

# EITI Good Practice Note no 1

## How to improve EITI Reports

**EITI International Secretariat** Oslo, September 2009

### About the *EITI Good Practice Notes*

The EITI *Good Practice Notes* provide examples of ways implementing countries can improve implementation. Good Practice examples are not intended to elaborate EITI requirements. Requirements for EITI Compliance are found in the *EITI Rules*. The EITI Good Practice Notes describe practices that go beyond the basic requirements for EITI Compliance

EITI Reports lie at the heart of the initiative. If they are produced accurately, comprehensively and accessibly, they form the basis for better informed and more participatory management of the extractive sector.

To improve the overall quality and accessibility of EITI Reports, the International Secretariat has undertaken a review of all EITI Reports published by September 2009. Guidance in this paper also draws on recommendations made in the World Bank's, *Toward Strengthened EITI Reporting*, and the Revenue Watch Institute's paper, *The Case for Company-by-Company Reporting of Data in the Extractive Industries Transparency Initiative (EITI)*.

The aim of the paper is to give guidance on the structuring, content and presentation of data in EITI Reports and not to address issues relating to the quality of underlying data series.

The examples of Good Practice provided here seek to help reconcilers ensure that EITI Reports meet a required standard of presentation, are clear, consistent and comprehensible. At the international level this guidance will also make comparisons between EITI Reports easier. Good Practice examples should serve only as a basis for how the data can be presented, but the specific data coverage and exact structure of reports will of course vary from country to country. Much of the below is drawn from existing best practice in existing EITI Reports.

### **Good Practice 1: Report Summary**

A clear and concise summary of the main findings in an EITI Report will make it easier for the public, media and other interested parties to quickly access a report's highlights. As a starting point, the information in a report summary should include the following:

- The number of companies reporting out of total operating in-country (referencing a complete list elsewhere in the report);
- Data table showing the total amounts reported by government and companies and total discrepancies (using both total discrepancies and net discrepancies gives a clearer picture of the level of disagreement between the two sets of figures).
- Brief description of the largest discrepancies (referencing a section in the report containing more details about discrepancies);
- The exchange rate used when local currency has been converted into US\$ for reporting totals.

## Good Practice 2: Disaggregated company-by-company reporting

While disaggregated data is not an EITI requirement, it does provide important information on the scale of individual company operations and their respective contributions to total revenues generated by the extractives sector. Additionally, where companies are making payments to different regional or central authorities, disaggregation can help to identify more specifically where there are strengths and weaknesses in the broader management of public finances.

The below is a good example from Nigeria's second EITI Report for one payment type:

### 6.1 Petroleum Profits Tax

The PPT payments recorded by CBN and the PPT payments recorded by the companies are shown in the table below, together with the net difference from CBN records:

Petroleum Profit Tax-IOC Owned Companies		Reported by companies	Reported by CBN	Difference
	Co Ref	US\$ 000	US\$ 000	US\$ 000
Chevron Nigeria Limited	C15- CNL	1,284,425	1,284,887	(462)
ConocoPhillips	C82- Phil	302,800	263,341	39,459
Elf Petroleum Nigeria Limited	C25- EPNL	2,136,121	1,903,050	233,071
Mobil Producing Nigeria Limited	C41- MPNU	2,717,631	2,717,631	-
Nigeria Agip Oil Co. Limited	C49- NAOC	947,823	988,634	(40,811)
Pan Ocean Oil Corporation	C58- PAN	34,061	33,132	929
Shell Petroleum Development Co. Limited	C67- SPDC	3,105,136	3,105,142	(6)
Addax Petroleum Development Co.	C01- ADDX		7,350	(7,350)
<b>Total</b>		<b>10,527,997</b>	<b>10,303,167</b>	<b>224,830</b>
Petroleum Profits Tax-Other Companies		Reported by companies	Reported by CBN	Difference
	Co Ref	US\$ 000	US\$ 000	US\$ 000
Amni International Petroleum Ltd	C05-AMNI			-
Atlas Petroleum International	C07-ATLAS			-
Cavendish Petroleum Nigeria Ltd	C13-CAV			-
Conoil Producing Ltd	C18-CONOIL	29,836	31,670	(1,834)
Continental Oil & Gas	C19-CONT	61,885	43,160	18,725
Dubri Oil Co Ltd	C24-DUB			-
Express Petroleum & Gas Co. Ltd	C31-EXPR			-
Moni Pulo Ltd	C42-MONI	10,941	10,941	-
Nigeria Petroleum Development Company	C48-NPDC			-
Summit Oil & Gas Worldwide Ltd	C73-Summit	84	84	-
Brass Exploration Unlimited	C0x-BRASS	7,304	7,154	150
<b>Total</b>		<b>110,050</b>	<b>93,009</b>	<b>17,041</b>
<i>analysis:</i>				
IOC Owned Companies		10527997	10303167	224,830
Other Companies		110050	93009	17,041
<b>Total</b>		<b>10638047</b>	<b>10396176</b>	<b>241,871</b>

### Good Practice 3: Companies lists

A section which lists the companies operating in a country's extractive sectors plays an important role in helping all stakeholders to remain up to date on company activities in-country. The section should include the following facts about each company operating in the country: ownership structure, foreign, local or joint venture; their specific operations in country (including what resource is being extracted); and which companies have participated in the EITI reporting process and which have not.

