



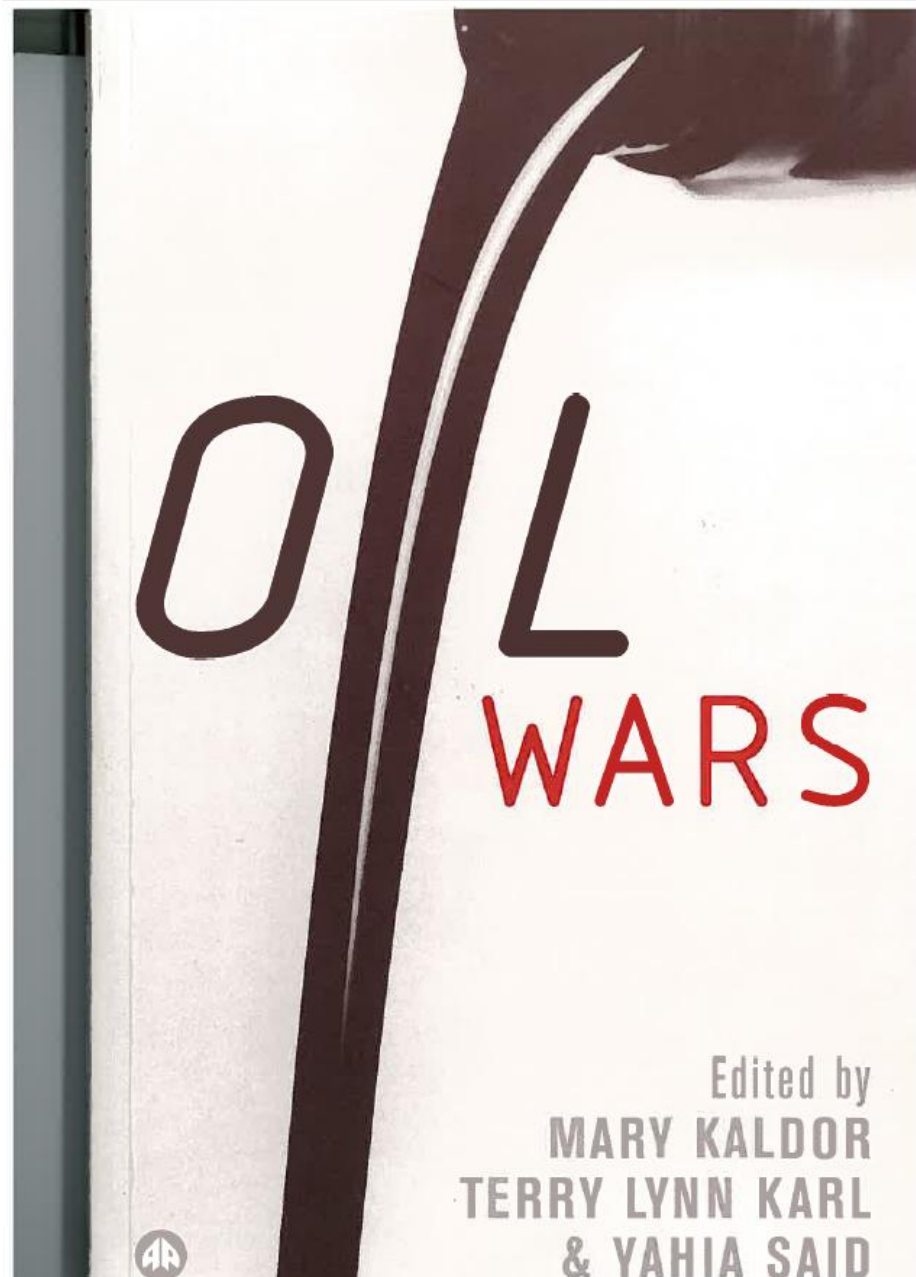
# Energy security through transparency

## Energy security through the EITI

**Jonas Moberg**



Petrol is the best  
vector of corruption



# How the EITI works



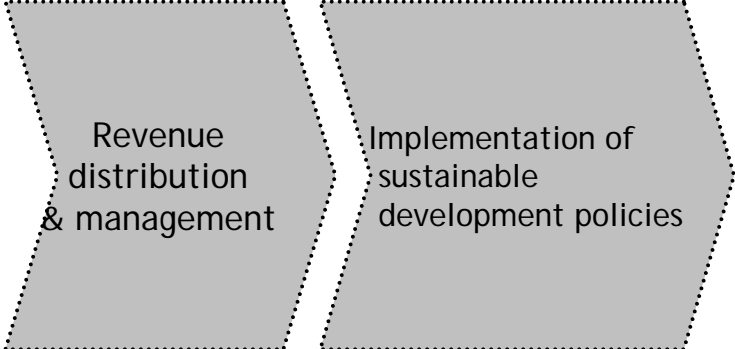
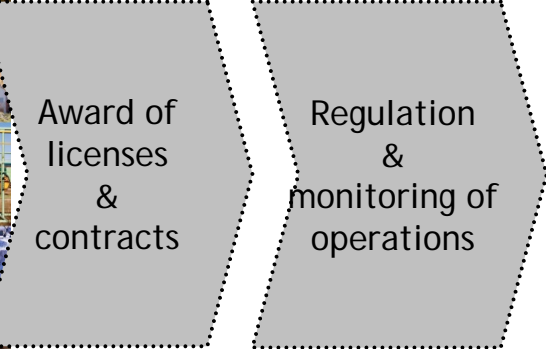
Companies disclose payments

Government discloses receipt of payments



Independent verification of tax & royalty payments "EITI report"

Government Spending



Oversight by a Multi-Stakeholder Group



The EITI provides a forum for dialogue and a platform for broader reforms

# Key Features of EITI

- Country ownership
- Multi-stakeholder
- Disclosure of company payments and government receipts
- Quality assurance



September 2011 – US  
October 2011- Australia pilot

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Reporting requirements

# EITI in 2011



- o **35 Implementing Countries** across Africa, Asia, Latin America, Middle East and Central Asia
- o **60 major international oil, gas, and mining companies**
- o **80 institutional investors** with collective assets of over \$16 trillion
- o **100s of civil society groups and networks** – e.g. Publish What You Pay, Open Society/Revenue Watch Institute, Transparency International
- o **Supporting Countries**, including Japan, **Australia**, Canada, France, Germany, the Netherlands, **Norway**, the UK and **the US**



50 of the world's leading oil, gas and mining companies  
Support the EITI



## Sign up

- Issue government announcement
- Commit to work with all stakeholders
- Appoint implementation leader
- Compose and publish workplan

## Preparation

- Establish multi-stakeholder committee
- Engage industry and civil society
- Remove obstacles to implementation
