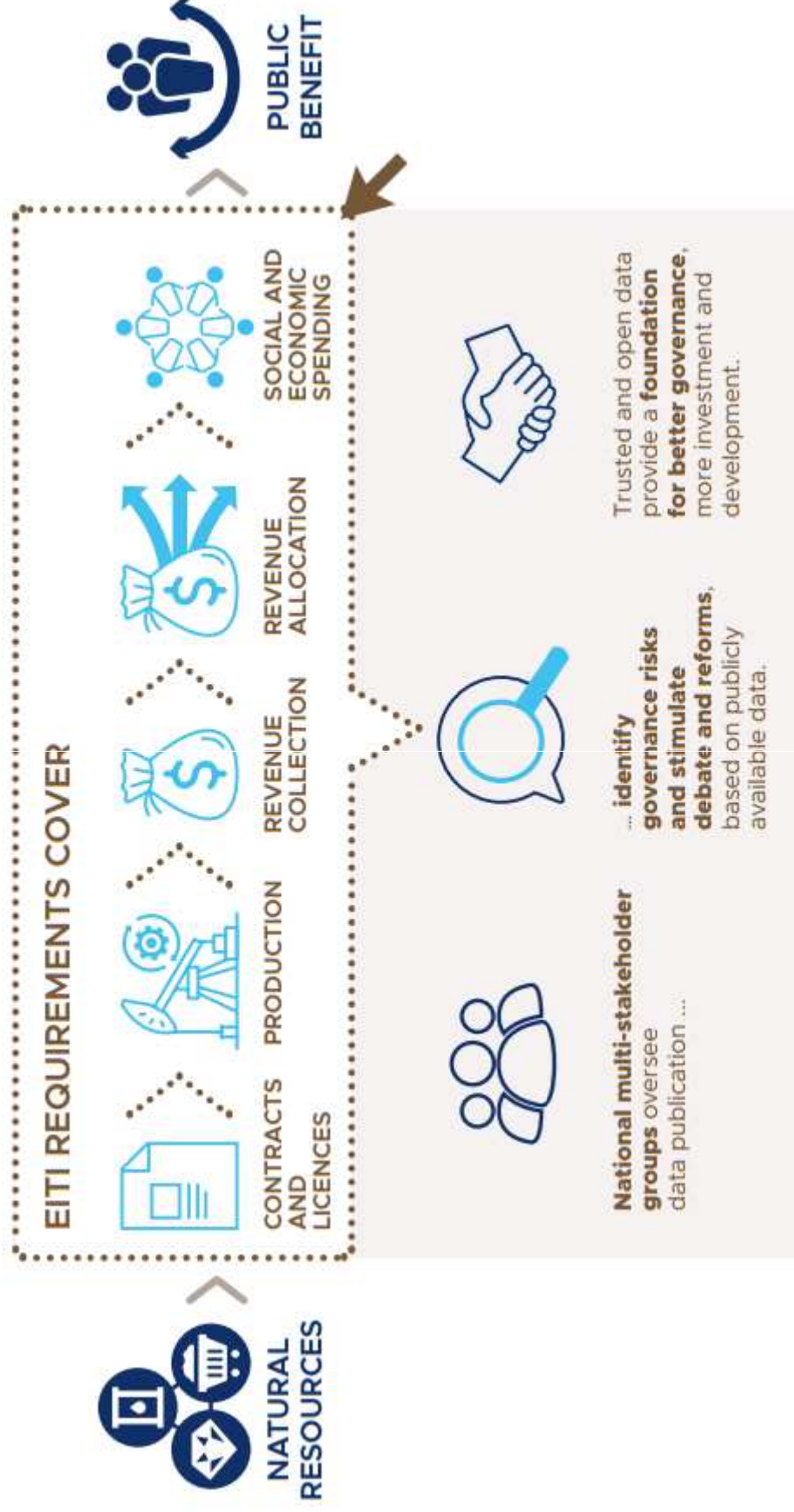
Other countries, such as Lebanon, France and Australia have shown interest in **implementing** the EITI

68 oil, gas and mining companies, financial institutions and commodity traders support the EITI



-  **EITI Candidate Country** - implementing EITI, not yet compliant
-  **EITI Compliant Country** - confirmed to have met all EITI requirements
-  **Other**
-  **Suspended** - Compliant/Candidate status is temporarily suspended

HOW THE EITI WORKS AND HOW IT ACHIEVES IMPACT



EITI - Introduction

This EITI Standard consists of **two chapters**:

