**Brief Presentation on Ethiopian Extractive Industries**

**Transparency Initiative (EEITI) Contributions To EI**

**7th-8th September,2014**

**Hilton Hotel,Addis Ababa**

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**Extractive Industries**:

❖has a geological potential for the discovery of new sizeable oil, gas & mineral deposit;

❖Has a potential as an important sources of foreign currency & government revenue;

❖Is an export oriented sector that satisfy the increasing demand **from industrial production**, agriculture & high-tech sectors;

❖Has a potential to create local linkage for social & economic development

❖Ethiopia has extensive & unique artisanal mining sector which is used as important source of job creation;

**EEITI & Contributions To the EI:**

❖EITI is a **global standard** aiming to **strengthen** revenue governance by promoting transparency & accountability in the ES.

❖Managed/implemented in accordance to the global EITI principles & rules set out by the EITI board;

❖Main objectives of the initiative is- to contribute to **public debate** about the NR. Management;

❖Core mission is – **developing high standard of transparency & accountability** through high stakeholders engagement;

❖**Key Out Comes** of the initiative is- **stakeholders understand** what the **figures** in EITI reports mean;

Therefore EITI:

➢ will increase trust & growth in dialogue between gov`t, company, & CSOs;

➢ Conveys credibility & reputational **assurance** to companies seeking to operate according to **international standard**;

➢ Creates an opportunity to demonstrate company & government **commitment to transparency** & accountability with calls for greater transparency on the rise, active participation in the EITI;

➢ EITI data will help citizens to hold gov`t accountable for resource revenue management and track expenditure;

➢ Is an important in **improving** the governance of resource revenues in **reducing opportunities for corruption** & for improving development outcomes in mineral dependent economies;

➢ Creates a platform for debate involving tripartite groups including relevant community groups;

➢ Gives an opportunity for stakeholders to internalize EITI principles that states, public understanding of government revenues & expenditures overtime could help **public debate & inform choice** of appropriate & realistic opitions for sustainable development;

## New EITI standard

Worldly it is recognized that the **prudent use of NR wealth** should be an **important engine** for sustainable economic growth that contributes to **sustainable development & poverty reduction.**

To realize this fact EITI rules **went a long way** since launching to generate information, but it was understood that it **didn`t go far enough to create a wider & deeper** public understanding to inform policy choice;

Still transparency about company payment & revenue received by gov`t is important for accountability, **but tells citizens little** about **who owns extractive companies & ultimately benefit from the companies** activities;

- Therefore the New EITI standard identify that in many case the real owners`` **beneficial owners**`` of the companies that have acquired rights to extract oil, gas & mineral is **unknown**;

- This opacity can contribute to corruption, money laundering and tax evasion in the extractive sector;

- Thus why the new EITI standard was adopted in 2013 requiring more **comprehensive, relevant, reliable, useable** data across the full scope of NR management including the real` **beneficial owners**` registration of all companies;

**Some important Requirements of the new EITI standards:**

➢ Contributions of the ES to the national economy;

➢ Descreption of the fiscal regime;

➢ Overview of the relevant laws;

➢ Production figures project by project;

➢ Ownership of the license holders;

➢ Gov`t participation in the extractive Sector;

➢ Level of the availabilies of the extractive sectors data in open format to citizens

# Who Manages EITI?

1. EITI is managed by the tripartite decision making body comprising representative from Gov`t, Company & CSOs;

**The main role of this body is**:

✓ Over all strategic-decision- making

✓ Define the scope of EITI process

✓ Identify, asses & remove barriers to implementation

✓ Prepare the work plan & monitor implementation

✓ Select & oversee the work of independent administrator

✓ Contribute to & approve reporting templates

✓ Ensure that EITI report is comprehensively & publicly access

✓ Take steps to lessons learnt, address discrepancies & ensure the sustainability of the EITI process

## 2.Implementation Secretariat

The main role of this body is:

✓ Facilitating the work of the NSC/MSG

✓ Serving as a contact entity for questions & additional information specific to the EITI process

✓ Provide support to the stakeholders including advice, guidance & training on the EITI rules & requirements to the extent of good practicies in the EITI implementation & peer learning beyond compliance

✓ Encourage local & international institutions to generate financial & technical support

✓ Facilitating the reporting process with companies & gov`t

✓ Drafting & consulting on the EITI work-plan & operational budget

# Cont`d

- ✓ Mobilizing funding & other resources
- ✓ Helping identify & resolve legal barriers to EITI implement.
- ✓ Disseminating EITI reports & arranging public discussion
- ✓ Preparing for & coordinating the validation process
- ✓ Draw up reporting templates based up on the country`s fiscal & contractual agreements
- ✓ Provides guidelines & accounting definitions to help companies & gov`t template that define

    .which revenue streams must disclosed

    .level of data disaggregation required

- ✓ Responsible for ensuring that the report is communicated
- ✓ Responsible for turning all decisions of NSC in to action…

# Work done so far:

- 28-29 **July, 2009** a **launching conference**

- 18-19 **October, 2010, 22** participants from **company and gov`t entity** were atend the training on reconciliation process in Ministry of mines

- **March 2011**, 78 CSO and Directors from  ministry of mines were attended the workshop held in Adama

- 18-19 **October, 2012**, workshop for CSO in Hawassa

- 2-3 **April, 2012** about 45 participants from the Extractive companies were attend training given by IS;

- 5-6 **April,2012** -52 participants from Federal and Regional government agencies were participated on the workshop given in Adama;

- 15-17 **May, 2013**, workshop for **127** CSOs were given in Adama (Excutive hotel)

- 19 **September, 2013**, a total of **91 participants** attended Natural Resource forum held in Dessalegn Hotel

- **June 2014**,EEITI Candidature Launching forum was made in ilille Hotel in which more than **120** attendees participated

- 20-22 **August & 17-18 September 2014**, representatives of **East and West African Extractive Industries Transparency Initiative** (EITI) member Countries conduct Knowledge Exchange Program in Addis;

**Challenges**

❑Delay to achieve candidacy status

❑Gaps/problems in data management system

❑Lack of cooperation & delay by some of the companies & gov`t entities in filling the templates

❑Skill/knowledge/capacity gap at different level

❑Deliance by the independent firm to complete reporting process

❑Lack of EEITI legal act

**Way for ward**

Identification the Existing situation on the Ground;

❖Do citizens understand what happens to EIs payment & revenues generated?

❖Can the communication program be made more effective ?

❖Is capacity building needed for stakeholders on licensing procedures, beneficial ownerships, contracts, expenditures…

❖Do we/you think, these all questions could be natural to discuss in NSC meeting/ local & national forums ?

# Identify National Priorities to develop EEITI workplan

❖ Create transparency on payments made by Mining companies & revenue collected by government entities to ensure accountability;

❖ Raise public understanding of the license allocation process;

❖ Increase revenue by creating conducive environment (i.e. clear licensing & regulation system,…) for private investment to enhance the contribution of EI in the national economy;

❖ Awareness rising for stakeholders to ensure their engagement in the EEITI process;

❖ To promote CSR in the mining sector;

## Key issues identified to be reflected in the EEITI work-plan for the year 2014-2015

o Information to be disclosed & published including types of payments & revenue streams;

o Materiality level the company/payment size above which companies will be required to report;

o Any legal or contractual barriers to be over come;

o Role of independent administrator;

o Schedule for validation;

Thank you so much!