- Agree reporting templates
- Select and approve neutral EITI administrator
- Ensure full industry participation
- Ensure company and government accounts are properly audited

## Disclosure

- Disclose payments and revenues to administrator
- Receive report from administrator
- Identify and explain discrepancies
- Recommend improvements

## Dissemination

- Disseminate EITI report
- Review lessons learned and repeat

## Country undertakes external validation





**Deloitte.**

## Extractive Industries Transparency Initiative Reconciliation of cash flows from the petroleum industry in Norway



Translation from the original  
Norwegian version  
December 2009

## 3. Reconciliation of reported payments

### 3.1 Reconciliation of totals

In total, we received reporting from 69 licensees and governmental agencies. Out of these, 7 of the licensees did not have any amounts to report, 58 licensees reported on petroleum tax, 9 reported on CO<sub>2</sub> tax, 10 reported on NOX tax, and 18 reported on area fee. A total of 9 licensees reported on other payments. Table 2 presents aggregated cash flows as reported. A disaggregated overview company- by- company is presented in appendix 1.

Table 2: Aggregated cash flows from the petroleum industry

Aggregated payments	Initial reporting TNOK	Resolved discrepancies TNOK	Without reporting from counterparty TNOK	Adjusted reporting TNOK
Licensees	398.815.042	1.679.803	-5.143	400.489.701
Government	400.474.742	567	14.392	400.489.701
Discrepancy	-1.659.700	1.679.236	-19.535	-

Initially the licensees reported payments of TNOK 398.815.042 to the Government. The payments reported by the licensees were TNOK 1.659.700 lower than the payments reported by the Government.

