

EITI Contextual Narrative Requirements (MSG Discussion Document)

Req. Ref	EITI Language	Req	Rec/Enc	Work Group Ideas	Data Availability / Guidelines
1.1-1.3	<p><b>1.1</b> The government is required to issue an unequivocal public statement of its intention to implement the EITI. The statement must be made by the head of state or government, or an appropriately delegated government representative.</p> <p><b>1.2</b> The government is required to appoint a senior individual to lead the implementation of the EITI.</p> <p>The appointee should have the confidence of all stakeholders, the authority and freedom to coordinate action on the EITI across relevant ministries and agencies, and be able to mobilise resources for EITI implementation.</p> <p><b>1.3</b> The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI.</p>	x		<p>History of USEITI: [from MSG documents]</p> <p>*US commitment to EITI and formation of MSG: Describe decisions and their rationale, including decisions regarding formation of MSG (Req. 1.1-1.3)</p>	
1.4a	<p>The workplan must:</p> <p>a) Set EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries. Multi-stakeholder groups are encouraged to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business.</p>	x		<p>*Relationship to other U.S. policy initiatives (Req. 1.4a, Principle 6)</p>	

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1.4b	<i>b) Reflect the results of consultations with key stakeholders, and be endorsed by the multi-stakeholder group.</i>	X		<b>*Public deliberation and participation: list of the issues and concerns raised during public comment periods (Req. 1.4b, Principles 4 and 12)</b>	
7	<i>The EITI requires the multi-stakeholder group to take steps to act on lessons learnt and review the outcomes and impact of EITI implementation.</i>	X		<b>*EITI implementation benefits, and outcomes and impact so far (Req. 7) [MSG assessment of first year of work]</b>	
3	<i>The EITI requires EITI Reports that include contextual information about the extractive industries.</i>	X			
3.1	<i>Compiling contextual information: The multi-stakeholder group should agree the procedures and responsibilities for the preparation of the contextual information for the EITI Report. The information should be clearly sourced.</i>	X			
3.2	<i>The EITI Report must describe the legal framework and fiscal regime governing the extractive industries.</i>	X			
3.2a	<i>This information must include a summary description of the fiscal regime, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies.</i>	X		<ul style="list-style-type: none"> <li>*Level of fiscal devolution (3.2a)</li> <li>*Explanatory overview of different revenue types. Clarification of terminology and definition and function</li> <li>*Overview of revenue type by commodity</li> <li>*Land ownership structure and mineral rights</li> <li>*Federal agency roles and responsibilities</li> <li>*Relationship between different levels of government</li> <li>*Relevant laws at national level (including exemptions for certain commodities)</li> </ul>	
				<ul style="list-style-type: none"> <li>*Overview of the legal framework for the U.S. fiscal regime including such items as: royalty and tax rates, tax expenditures, <b>Subsidies/ royalty relief and other deferred revenues</b>, including the percentage depletion allowance, and, other patterns of impact by government policy on price structures <b>(such as the calculation of Fair Market Value in coal and oil and gas)</b></li> </ul>	

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				<b>*Legal frameworks and fiscal regimes in the states which have been identified as important for each commodity (including exemptions for certain commodities) Relevant fiscal regulatory processes and pathways in the states and regions which have been identified as important for each commodity (including exemptions by commodity)</b>	?
3.2b	<i>Where the government is undertaking reforms, the multi-stakeholder group is encouraged to ensure that these are documented in the EITI Report.</i>		<b>X</b>	Requirement language cited	
3.3	<i>The EITI Report should provide an overview of the extractive industries, including any significant exploration activities.</i>	<b>X</b>		*Exploration activities and emerging trends (Req. 3.3) *Overview of each in-scope commodity *Overview of each commodity at national and subnational scales	
				*Sector summaries: Explanation of terminology and overview of reputable data sources: designed for ordinary citizens who lack knowledge about EI and about governance systems for EI (such explanatory information can be distributed throughout the report, or consolidated in one place) (Principle 4)	
3.4	<i>The EITI Report must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report. This information is expected to include:</i>	<b>X</b>			
3.4a	<i>Size of the extractive industries in absolute terms and as a percentage of GDP, including an estimate of informal sector activity.</i>	<b>X</b>		*EI in absolute terms and as percentage of GDP, by commodity, at each scale >National, Federal, Tribal, Subnational, Regional (when publically available) *Estimate of “informal sector activity”	?