Deb Ranjan Banerjee

Chapter one: *Implementation of the EITI Standard*

- **The EITI Principles:** These Principles lay out the general aims and commitments by all stakeholders.
- **The EITI Requirements**, which must be adhered to by countries implementing the EITI.
- **EITI Board oversight of EITI implementation**, which outlines the time frames that implementing countries must adhere to and the consequences of non-compliance with the EITI Requirements.
- **Overview of Validation.** Validation provides stakeholders with an impartial assessment of progress in EITI implementation towards meeting the requirements of the EITI Standard.
- **The protocol “Participation of civil society”,** which sets out requirements and expectations regarding civil society participation in EITI implementation.
- **Expectations for EITI supporting companies.**
- **The Open data policy.**

Deb Ranjan Banerjee

Chapter two : *Governance and management*

- **Articles of Association:** Address how the EITI Members’ Association is governed
- **EITI Openness policy:** Addresses how the EITI itself should be transparent.
- **Constituency guidelines:** Each constituency of the Association has agreed.
- **EITI Association code of conduct** which establishes expectations for conduct for all EITI Board Members, their alternates, Members of the EITI Association, national and international secretariat staff and members of multi-stakeholder groups.

Deb Ranjan Banerjee

Guidance on part one of the EITI Standard is available on eiti.org/guide

- 1 We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
- 2 We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
- 3 We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
- 4 We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.
- 5 We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.

EITI – 12 Principles

- 6 We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
- 7 We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
- 8 We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
- 9 We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
- 10 We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.
- 11 We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
- 12 In seeking solutions, we believe that all stakeholders have important and relevant contributions to make - including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors and non-governmental organisations.

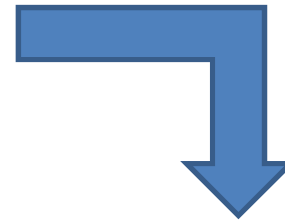
Requirements for Becoming an EITI Implementing Country

Deb Ranjan Banerjee

Deb Ranjan Banerjee

A country intending to implement the EITI is required to undertake a number of steps before applying to become an EITI country. These steps relate to

- ✓ Government commitment (1.1),
- ✓ Company engagement (1.2),
- ✓ Civil society engagement (1.3),
- ✓ Establishment of a Multi-stakeholder group (1.4)
- ✓ Agreement on an EITI work plan (1.5).



When the country has completed the sign-up steps and wishes to be recognised as an EITI implementing country, the government should submit an EITI Application, endorsed by the multi-stakeholder group.¹ The application should describe the activities undertaken to date and provide evidence demonstrating that each of the sign-up steps have been completed. The application should include contact details for government, civil society and private sector stakeholders involved in the EITI.

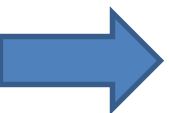
Banerjee



Requirements for Becoming an EITI Implementing Country Contd:-

Deb Ranjan Banerjee

Deb Ranjan Banerjee



Once submitted, the application will be made publicly available on the EITI website. The EITI Board will review the application and assess whether the sign-up steps have been completed. The International Secretariat will work closely with the senior individual appointed by the government to lead on EITI implementation in order to clarify any outstanding issues. Based on this and any other available information, the EITI Board's Outreach and Candidature Committee will make a recommendation, within a reasonable time period, to the EITI Board on whether a country's application should be accepted. The EITI Board will make the final decision.



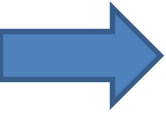
The EITI Board aims to process applications within eight weeks of receiving the application. The EITI Board prefers to make decisions on admitting an EITI country during EITI Board meetings, although may consider taking a decision via Board circular between meetings where appropriate.



Requirements for Becoming an EITI Implementing Country Contd:-

Deb Ranjan Banerjee

Deb Ranjan Banerjee



When the EITI Board admits an EITI implementing country, it will also establish deadlines for publishing the first EITI Report and undertaking Validation. An implementing country's first EITI disclosures must be made available within 18 months from the date that the country was admitted. Validation will commence within two and a half years of becoming an EITI implementing country. Further information on reporting and Validation deadlines – and the scope for extensions of these deadlines – is outlined in section 4 on EITI Board oversight of EITI implementation.



Countries preparing to join the EITI are encouraged to identify potential barriers to systematic disclosures from the outset, for instance by conducting a systematic disclosure feasibility study or addressing opportunities for systematic disclosures as part of the preparations for becoming an EITI implementing country.

Requirements for EITI implementing countries

The EITI Requirements are minimum requirements and implementing countries are encouraged to go beyond them where stakeholders agree that this is appropriate. Stakeholders are encouraged to consult additional guidance materials on how to best ensure that the requirements are met, available at eiti.org/guide.

REQUIREMENT 1:

Oversight by the multi-stakeholder group.

The EITI requires effective multi-stakeholder oversight, including a functioning multi-stakeholder group that involves the government, companies, and the full, independent, active and effective participation of civil society.