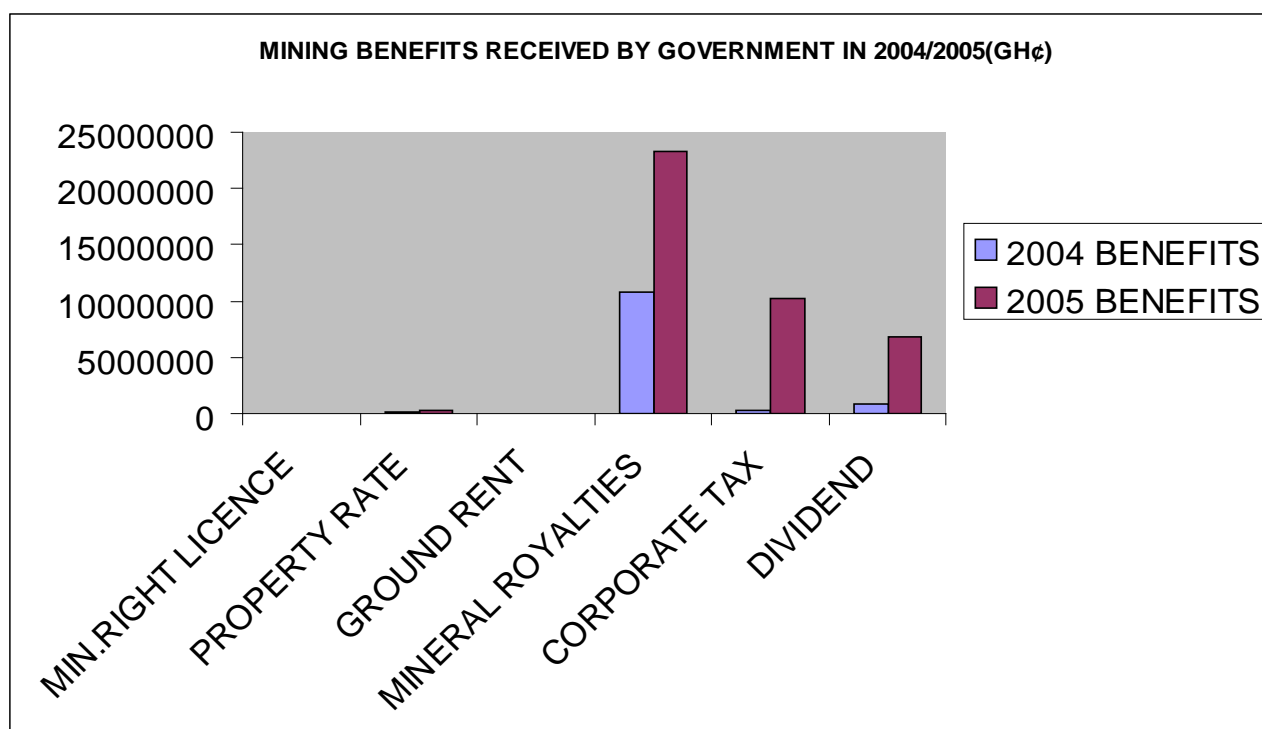
Below is a good example from the Mongolia EITI Report:

*Erdenet is a joint venture with Russia, 51% held by the Government of Mongolia and 49% by the Government of Russia. The company produces copper and molybdenum. The joint venture also holds 5 exploration licenses in Bulgan and Orson aimags.*

### Good Practice 4: Comparison of payments types

Users of EITI reports will likely be interested in what kind of payments are being made to the government and their share of total revenues. A section giving a brief description of the different payment types covered in an EITI Report, including a table or graph illustrating the how much each payment type is contributing to overall revenue flows will make this information easy to find and comprehend for readers.

Below is a good example from Ghana's third EITI Report:



## Good Practice 6: Comparison with other published revenue data

In most countries data on revenue derived from the oil, gas and mining sectors is also published in other sources such as government budget documents, central bank reports, and IMF Article IV and Staff reports. Comparing figures in these sources with EITI Reports can help to determine possible data shortcomings and illustrate the share of revenues from the extractive sectors which is being reported under the EITI process.

## Good Practice 7: Using existing EITI manuals and guidance materials

Making use of existing EITI manuals and guidance materials can help to ensure that EITI Reports are fulfilling their role as transparency and communications tools. Report content and structure can benefit from keeping broader EITI rules and objectives in mind when being developed. Useful EITI publications are:

- EITI Rules (<http://www.eiti.org/document/rules>)
- Implementing the EITI: Lessons from the field (<http://www.eiti.org/document/implementingtheeiti>)
- Source Book (<http://www.eiti.org/document/sourcebook>)
- Talking Transparency (<http://www.eiti.org/document/communicationsguide>)

## Good Practice 8: Annual publication of EITI Reports

A main criterion of the EITI is the regular publication of EITI Reports by countries implementing the initiative. To date, only Azerbaijan and Kyrgyz Republic have published reports with data up to 2008. Publishing up to date revenue and payments data is crucial to the EITI reporting process, as the usefulness of reports for stakeholders is closely linked to the timeliness of the data they contain. Good practice in this area is the annual publication of an EITI Report covering the previous year's revenues and payments for the extractives sector. Old data and long gaps between reporting cycles undermine the function of EITI reporting as a monitoring and accountability mechanism.

## Good Practice 9: Review support from the EITI International Secretariat

The International Secretariat regularly reviews EITI Reports once they have been published by national multi-stakeholder groups. National EITI offices are welcome to contact the International Secretariat at any time for guidance on how to improve EITI Reports and submit draft copies for review before publication. This process will help to improve a minimum level of consistency between EITI Reports, while ensuring the country specific nature of the reporting process is preserved.