



## 2019 EITI Standard: Overview of key changes

*EITI International Secretariat*  
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### Why the changes?

- To take feedback from stakeholders into account, and address ambiguities for more clarity.
- To reflect good practices in implementing countries
- To make implementation less burdensome by introducing flexibility
- To encourage countries to strengthen disclosures where it counts and addresses national priorities.



## 2019 EITI Standard

Type	Requirement	Total
Requirements - new	Gender (#1.4, #6.3), Contracts (#2.4), Commodity sales (# 4.2), Environmental reporting (#6.1)	5
Expectations - new	Company and SOE disclosures (#4.9, #2.6), Contracts (#2.4)	3
Encouragements - new	Licensing (#2.2), SOEs (#2.6), Production and exports, (#3.2, #3.3), Commodity sales (# 4.2), Subnational transfers (#5.2), Environmental reporting (#6.4), Gender (#7.1, #7.4), Recommendations (#7.3)	10
Introduced flexibility	Reconciliation (#4.9), Annual progress reporting (#7.4)	2
Clarifications	Contracts (#2.4), Beneficial ownership (#2.5), SOEs (#2.6, #6.2), Project-level reporting (#4.7), Public debate and open data (#7.1, 7.2)	7



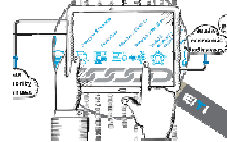
## How will this affect Validation?

- The 2019 Standard will come into force once formally adopted on 17 June.
- Countries currently working on EITI Reports and corrective actions from Validation may continue their work under the 2016 Standard.
- “No disadvantage test” to be applied in Validations covering reports published prior to 31 December 2019.
- Implementing countries may demonstrate adherence to either the 2016 EITI Standard or the 2019 EITI Standard.



## Systematic disclosures: Why the changes?

- Implementing countries and governments are increasingly publishing information through routine government and corporate reporting.
- Systematic disclosures will ensure more timely, reliable and routine disclosures.
- Changes recognise the shift towards regular disclosures and the key role of the multi-stakeholder groups in ensuring that these are in line with the EITI Standard.



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## Systematic disclosures: What has changed?

- Requirements emphasise comprehensive and reliable disclosures by reporting entities rather than only focusing on EITI Reports (#4.1).
- Companies expected to disclose annual financial statements (#4.1.e).
- Opens up for MSGs to consider other data assurance procedures than reconciliation, pending Board approval (#4.9).

**The full text is available in Requirement 4.1 on comprehensive disclosures and 4.9 on data quality and assurance.**

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## Project-level reporting: Why the changes?

- Increasing recognition that payment and revenue data needs to be disaggregated to understand what the state receives from each individual extractive project.
- Emerging mandatory disclosure rules require project-level reporting.
- The EITI Board agreed in 2017 to require revenue disclosures to be disaggregated by project for EITI reporting covering 2018 and onwards.



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## Project-level reporting: What has changed?

- Including definition of project in line with emerging practices:

*“Operational activities that are governed by a single contract, license, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government” (#4.7).*

**The full text is available in Requirement 4.7 on level of disaggregation.**



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## Contract transparency: Why the changes?

- Contracts are key to understanding the fiscal terms of a project and the revenues collected by the state.
- More than 30 EITI implementing countries disclose at least some contracts.
- 18 major extractive companies supportive of contract transparency.

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## Contract transparency: What has changed?

- Contracts entered into, signed or amended from 1 January 2021 are required to be made public (#2.4.a).
- For work plans covering 2020, MSGs are expected to include plans to disclose contracts (#2.4.b).
- EITI reporting should describe what contracts exist (#2.1), and the government's policy and actual practice (#2.4.c).

**The full text is available in Requirement 2.4 on contracts and 2.1 on fiscal and legal regime.**

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## State-owned enterprises: Why the changes?

- State-owned enterprises (SOEs) often play an important role in managing the state's natural resources.
- Validation has demonstrated recurring challenges and lack of clarity of relevant EITI Requirements.
- SOEs are increasingly 'mainstreaming' disclosures and publishing information through websites or annual financial statements.