- Of this, TNOK 1.679.236 has been explained through the reconciliation work.
- The column "without reporting from counterparty" includes amounts reported by licensee or Government, however, no reporting from the counterparty has been obtained. The amount includes:
  - TNOK 5.143 of "Other payments" to Government reported by licensees. Reporting from Government has not been obtained for these payments in 2008.
  - TNOK 14.392 in net payment from Government to companies that are not regarded as required to report based on NEITI. The amount can be split into tax refund from the Government, TNOK 33.770, paid to 4 companies that are no longer licensees, and therefore, no reporting have been obtained. Further, the Government has reported NO<sub>x</sub> fee, TNOK 19.378, received from 10 companies that are not licensees and not required to report based on the NEITI.
- There are no unresolved discrepancies after adjustment for payments where information is only reported by one of the parties for the reasons explained above.

The discrepancies are further analyzed per revenue stream in section 3.2 below.

#### 3.1.1 Transfer of payments to the Government Pension Fund- Global

Net cash flow from the petroleum industry is transferred to the Government Pension Fund – Global (the Pension Fund). This fund is managed by the Central Bank of Norway on behalf of the Ministry of Finance. The purpose of the Government Pension Fund – Global is to support government savings to finance pension expenditure and underpin long-term considerations in the use of Norway's petroleum revenue.

For information purposes we have included a reconciliation of the total reported cash flows according to EITI against the cash flows to be transferred to the Pension Fund, as presented in "St. meld nr 3 (2008-2009) Statsrekeneskapen for 2008", published on April 24, 2009. The transfers to the Government Pension Fund- Global appear in the state accounts of 2008 table 3.2 "Resultatrekskap for Statens pensjonsfond – Utland". Note that the figures in table 3 below are in NOK million:



**54 EITI reports** shed light on government revenues from the Extractive Industries in 23 countries.

These reports combined contain data for **64 years**.

In these 23 countries alone, more than **420 millions** people have access to information on government revenues from their natural resources, often for the first time.

A total of **\$242,685,423,821** has been reported by these governments.

National coverage of all companies has reached **95%** on average.



# Why governments implement the EITI

## **-Enlightened self-interest**

- To prevent corruption
- To build trust amongst communities
- To attract foreign direct investment
- To attract leading companies
- To gain international recognition
- To improve credit rating

## **- Encouragement from the international community**

- Development community promoting good governance
- IMF and others wishing to see improved fiscal management
- Energy security through transparency

## **- Encouragement from industry**

- License to operate
- Long-term investment depends on a sound business climate

# The EITI has been politically endorsed by many governments and in many forums



United Nations  
**General Assembly**

Distr.: Limited  
22 February 2008  
Original: English

A/62/L.41\*

**Sixty-second session**  
Agenda item 56  
Globalisation and interdependence

**Australia, Azerbaijan, Belgium, Canada, Congo, France, Germany, Iraq, Italy, Kazakhstan, Kyrgyzstan, Liberia, Moldova, Netherlands, Nigeria, Norway, Peru, Sierra Leone, Spain, Timor-Leste, Turkey, United Kingdom of Great Britain and Northern Ireland and Yemen: draft resolution**

## Strengthening transparency in industries

*The General Assembly,*

*Recalling* the 2005 World Summit Outcome,

*Reaffirming* the Accra Accord, the outcome of the twelfth session of the United Nations Conference on Trade and Development,

*Recalling* the United Nations Convention against Corruption, which reaffirms that corruption is no longer a local matter but a transnational phenomenon that affects all societies and economies, making international cooperation to prevent and control it essential,

*Further recalling* the resolution 1803 of 14 December 1962, in which it declared that the right of peoples and nations to permanent sovereignty over their natural wealth and resources must be exercised in the interest of their national development and of the well-being of the people of the State concerned,

*Reaffirming* that every State has and shall freely exercise full permanent sovereignty over all its wealth, natural resources and economic activities,

*Taking note* of all relevant voluntary initiatives, including the Extractive Industries Transparency Initiative, aimed at improving transparency in the extractive industries,

