



The EITI and CONNEX: Lessons, Challenges and Complementarity.

*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency*

Tokyo, Japan

15 September 2016

Jonas Moberg, head of the EITI International Secretariat



CONTRACTING TRANSPARENCY

*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*





CONTRACTING AND TRANSPARENCY

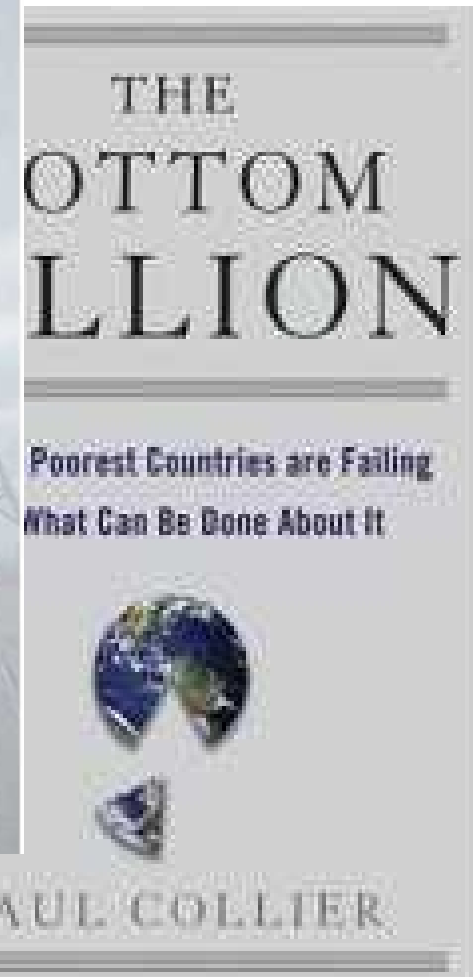
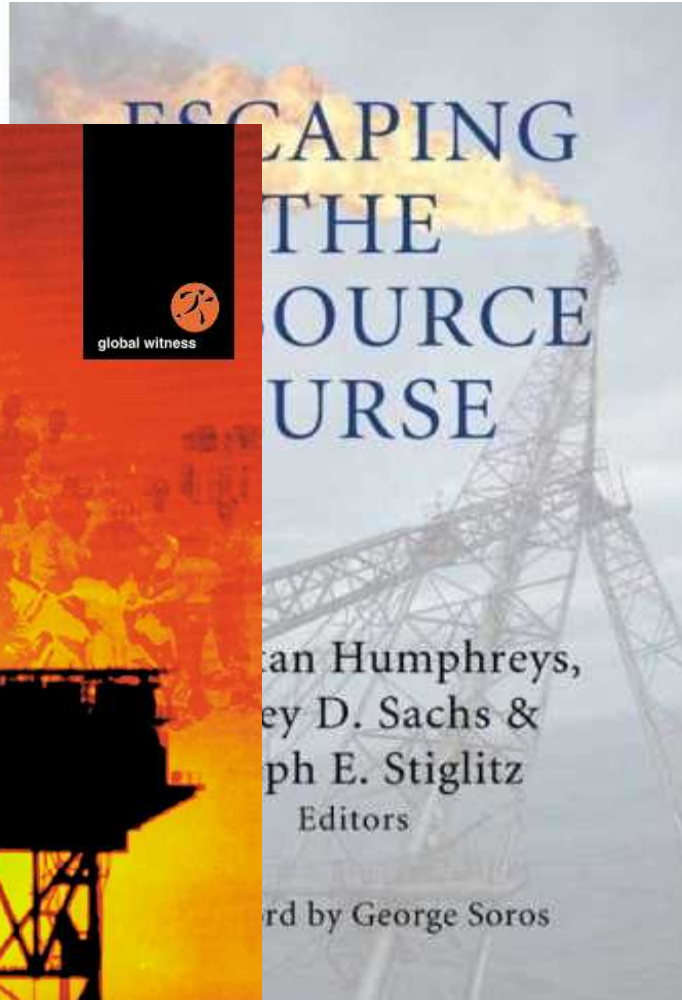
*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*



Coming from - EITI Origins –

Breaking the Resource Trap – paradox of

plenty



OUR COLLECTIVE ACHEIVEMENTS SO FAR

Greater sociatal benefits?

