

The logo for the United States Extractive Industries Transparency Initiative (USEITI). The letters 'USE' are in red, 'ITI' is in black, and the 'T' is in blue. To the right of the letters, the full name 'United States Extractive Industries Transparency Initiative' is written in a bold, black, sans-serif font, stacked in four lines.

USEITI

United
States
Extractive
Industries
Transparency
Initiative

Policy Analysis Seminar Presentation

January 13, 2014

Paul Mussenden, Deputy Assistant Secretary, Natural Resources Revenue Management, Interior Department

Marti Flacks, Deputy Director, Bureau of Energy Resources, State Department

Danielle Brian, Executive Director, Project on Government Oversight

Veronika Kohler, Director, International policy, National Mining Association

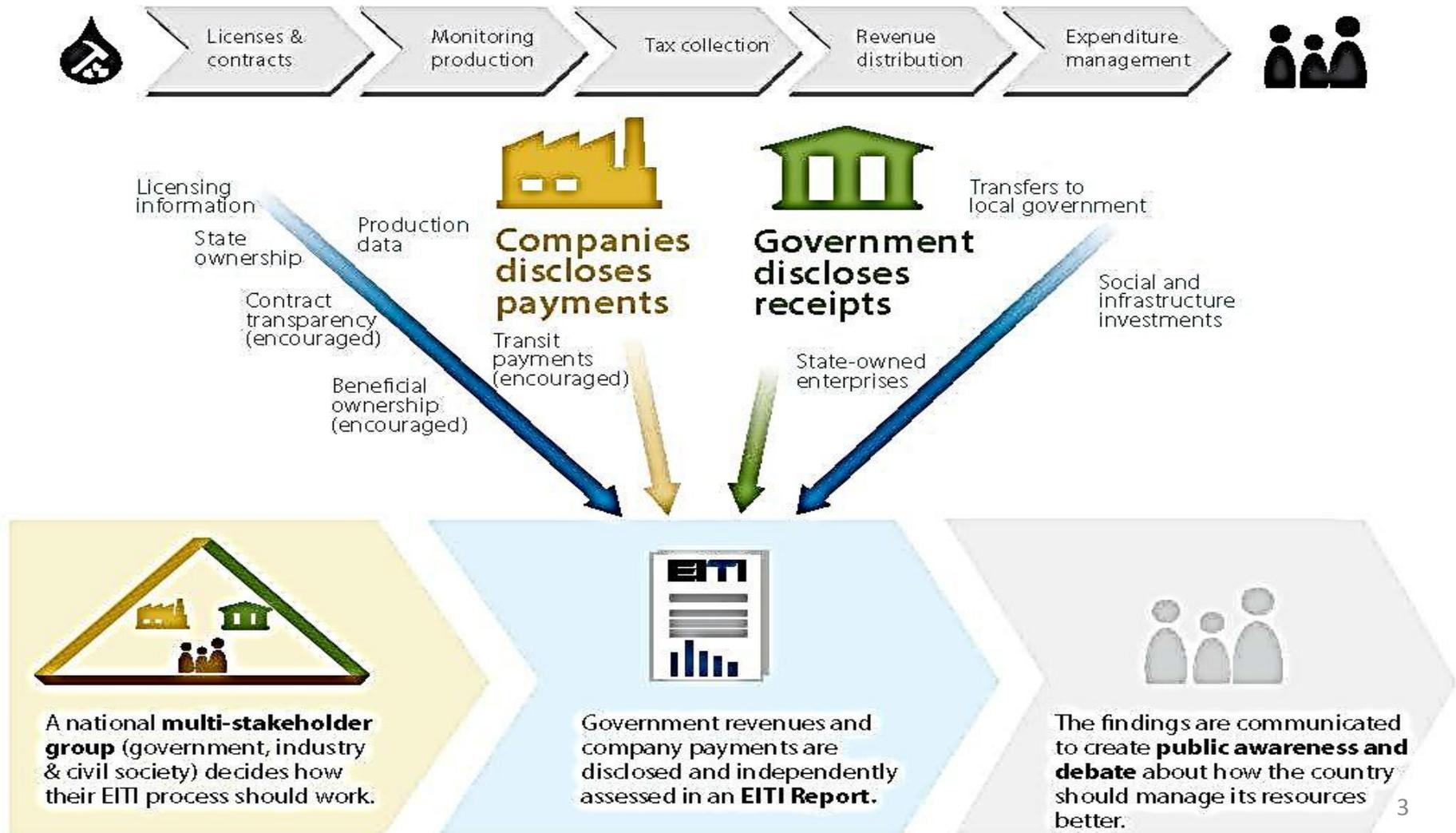
USEITI Why are we here?