## State-owned enterprises: What has changed?

- Description of the financial relationship between the state and SOEs should also cover joint ventures and subsidiaries (#2.6.a.i).
- Loan details to be disclosed include repayment schedule and interest rate (#2.6.a.ii).
- SOEs are expected to publish their audited financial statements (#2.6.b)
- MSGs can consider applying IMF definition of quasi-fiscal expenditures (#6.2).

The full text is available in Requirements 2.6, 4.5 and 6.2.



## Sale of the state's share of oil, gas and minerals: Why the changes?

- Over half of USD 2.5 billion revenues disclosed by EITI countries come from the sale of the state's oil, gas or minerals to trading companies.
- Countries and SOEs have made significant progress with disclosures on sales of oil through the EITI 'targeted effort on commodity trading'.
- Opportunities identified to encourage disclosures based on emerging practices and encourage buying companies to match disclosures by countries/SOEs.



## Sale of the state's share of oil, gas and minerals: What has changed?

- Implementing countries, SOEs and third parties selling on behalf of the government are covered (#4.2.a).
- Volumes and values sold should be disaggregated by sales contract (rather than by buyer).
- Disclosures on the process for selecting buyers and of sales contracts are encouraged (#4.2.b).
- Buying companies encouraged to disclose their payments to the state for commodity purchases (#4.2.c).

**The full text is available in Requirement 4.2 on the sale of the state's share of production.**



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## Gender: Why the changes?

- Participation of women and marginalised groups in natural resource governance is key to a well-managed sector.
- Changes aim to improve MSG representation, ensure data responds to gender analysis, improve access to data by women and marginalised groups.

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## Gender: What has changed?

- MSGs are required to consider gender balance (#1.4).
- EITI reporting should provide employment figures by project, role and gender where available (# 6.3).
- MSGs should consider information access challenges by gender and sub-groups (# 7.1).
- MSGs are encouraged to document efforts to improve gender equality and social inclusion (# 7.4).

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## Environmental reporting: Why the changes?

- Environmental issues are an important part of natural resource governance.
- At least 28 countries have included information on environmental payments or monitoring of environmental impact in EITI reporting.



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## Environmental reporting: What has changed?

- Material environmental payments to governments should be disclosed (#6.1)
- Disclosure of information related to environmental impact and monitoring is encouraged (#6.4)

**The full text is available in Requirement 6.1 on social and environmental expenditures and 6.4 on environmental impact.**



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## Annual progress reporting: Why the changes?

- Stakeholder consultations have revealed that annual progress reports often do not always serve the purpose of reviewing impact.
- Many countries have other ways of reviewing impact and outcomes of implementation (e.g. impact studies, EITI Reports, MSG meetings, stakeholder events or other reporting tools.)

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## Annual progress reporting: What has changed?

- MSGs can choose how to undertake their annual review the outcomes and impact of EITI implementation (#7.4).
- Countries are no longer required to publish such reviews by 1 July.

**The full text is available in Requirement 7.4 on reviewing impact and outcomes of EITI implementation.**

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## Other encouraged provisions

- Licensing (#2.2) - Selection of license procedures and requirements for revoking or cancelling licenses.
- Production and exports (#3.2, #3.3) - Disclosure by company or project.
- Data timeliness (#4.8) - More timely disclosures.
- Subnational transfers (#5.2) - Allocation and expenditure.
- Follow-up on EITI findings (#7.3) - Recommendations for reform.



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## Minor refinements and clarifications

- Clearer distinction between public debate and data accessibility/open data (#7.1 and #7.2).
- Section on 'Terminology' also explains systematic disclosures
- Countries are not suspended for achieving less than satisfactory progress on Requirements 1.1-1.3.
- Separate section on EITI Board oversight of implementation (previous Requirement 8 on 'Compliance and deadlines').



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## What happens next

- The EITI Board will formally adopt the EITI Standard at the 43<sup>rd</sup> Board meeting on 17 June 2019.
- The 2019 Standard will be launched at the Global Conference in Paris on 17-19 June 2019.
- The International Secretariat is updating and developing guidance on new requirements.
- MSGs will have to consider implications for their work plan and EITI disclosures.
- Reach out to the International Secretariat for any clarification or support needs.



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*The updated version of the EITI Standard  
is available at [eiti.org/BD/2019-36](http://eiti.org/BD/2019-36)*

[2019 Standard](#)

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