Improved contracts?

Improved government take?

Improved awareness?

Transparency?

Predictability, security and contract sanctity?

Greater trust?

Trust in operating companies?

Government reforms?

Less transfer pricing?

Less corruption?

Less state capture?

*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*



WHY?

Political leadership?

Outside political leadership?

Commodity prices?

New entries? (eg China in Africa)

Regulators? (eg DF 1504 and EU)

Law enforcement? (eg FCPA)

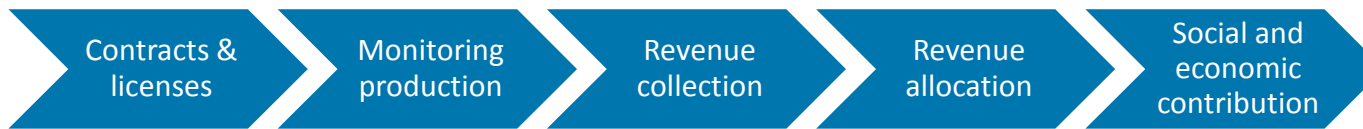
Campaigning?

Improved practices?

Standards? (eg EITI and the IFC safeguards)

Technical assistance?





Licensing
information

State
ownership

Production
data

Production
contracts
(encouraged)

Beneficial
ownership
(encouraged)



**Companies
publish
payments**

Transit
payments
(encouraged)



**Government
publishes
receipts**

State
Owned
Enterprises

Transfers to local
government

Company social
and infrastructure
investments



A national **multi-stakeholder group** (government, companies and civil society) decides how their EITI process should work.

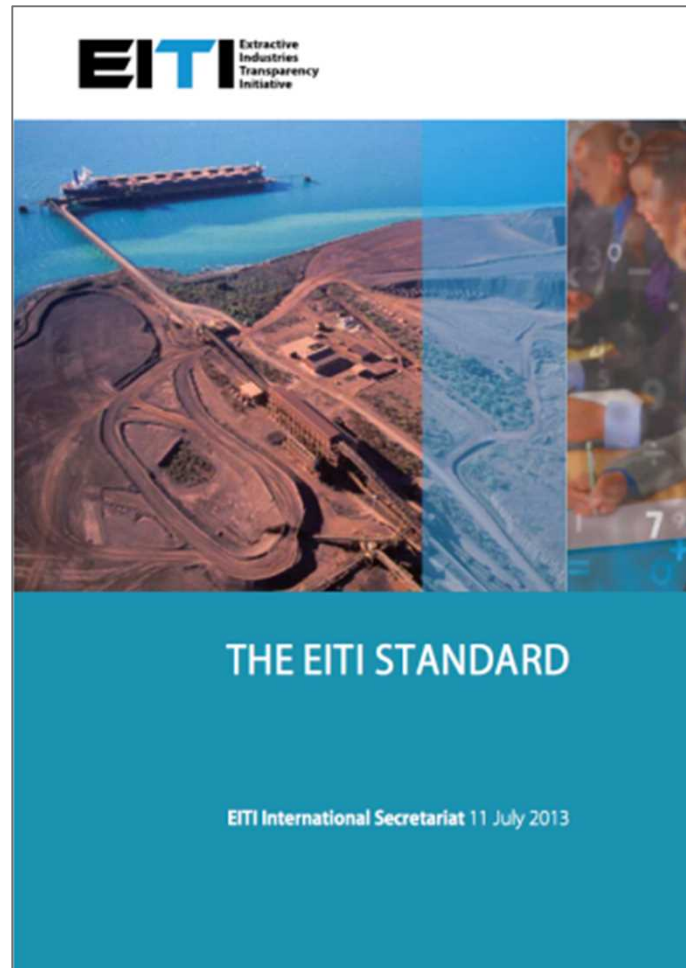


This group publishes an **EITI Report** where government revenues and other data are disclosed and independently assessed.



The findings are communicated to create **public awareness and debate** about how the country should better manage their resources.