To provide an overview of the U.S. Extractive Industries Transparency Initiative, or USEITI.
How does USEITI benefit Americans?



USEITI The EITI Standard

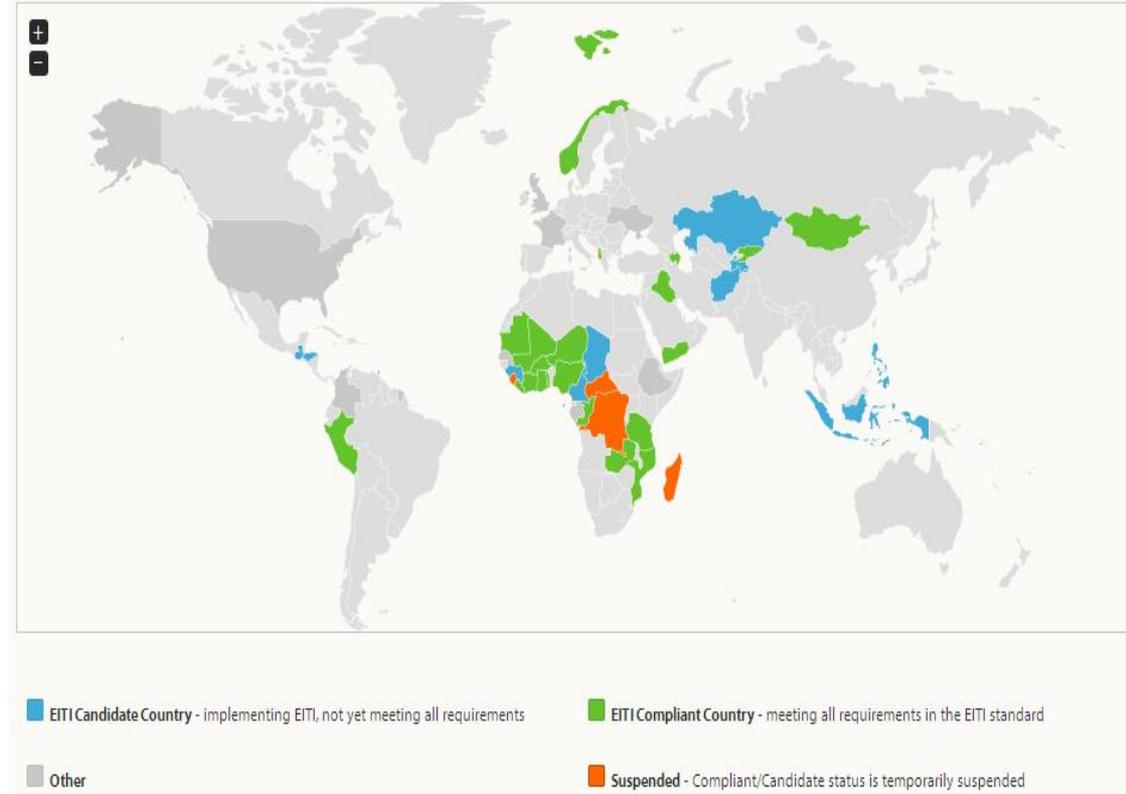
The Extractive Industries Transparency Initiative, or EITI, is a global standard that promotes revenue transparency and accountability in the extractive sector.