The key requirements related to multi-stakeholder oversight include:

- (1.1) government commitment;
- (1.2) company engagement;
- (1.3) civil society engagement;
- (1.4) the establishment and functioning of a multi-stakeholder group; and
- (1.5) an agreed work plan with clear objectives for EITI implementation and a timetable that is aligned with the deadlines established by the EITI Board.

REQUIREMENT 2

Deb Ranjan Banerjee

Legal and institutional framework, including allocation of contracts and licenses.

The EITI requires disclosures on how the extractive sector is managed, enabling stakeholders to understand the laws and procedures for the award of exploration and production rights, the legal, regulatory and contractual frameworks that apply to the extractive sector, and the institutional responsibilities of the State in managing the sector.

The EITI Requirements related to a transparent legal framework and awarding of extractive industry rights include:

- (2.1) legal framework and fiscal regime;
- (2.2) contract and license allocations;
- (2.3) register of licenses;
- (2.4) contracts;
- (2.5) beneficial ownership; and
- (2.6) state participation in the extractive sector.

Deb Ranjan Banerjee

Deb Ranjan Banerjee

REQUIREMENT 3

Exploration and production.

The EITI requires disclosures of information related to exploration and production, enabling stakeholders to understand the potential of the sector.

The EITI Requirements related to a transparency in exploration and production activities include:

- (3.1) information about exploration activities;
- (3.2) production data; and
- (3.3) export data

REQUIREMENT 4

Revenue collection.

An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries. The EITI requires comprehensive disclosure of company payments and government revenues from the extractive industries.

The EITI Requirements related to revenue collection include:

- (4.1) comprehensive disclosure of taxes and revenues;
- (4.2) sale of the state's share of production or other revenues collected in kind;
- (4.3) infrastructure provisions and barter arrangements;
- (4.4) transportation revenues;
- (4.5) SOE (State Owned Enterprise) transactions;
- (4.6) sub-national payments;
- (4.7) level of disaggregation;
- (4.8) data timeliness; and
- (4.9) data quality of the disclosures.

REQUIREMENT 5

Revenue allocations.

The EITI requires disclosures of information related to revenue allocations, enabling stakeholders to understand how revenues are recorded in the national and, where applicable, subnational budgets, as well as track social expenditures by companies.

The EITI Requirements related to revenue allocations include:

- (5.1) distribution of revenues;
- (5.2) subnational transfers; and
- (5.3) revenue management and expenditures.

REQUIREMENT 6

Social and economic spending.

The EITI encourages disclosures of information related to revenue management and expenditures, helping stakeholders to assess whether the extractive sector is leading to the desirable social and economic and environmental impacts and outcomes.

The EITI Requirements related to revenue allocations include:

- (6.1) social and environmental expenditures by companies;
- (6.2) SOE quasi-fiscal expenditures;
- (6.3) an overview of the contribution of the extractive sector to the economy; and
- (6.4) the environmental impact of extractive activities.

REQUIREMENT 7

Outcomes and impact.

Regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, and public debate about how resource revenues can be used effectively.

The EITI Requirements related to outcomes and impact seek to ensure that stakeholders are engaged in dialogue about natural resource revenue management.

EITI disclosures lead to the fulfilment of the EITI Principles by contributing to wider public debate. It is also vital that lessons learnt during implementation are acted upon, that recommendations from EITI implementations are considered and acted on where appropriate and that EITI implementation is on a stable, sustainable footing.

The EITI Requirements related to Outcome and Impact include:

(7.1) Public debate.

(7.2) Data accessibility and open data.

(7.3) Recommendations from EITI implementation.

(7.4) Review the outcomes and impact of EITI implementation.

EITI Board oversight of EITI implementation

Deb Ranjan Banerjee

Deb Ranjan Banerjee

This section outlines the procedures and criteria that the EITI Board uses in overseeing and validating EITI implementation.

This includes the **time frames** established by the EITI Board for publication of EITI data and oversight of the **Validation process**.

Article 1 – Adapted implementation.

Should the multi-stakeholder group conclude that it faces exceptional circumstances that necessitate deviation from the implementation requirements, it must seek prior EITI Board approval for adapted implementation.

Article 2 – Disclosure and reporting deadlines.

Implementing countries are required to publish timely information. Implementing countries are required to publish the requested information (typically through an EITI Report) within **18 months** of being admitted as an EITI country.

Thereafter, the published data must be no older than the second to last complete accounting period, e.g. information pertaining to the financial year ending 31 December 2018 must be published at the latest by 31 December 2020.

Article 3 – Initial Validation deadline.

Deb Ranjan Banerjee

When the EITI Board admits implementing countries, it will establish a deadline for the commencement of Validation within two and a half years. Subsequent to considering the findings, the Board will establish a deadline for further Validations.