One Standard



51 ways



*Conference on transparency in commodity trading
20th October 2015, Gurtenpark, Berne, Switzerland*



51 implementing countries

51

Countries implement the EITI

32

Are compliant with the EITI Requirements

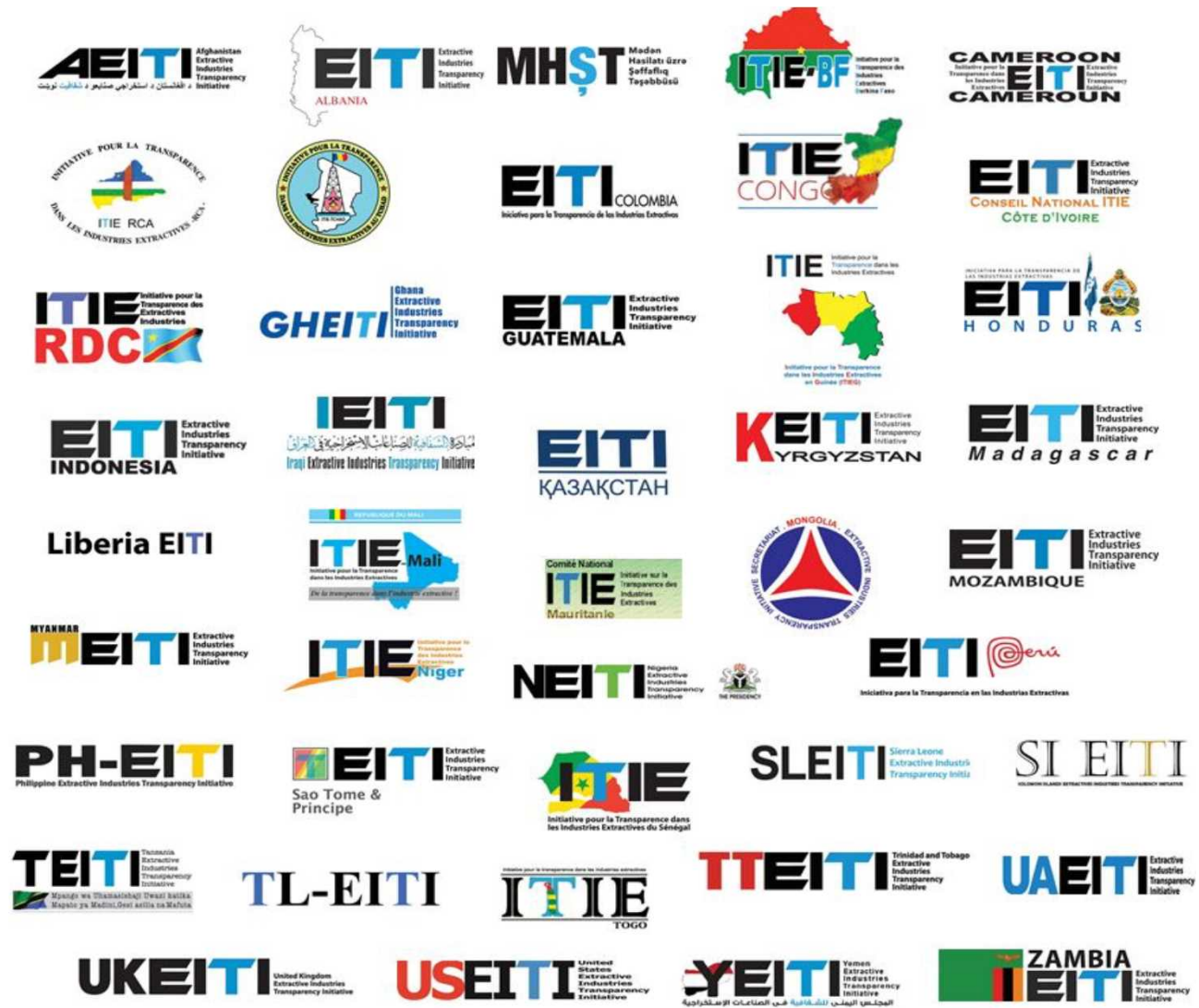
