

PRESENTATION ON THE EVOLUTION , PRINCIPLES & VALIDATION CRITERIA OF EITI



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Stakeholder's Forum on the Validation of Ghana EITI
Coconut Groove Regency Hotel, Accra, April 20, 2017

PRESENTATION OUTLINE

- **The EITI & Ghana**
- **EITI Principles**
- **The 2016 EITI Standard**
- **EITI Validation Criteria**



THE EITI AND GHANA

- What is **EITI**? How it Evolved, Rationale, etc.,
- Ghana EITI Implementation
- Notable Achievements



PRINCIPLES OF EITI

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 & 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 dev't.



PRINCIPLES OF EITI

3. We recognize that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
4. We recognize 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.



PRINCIPLES OF EITI

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.

6. We recognize that achievement of greater transparency must be set in the context of respect for contracts and laws.



PRINCIPLES OF EITI

- 7. We recognize 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 accountability in public life and government operations.**



PRINCIPLES OF EITI

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. That, payments' disclosure in a given country should involve all extractive industry companies operating in that country.



PRINCIPLES OF EITI

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 organizations, financial organizations, investors & non-governmental organizations.



THE 2016 **EITI** STANDARD

- In 2016 at Lima - Peru, the EITI Board adopted a new **2016 EITI Standard**.
- This Standard represents a refinement of the 2013 standard adopted in Sydney, a criteria that was set very low without elaborate regulations.
- The 2016 Standard significantly broadens the scope of reporting making EITI a more useful tool for improving resource governance.



2016 STANDARD CONT'D

1. Mainstreaming

The 2016 EITI Standard gives countries the flexibility to “mainstream” disclosures into government & company reporting systems.

Potential for impact: Instead of focusing on producing EITI reports, stakeholders can focus on improving transparent government and company systems.



2016 STANDARD CONT'D

2. Governance Reform

The 2016 EITI Standard requires stakeholders to at least consider recommendations resulting from EITI reporting

Potential for impact: Improving the contribution of EITI processes to appropriate policy reforms can significantly increase the initiative's role in improving governance.



2016 STANDARD CONT'D

3. Beneficial Ownership

The 2016 **EITI** Standard requires countries to request and companies to disclose beneficial ownership information by 1 January 2020.

By 1 January 2017, stakeholders must develop a roadmap outlining how they will pursue such disclosures

***Potential for impact:** The disclosure of information about [beneficial ownership](#) can help deter and detect corruption, conflicts of interest, and tax evasion*



2016 STANDARD CONT'D

4. *Commodity Trading*

The 2016 **EITI** Standard clarifies that the data on commodity sales should be broken down by buying company.

Potential for impact: Improved [commodity trading](#) reporting can help guard against corruption, facilitate oversight and discourage self-dealing by public officials.



2016 STANDARD CONT'D

5. Civic Space

The 2016 [EITI](#) Standard incorporates the revised Civil Society Protocol and clarifies that requirements related to civil society engagement must be assessed in accordance with the protocol.

Potential for impact: Assessing the adequacy of [civic space](#) determines the EITI's ability to accomplish its stated objective of increasing informed public debate.



Dialogue



Dialogue

2016 STANDARD CONT'D

6. Open Data

The 2016 **EITI** Standard includes an [Open Data Policy](#) that encourages countries to release data under an open license and in formats that are interoperable with national and international standards.

Potential for impact: Release of Data goes to further the objectives of EITI.



WHY VALIDATION?

Validation is the **EITI's** quality assurance mechanism: It provides stakeholders with an impartial assessment of whether **EITI** implementation in a country is in line with the **EITI** Standard.

In doing so, it helps to safeguard the integrity of the **EITI** by holding all implementing countries to the same global standard. Validation is also an opportunity to assess the effectiveness of **EITI** implementation.



EITI VALIDATION

EITI Validation covers Seven (7) Thematic Areas listed below:

- 1. MSG Oversight**
- 2. Licenses and Contracts**
- 3. Monitoring Production**
- 4. Revenue Collection**
- 5. Revenue Allocation**
- 6. Socio-Economic Contribution**
- 7. Outcomes and Impacts**



THE VALIDATION CRITERIA

FOUR PHASES

1. The MSG is encouraged to undertake a self-assessment of adherence to the **EITI** Standard and to collate documentation and other sources that demonstrate progress.
2. When Validation commences, the **EITI** International Secretariat undertakes initial data collection and stakeholder consultations. The Secretariat's initial assessment is reviewed by an Independent Validator, who reports to the **EITI** Board.

VALIDATION CRITERIA

CONT'D

3. The Validator drafts the Validation report and the MSG is invited to comment.

4. The final Validation reports are processed by the Validation Committee, which makes a recommendation to the **EITI** Board.





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For your audience