Article 4 – EITI Validation process.

a) Assessment of each EITI Requirement

The level of progress and compliance with each individual EITI Requirement shall be indicated by applying one of the following designations:

Outstanding progress.

Satisfactory progress.

Meaningful progress.

Inadequate progress.

No progress.

b) Overall assessments

The EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard. In determining a country's overall assessment, the EITI Board will apply the same scale as used for the assessment of the individual requirements outlined in above.

In accordance with the standard Terms of Reference for Validations, the results of the assessment will be documented in an assessment card and a narrative report, presenting the evidence, stakeholder views, references and conclusions.

Article 5 – Safeguards.

If a country has made inadequate progress or less on any one of the requirements relating to stakeholder engagement (Requirements 1.1, 1.2 and 1.3), the Board will suspend the country in accordance with Article 8.

Article 6 – Outcome of Validations.

Where Validation verifies that a country has made satisfactory progress on all of the requirements, the EITI Board will designate that country as having achieved satisfactory progress overall. Implementing countries must maintain adherence to the EITI Principles and Requirements in order to retain this status.

The consequences of not achieving satisfactory progress depend on the Board's overall assessment:

- i. **No progress.** The country will be delisted.
- ii. **Inadequate progress.** The country will be temporarily suspended and requested to undertake corrective actions until the second Validation. For the suspension to be lifted, the country must in its second Validation demonstrate at least meaningful progress.
- iii. **Meaningful progress.** The country will be considered an EITI country and requested to undertake corrective actions until the second Validation.

Where Validation verifies that a country has not achieved compliance, the EITI Board will establish the corrective actions that the country is required to undertake and a time frame of **3-18 months** for the next Validation, where progress with meeting the corrective actions will be assessed.

Article 7 – Extensions.

An implementing country may apply for an extension if it is unable to meet any of the deadlines specified above. The EITI Board will apply the specified tests in assessing any extension requests.

Article 8 – Suspension.

- a) Suspension due to breaches of the EITI Principles and Requirements**
- b) Suspension due to political instability or conflict**
- c) Lifting the suspension**

Deb Ranjan Banerjee

Article 9 – Delisting.

Delisting, i.e. revoking a country's status as an EITI implementing country, will occur if:

- (1) An implementing country has been subject to suspension and the matter has not been resolved to the satisfaction of the EITI Board by the agreed deadline.
- (2) The EITI Board concludes that a country has not made satisfactory progress in implementing the EITI within the established time frames.

Article 10 – Appeals.

The implementing country concerned may petition the EITI Board to review its decision regarding suspension, delisting or the country designation as having made meaningful or satisfactory progress following Validation.

Deb Ranjan Banerjee

Deb Ranjan Banerjee

Overview of Validation

Deb Ranjan Banerjee

Deb Ranjan Banerjee

Outcomes and consequences of Validation



EITI - Governance and management

Deb Ranjan Banerjee

Deb Ranjan Banerjee

The EITI has evolved into a global standard which provides a platform for wider debate and reform. The governance and management of the EITI itself has also evolved. The EITI is governed by a not-for-profit members association under Norwegian law. It is the EITI Association's articles that provide the governing framework for the EITI.



EITI Openness policy

Deb Ranjan Banerjee

Deb Ranjan Banerjee

1. **The documents of the EITI are public, except** as otherwise provided below.

2. Documents disclosed to the EITI on any matter concerning operational and/ or business matters, which for **competition reasons** are important to keep secret in the interests of the person whom the information concerns, are exempted from access.

For example, a business secret would normally be exempted if disclosure has the potential of influencing the competitive position of the company in question.

3. Documents revealing information received from a **third party are exempted from access if disclosure is likely to influence legitimate interests of that third party.**

For example, access to documents will not be granted if the personal security of the third party and/or his family and/or any person closely connected to the third party in question may be endangered. Further, the protection of personal privacy will also qualify as legitimate interest and thus be exempted.

4. EITI **internal working documents** are exempted from access.

For example, documents from the International Secretariat to the EITI Board and its Committees are normally considered internal documents and thus exempted. Final minutes from the EITI Board meetings as well as committees and working group meetings are not internal documents. E-mails between EITI colleagues are normally considered to be internal working documents.

Deb Ranjan Banerjee

Deb Ranjan Banerjee

5. **Personal** information related to staff of the EITI is exempted from access.

For example, documents on evaluations made in connection with recruitment and dismissal, and/or documents regarding assessments of staff performance and/or personal information about for example staff members' health are exempted from access. On the other hand, all contracts, salaries, compensation and expense accounting are public.

Thank You

Deb Ranjan Banerjee
B.Tech (Chem), CU; M.Tech (Chem), CU
SAP Trained ERP Consultant PS-IM-BW
Retd. Executive Director – OIL
debranjan1959@gmail.com; 7896391224