248

Years covered in EITI Reports

USD 2 TR

Worth of government revenues from oil, gas and minerals disclosed

eiti.org/countries

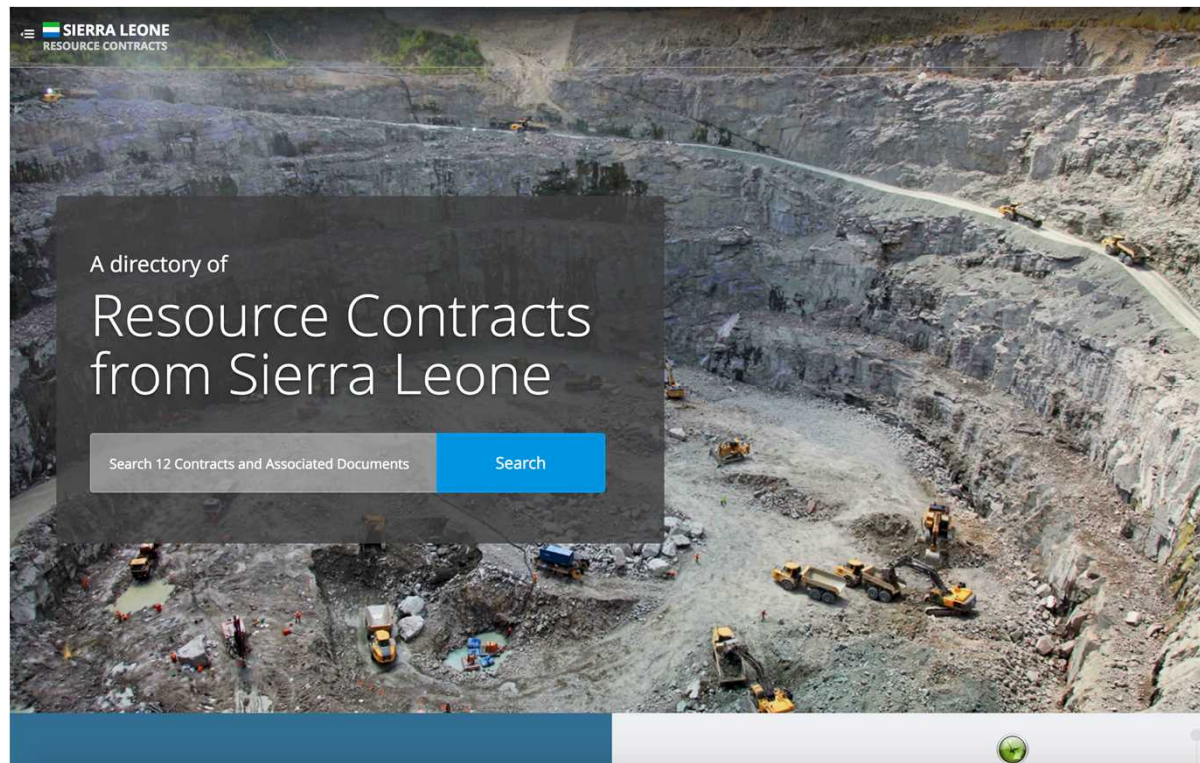


Jonas Moberg, Head, EITI International Secretariat, Presentation at Vale
Wednesday 30 September 2015