*Convinced* that rule-based and predictable trade and financial systems are essential to promote transparency in trade and financial industries and combat corruption in commercial and financial transactions in all countries,

06-23942\*(E) 220208



## THE AFRICA-EU STRATEGIC PARTNERSHIP A Joint Africa-EU Strategy

### I. CONTEXT, SHARED VISION AND PRINCIPLES

#### 1. Context

1. Africa and Europe are bound together by history, culture, geography, a common future, as well as by a community of values: the respect for human rights, freedom, equality, solidarity, justice, the rule of law and democracy as enshrined in the relevant international agreements and in the constitutive texts of our respective Unions.
2. Since the historic first Africa-EU Summit in Cairo in 2000, where our partnership was strengthened through the institutionalisation of our dialogue, considerable change has taken place on both continents. Democratisation and reform processes have been launched and are being deepened in both Africa and Europe and efforts have continued on both continents to address conflict and crisis situations. At the same time, integration processes on both continents have accelerated – on the one hand, the Organisation of African Unity (OAU) has been transformed into the African Union (AU) with its socio-economic programme, the New Partnership for Africa's Development (NEPAD); on the other hand, the European Union (EU) has nearly doubled in size and is in the process of deepening the Union. The world has also changed: new international and global challenges have emerged, globalisation has accelerated and the world has become increasingly interdependent.
3. In response to these changes, cooperation between Africa and the EU has rapidly developed and diversified. Both sides have developed political strategies and policy documents to guide their cooperation, including the AU Constitutive Act and Strategic Framework 2004-2007 and the EU Africa Strategy of 2005. However, it is now time for these two neighbours, with their rich and complex history, to forge a new and stronger partnership that builds on their new identities and renewed institutions, capitalises on the lessons of the past and provides a solid framework for long-term, systematic and well integrated cooperation. There is now a need for a new phase in the Africa-EU relationship, a new strategic partnership and a Joint Africa-EU Strategy as a political

# The AU, EU, UN, G8, G20,..



**EITI ENDORSEMENTS**  
11 APRIL 2008

**G8 Summit Declaration:  
Growth and Responsibility In Africa**  
Hellgendamm, 8 June 2007

**Paul Collier and Michael Spence**  
Financial Times, 10 April 2008

**Gordon Brown and  
Jens Stoltenberg**  
London, 29 June 2006

**Stuart R. McGill**  
Senior Vice President, Exxon Mobil  
Oslo, 17 October 2006

We commit to provide continuous assistance to strengthen EITI, as appropriate through financial, technical and political means. Equally, we invite all stakeholders to provide support for the implementation of the EITI.

We call on implementing countries and companies participating in EITI to implement the initiative and comply with their disclosure commitments. Equally, we encourage further countries to participate in EITI as appropriate.

Any international standards for resource extraction must be voluntary. Fortunately, in this area voluntary standards have a good record. The Extractive Industries Transparency Initiative, launched in 2002 as a standard for revenue reporting, has a wide take-up. Standards provide rallying points for reformers and a benchmark for performance and promote competition between governments.

The UK and Norway will encourage other nations to recognise EITI as an emerging global norm of good management.

As a forum for promoting transparency, the EITI has shown progress, progress ExxonMobil is proud to support.



# Lessons

- It can be a platform for long-term reform
- From transparency to accountability
- To fight corruption – maybe
- To build trust and confidence  
- definitely

# THE EITI EMPOWERS CIVIL SOCIETY AND COMMUNITIES

The image shows a person in a patterned shirt pointing at a document titled "FIGURES OF PAYMENTS AND REVENUES". The document is open to a page with a table. The table has columns for "Sector", "Subsector", "Production", "Payments", and "Revenues". The person is pointing at the "Production" column. Another person is writing on the document with a pen.

B. FIGURES OF PAYMENTS AND REVENUES				
B. OIL SECTOR				
Subsector	Production	Payments	Revenues	Notes
Crude Oil				
Gas				
Refined Petroleum Products				
Other Hydrocarbons				
Coal				
Other Minerals				
Other				
Total				



# EITI Publications



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