USEITI Countries that Participate in EITI

- **5 OECD Countries Recently Announced Their Intention to Implement EITI:** France, *Germany, Italy, United Kingdom, **UNITED STATES**
- **16 EITI Candidate Countries:** Afghanistan, Chad, **Democratic Republic of Congo**, Guatemala, Guinea, Honduras, Indonesia, **Madagascar**,, São Tomé and Príncipe, Senegal, **Sierra Leone**, Solomon Islands, Tajikistan, The Philippines, Trinidad and Tobago, and Ukraine
- **25 EITI Compliant Countries:** Albania, Azerbaijan, Burkina Faso, Cameroon, **Central African Republic**, Côte d'Ivoire, Ghana, Iraq, Kazakhstan, Kyrgyz Republic, Liberia, Mali, Mauritania, Mongolia, Mozambique, Niger, Nigeria, Norway, Peru, Republic of Congo, Tanzania, Timor-Leste, Togo, Yemen, and Zambia

EITI Countries



SIGN-UP → CANDIDACY → COMPLIANCE

*Pilot Implementation
Country is currently suspended

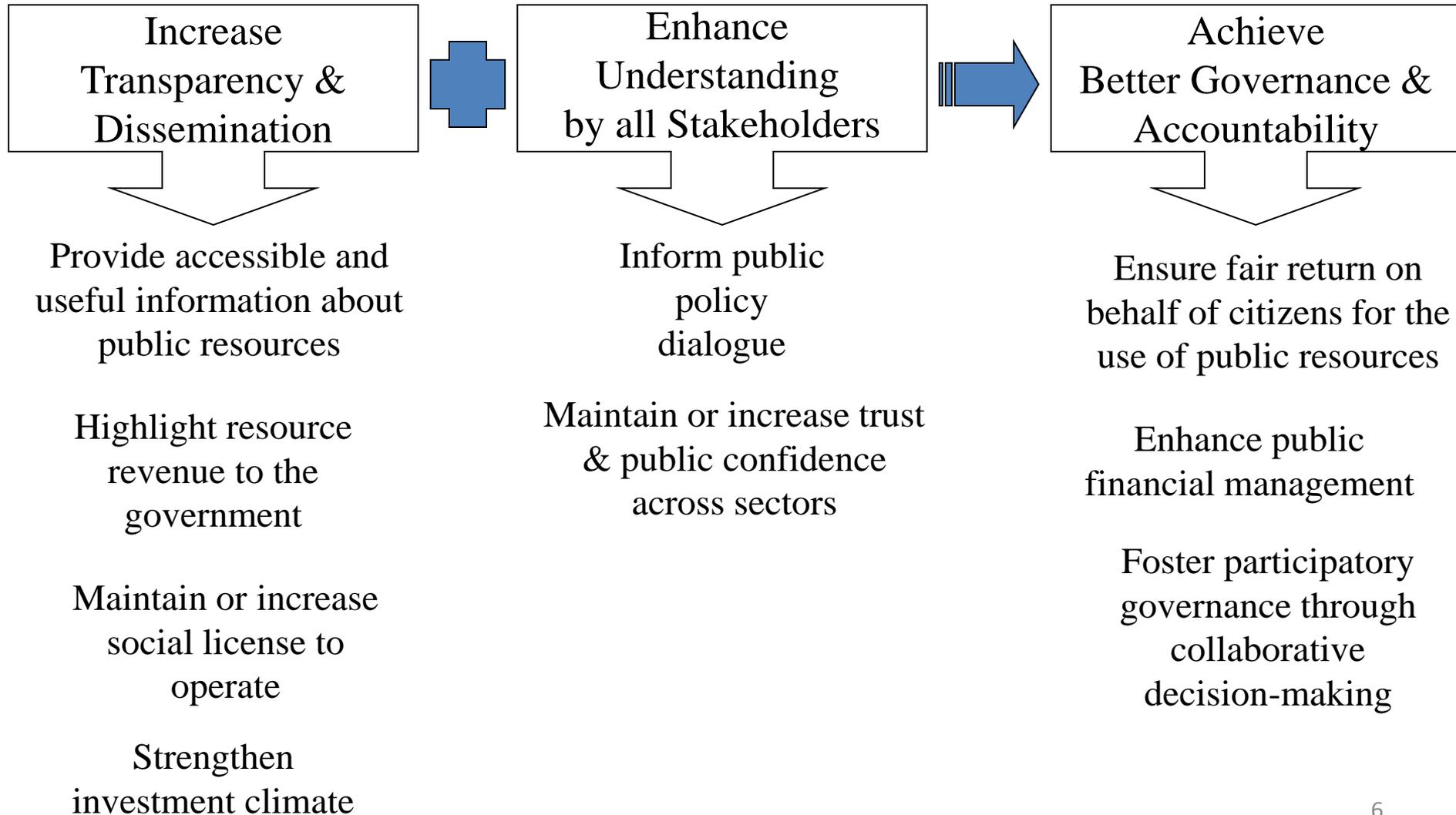
USEITI Why Implement EITI? 12 Principles

Twelve EITI principles were agreed to by EITI stakeholders and lay out the goals and commitments of EITI. In summary:

- A country's natural resources belong to all its citizens; all citizens should see the benefit from them.
- Ensuring this requires high standards of transparency and accountability.
- Compliance calls for full disclosure of government revenues from their extractives and a national commission to oversee the process and stimulate public debate.