EITI

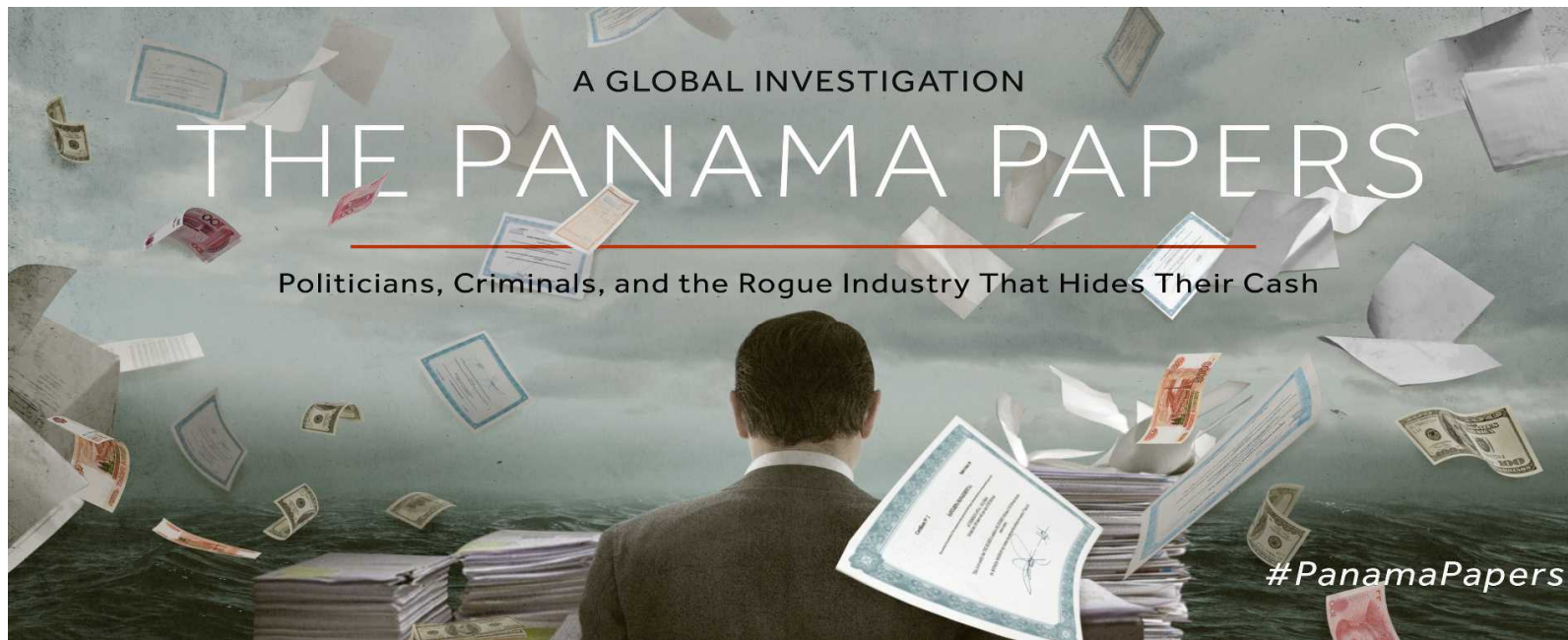
Sierra Leone: making information available for investors

All relevant data on line, timely, reliable, and in one place.



*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*

Beneficial ownership










*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*



EITI Recommendations

In addition to the statistics and data, EITI Reports also include legal, regulatory and administrative recommendations aimed at improving sector governance.

- Contract transparency: Mongolia

DOCUMENT		COUNTRY	YEAR	RESOURCE	CONTRACT TYPE
 Storm Cat Energy Corporation, Nemegt-VI, Borzonn-VII, PSA, 2004		 Mongolia	2004	• Gas	• Production or Profit Sharing Agreement
 Erdenes Oyu Tolgoi LLC, Turquoise Hill Resources Limited, Oyu Tolgoi Netherlands B.V., Rio Tinto International Holdings Limited, Oyu Tolgoi LLC, THR Oyu Tolgoi Ltd., Oyu Tolgoi Deposit-6708A-6710A, Underground Mine Development and Financing Plan, 2015		 Mongolia	2015	• Copper • Gold • Molybdenum • Silver	• Underground Mine Development and Financing Plan
 Ivanhoe Mines Mongolia Inc. LLC, Ivanhoe Mines Ltd., Rio Tinto International Holdings Limited, Oyu Tolgoi Deposit-6708A-6710A, Investment Promotion Agreement, 2009 		 Mongolia	2009	• Copper • Gold • Molybdenum • Silver	• Investment Promotion Agreement
 DWM Petroleum AG, Tsagaan Els XIII Area, PSA, 2009		 Mongolia	2009	• Hydrocarbons	• Production or Profit Sharing Agreement

OF CONNEXT initiative international conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016

“ *Mongolia’s entire 1.5 million adult population is able to analyse any developments in the mining sector with a fine comb.* ”

HE Chimed Saikhanbileg, Prime Minister of Mongolia



From transparency to accountability?



From reports
to reform

Highlighting the potential of recommendations from EITI Reports

progrep.eiti.org/2016/from-reports-to-reforms



In-country platform

1300 persons serve on EITI national commissions



Reforms and renegotiation

CONNEX could provide EITI countries with technical advice on when to begin renegotiating contracts if reforms, prices or other circumstances have changed the legal and or fiscal regime.



*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*

CONNEX and EITI

Successfully negotiating complex contracts in the extractive sector requires at a minimum four ingredients:

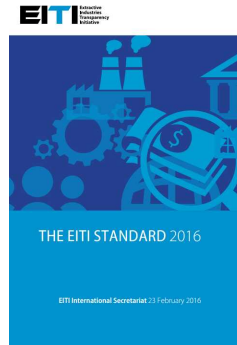
- Information & data
- Expertise
- Capacity
- Trust



*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*

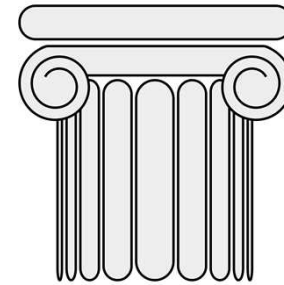
EITI – CONNEX complementarity

EITI Requirement 2



The EITI requires disclosures of information related to the rules for 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 framework that apply to the extractive sector, and the institutional responsibilities of the State in managing the sector.

CONNEX pillar 1



Information integration and accessibility → maintaining an online resource portal that brings together relevant tools and resources.

EITI – CONNEX complementarity

EITI Requirement 2.4

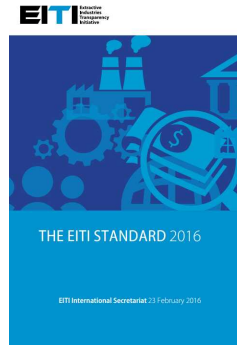


Implementing countries are encouraged to publicly disclose any contracts and licences that provide the terms attached to the exploitation of oil, gas and minerals.

Further: It is a requirement that the EITI Report documents the government's policy on disclosure of contracts and licences that govern the exploitation of oil, gas and minerals....This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway.

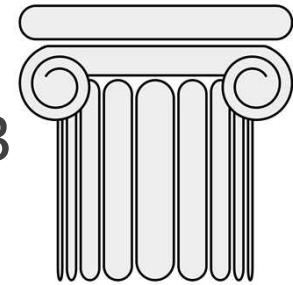
EITI – CONNEX complementarity

EITI Requirement 1



The EITI requires 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.

CONNEX pillar 2 & 3



Ensuring support is more comprehensive and more responsive to government's needs in order to ultimately contribute to fairer, more sustainable investment deals as drivers of development.

→ Sharing of knowledge among existing support providers.

Capacity-building of stakeholders before and after negotiations. Focus on long-term capacity building linking contract negotiations to sector monitoring, policies and laws to ensure sustainability.

The EITI and CONNEX: Complementarity

EITI provides information and the platform for a well informed discussion on the quality of existing contracts and the arrangements for upcoming ones, including whether support is needed from eg CONNEX.



*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*

EITI

The EITI has done relatively well in...

Successes

- Making data accessible
- Diagnostic tool for identifying weaknesses
- Recovering lost revenue – \$2.4 bn in Nigeria alone.



*G7 CONNEX Initiative International Conference on
Capacity Building and Transparency
Tokyo, Japan
15 September 2016*

The EITI has particular challenges in...

- Integrating the EITI into government systems
- Use EITI information to further reform the sector
- Identify who owns companies and who benefits

Next steps EITI/Connex

- Assess results of the consultation with implementing countries
- Use the EITI as a platform for discussing and making recommendations on negotiations.
- Draw on case examples of complex contract negotiation and develop joint guidance.
- Encourage chief contract negotiators to the EITI MSG to explain process and each upcoming contract/license.