A complete list of the 12 EITI principles can be found in the EITI Standard Publication dated July 2013 online at:

<http://eiti.org/eiti/principles>

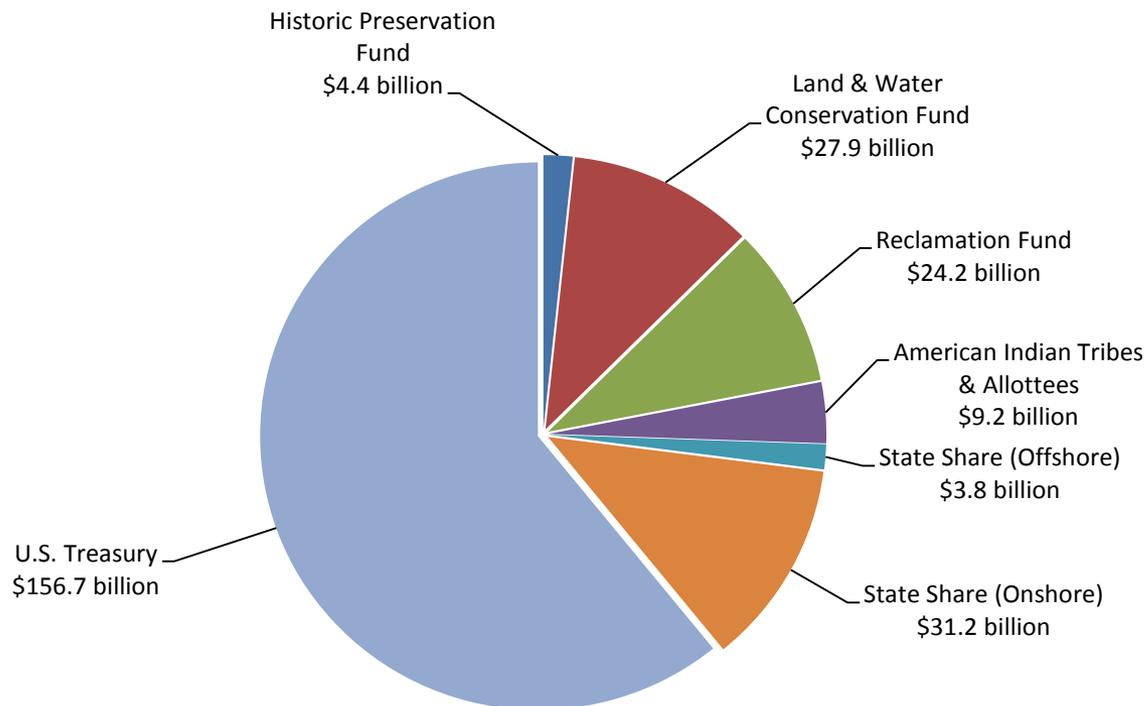


- U.S. is among the top producers of extractive resources in the world:¹
 - # 1 for natural gas
 - # 2 for coal and copper
 - # 3 for gold, steel and oil
 - # 4 for aluminum and zinc
 - # 8 for iron ore
 - # 9 for silver
- Production from federal lands and offshore ²
 - 42% of coal, 31% of oil, 25% of natural gas
 - \$12 billion in revenues collected on behalf of American taxpayers

1/ Sources: U.S. Geological Survey, World Steel Association and CIA World Fact Book

2/ Source: DOI, New Energy Frontier Report, May 2011

Cumulative Mineral Lease Revenue \$257.4 Billion Disbursed (1982 - 2013)



Note: rounding may affect totals

- Since 1982, over \$257 billion in revenues was distributed from onshore and offshore lands to the Nation, states, and American Indians
- The distribution to the U.S. Treasury is one of the Federal government's greatest sources of non-tax income