G7 and 8 support for EITI and transparency in the past

- 
- Evian 2003
 - Sea Island 2004
 - Gleneagles 2005
 - St Petersburg 2006
 - Heiligendamm 2007
 - Hokkaido Toyako 2008
 - L'Aquila 2009
 - Muskoka 2010
 - Deauville 2011
 - Brussels 2014

Snapshot of data CONNEX can already access!

showing who discloses what

y Yes p Partial NA Non-Applicable V/P/NA Capital letters and colour indicate changes in disclosure from previous years

	Latest report	Oil	Gas	Mining	Other sectors	Licence register	Production volumes	Beneficial ownership	Sub-national reconciliation	Disaggregated by company	Disaggregated by company & revenue stream	Social payments	Project by project reporting	Disclosure a selectronic file	Received by the government, US\$
Afghanistan	2011														101776,401
Albania	2014	y	y	y	y	y	y			y	y	p			77398,069
Azerbaijan	2013	y	y	y		y	y			y	y	NA			19,581,000
Burkina Faso	2012					y	y	p		y	y	y			358,092,143
Cameroon	2013	y	y	y		y	y	p	y	y	y	y			1,597,000,000
Central African Republic	2010									y	y	y			340,000,000
Chad	2013	y	y	y	y		y			y	y			y	1,700,000,000
Côte d'Ivoire	2013	y	y	y		y	y			y	y	p			687,088,090
Colombia	2013	y	y	y		p	y			y	p	p			18,123,000,000
Democratic Republic of the Congo	2014	y	y	y		y	y	p	y	y	y	y		p	2,083,244,893
China	2014	y	y	y		p	y	p	y	y	y	y	y		1,623,108,899
Guatemala	2013	y				p	y			y	y				182,468,408
Guinea	2013					p	y			y	y	y			293,764,326
Honduras	2013	y		y		p	y		p	y	NA	y		y	10,602,263
Indonesia	2013	y	y	y		y	y			y	y	y	y		33,591,429,421
Iraq	2013	y	y	p		p	y			y	y	y			81,166,908,244
Kazakhstan	2014	y	y	y		p	y		NA	y	y	y		y	26,885,161,002
Kyrgyz Republic	2014	y	y	y		y	y	p	p	y	y	y			181,000,000
Liberia	2013	y	y	y	y		y		p	y	y	y		y	197,230,000
Madagascar	2013	y	y	y		y	p			y	y	p			193,790,760
Malawi	2013	y	y	y		p	y	p	NA	y	y	y			448,997,391
Mauritania	2013	y	y	y		y	y		y	y	y	y			362,821,460
Mongolia	2014	y	y	y		p	y		y	y	y	y		y	1,065,401,000
Mozambique	2014	y	y	y		y	y		y	y	y	y	y	y	1,053,599,553
Myanmar	2013	y	y	y	y	y	y		NA	y	p	y		y	3,135,080,755
Niger	2013	y	y	y		p	p			y	y	y	p	y	440,603,229
Nigeria (only mining)	2012			y		y	y	p		y	y				777,501,388
Norway	2013	y	y			y	y		NA	y	y	NA		y	56,137,148,644
Peru	2013	y	y	y		y	p			y	y			y	5,511,486,805
Philippines	2013	y	y	y		p	y		y	y	y	y		y	982,102,816
Republic of the Congo	2012	y	y	y			y			y	y			y	3,087,343,000
São Tomé and Príncipe	2013	y	y			p				y	y	p		y	1,280,006
Senegal	2013	y	y	y	y	p				y	y				82,383,000
Seychelles	2014	y	y			y		p		y	y	y			299,879
Sierra Leone	2013	y	y	y		y	y		y	y	y	y			60,366,417
Solomon Islands	2014			y		y	y			p		p			334,953
Tajikistan	2014	y	y	y		p	y	p		y	y	y			424,463,257
Tanzania	2014	y	y	y		p				y	y				754,302,420
Timor-Leste	2013	y	y	p		p	p			y	p	y	NA		3,054,000,000
Togo	2013	NA				y	y		y	y	y	y			22,272,506,709
Trinidad and Tobago	2013	y	y			p	y		p	y	y	y			3,305,270,000
Ukraine	2013	y	y				y	p							3,354,625,000
United States of America	2013	y	y	y		y	y			y	y		y	y	24,440,000,000
Zambia	2014	y	y	y		p	y	p	p	y	y	p		y	1,544,031,692




Support reformers

- declarations/clear messaging matter
- bilaterally

Complementarity

- regulatory
- policy

Sustained technical assistance



‘In an era of low commodity prices, the need for increased trust, better information and good policies is stronger than ever.’

Fredrik Reinfeldt, EITI Chair