The USEITI Multi-Stakeholder Group has 21 Members and 20 Alternates, representing a wide range of organizations and stakeholder interests:

➤ **Civil Society**

- Project on Government Oversight, Revenue Watch, Transparency International
- Earthworks, First Peoples Worldwide, North Star Group, Oceana
- Calvert Investments, Energy Policy Forum, Goldwyn Global Strategies, Research Associates
- United Mineworkers, United Steelworkers
- University of California Los Angeles, Virginia Polytechnic Institute

➤ **Government**

- Departments of Energy, the Interior, Treasury
- State Compact Commissions for Mining, Oil and Gas
- State Government Representatives from California and New Mexico

➤ **Industry**

- British Petroleum, Chevron, Conoco-Phillips, Exxon-Mobil, Noble Energy, Shell Oil, Ultra Petroleum, Walter Energy
- Freeport McMoRan Copper & Gold, Newmont Mining, Peabody, Rio Tinto
- American Petroleum Institute, Independent Petroleum Association of America, National Mining Association

USEITI MSG Outcomes to Date: Scope

EITI Requirement	Decisions Reached by MSG	Pending MSG Decisions
<p>Scope – Types of Commodities and Revenues to be included</p>	<p>Commodities: Oil; Gas; Coal; Other Leasable Minerals, Non-Fuel Minerals (Hard Rock, Sand & Gravel); Geothermal; Other Renewables (Solar/Wind)</p>	<p>Tabled for future discussion (Forestry and Fisheries)</p>
	<p>Revenue Streams: Rents, Royalties Bonuses and Fees Revenues collected by US Department of Interior (DOI)</p>	
	<p>Federal Corporate Income Taxes to be reported by companies</p>	<p>Details of how taxes can be reported, consistent with SEC 1504 and EU law per EITI Standard</p>

USEITI MSG Outcomes to Date: Materiality

EITI Requirement	Decisions Reached by MSG	Pending MSG Decisions
Materiality Threshold for Reconciliation	For the initial report, \$50 million total annual revenues paid to DOI by parent company, including its subsidiaries. This equals approximately 80% of DOI natural resources revenues. For the second report, \$20 million total annual revenues paid to DOI by parent company, including its subsidiaries, which equals approximately 90% of DOI natural resources revenues.	

EITI Requirement	Decisions Reached by MSG	Pending MSG Decisions
Publicly Sourced Narrative	Data and information that is currently publicly available, reliable and accessible for all commodities within scope	
Unilateral Disclosure	For all in-scope commodities, DOI will disclose disaggregated data to the extent allowable by law, (approximately 100% of DOI revenue in scope)	Details and exact level of disaggregation
Third Party Reconciliation	A third party will compare data from companies on their payments to government with data from government on revenues collected from companies, for in-scope commodities within the reporting materiality threshold.	
Sub-national Reporting	<u>Adapted Implementation</u> – Revenues paid to or collected for sub-national governments are out of the scope due to legal, regulatory, and timeliness issues, but an opt-in process will be available for individual states or other sub-national entities.	Details for an opt-in process.
Project-Level Reporting	TBD	To align the definition of “project” with SEC 1504 and EU law per EITI Standard
Contract Disclosure	TBD (“encouraged” by new EITI rules)	Whether to include contracts.

USEITI Looking Ahead: Timeframe

March 2014: Achieve EITI Candidacy

April 2014: Next USEITI MSG Advisory Committee Meeting

2014: Implement USEITI Workplan

2015: Produce first USEITI Report

2016: Complete validation and achieve compliance

Questions and comments

For more information about
USEITI,
please visit
www.doi.gov/eiti

For more information about
the EITI International
Standard, please visit
www.eiti.org

Written comments can be emailed to:
USEITI@ios.doi.gov

Or mailed to:

USEITI Secretariat
1849 C Street NW MS 4211
Washington DC 20240

SECTOR CONTACT INFORMATION

Industry Sector Co-Chair:
Veronika Kohler
Vkohler@nma.org

Civil Society Sector Co-Chair:
Danielle Brian
Dbrian@pogo.org

Government Sector Co-Chair
Greg Gould
Greg.Gould@onrr.gov