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3.4b	<b>Total government revenues generated by the extractive industries (including taxes, royalties, bonuses, fees, and other payments) in absolute terms and as a percentage of total government revenues.</b>	X		*EI Public revenues by commodity, including taxes, royalties, bonuses, fees, and other payments. Where revenues are associated with more than one commodity or activity (e.g., corporate income taxes) revenues may be reported at a more aggregate level. EI revenues as a percentage of total government revenues	
				*Federal, subnational and Tribal government revenues	?
3.4c	<b>Exports from the extractive industries in absolute terms and as a percentage of total exports.</b>	X		*Exports from EI in absolute terms and as percentage of: >National, subnational, and Tribal exports	?
3.4d	<b>Employment in the extractive industries in absolute terms and as a percentage of the total employment.</b>	X		*Employment in the EI in absolute terms *Employment in the EI as percentage of total employment *Employment: quantitative and qualitative description of jobs at national and subnational and Tribal government levels [DEFINE EMPLOYMENT]	?
3.4e	<b>Key regions/areas where production is concentrated.</b>	X		*Geography of extraction: Key regions/areas where production is concentrated (3.4e)	
				<b>*Economic impacts of externalities</b> <b>&gt;Qualitative description of potential for pollution and other impacts.</b>	
3.5	<b>The EITI Report must disclose production data for the fiscal year covered by the EITI Report, including:</b>	X			
3.5a	<b>Total production volumes and the value of production by commodity, and, when relevant, by state/region.</b>	X			
3.5b	<b>Total export volumes and the value of exports by commodity, and, when relevant, by state/region of origin.</b>	X			
3.6	<b>Where state participation in the extractive industries gives rise to material revenue payments, the EITI Report must include... [N/A]</b>				

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3.7	<i>The EITI Report must describe the distribution of revenues from the extractive industries.</i>	X			
3.7a	<i>The EITI Report should indicate which extractive industry revenues, whether cash or in-kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable, e.g. sovereign wealth and development funds, sub-national governments, stateowned companies, and other extra-budgetary entities.</i>	X			Requirement language cited
3.7b	<i>Multi-stakeholder groups are encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual.</i>		X		Requirement language cited
3.8	<i>The multi-stakeholder group is encouraged to include further information on revenue management and expenditures in the EITI Report, including:</i>		X		Requirement language cited
3.8a	<i>A description of any extractive revenues earmarked for specific programmes or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use.</i>		X		Requirement language cited
3.8b	<i>A description of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports.</i>		X		Requirement language cited
3.8c	<i>Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence.</i>		X		<b>*Developmental capability: assessment of poverty or other negative economic or social impacts (EITI Principles 1, 2,3,4)</b>

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				>Significant patterns of economic dependence on extractive industry, volatility of markets (EITI Principle 3), or revenue unsustainability (EITI Principles 1, 2)	?
				>Human developmental capability indicators (EITI Principles 1, 2)	?
				>Significant burdens on public revenues related to extractive industry (EITI Principles 1, 2)	?
3.8c	<i>This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.</i>		X	*General discussion of the manner in which companies monitor resource project commerciality and the factors that go into a determination of when projects reach their economic limit and reach the abandonment stage.	?
				*Resource sustainability	?
				>Explanatory overview of models used to assess resource reserves including material and economic measures of recoverability	?
				>Assessments of future resource reserves: summarize data or provide links to appropriate reports, by commodity	?
				>Significant impacts on public revenues and expenditures from related industries along the commodity chain, e.g., transportation (Req. 4.1.f)	?
3.9	<b>Register of Licenses</b>				
3.9a	<i>The term license in this context refers to any license, lease, title, permit, or concession by which the government confers on a company(ies) or individual(s) rights to explore or exploit oil, gas and/or mineral resources.</i>				

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3.9b	<b>Implementing countries are required to maintain a publicly available register or cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report:</b>	X		*Link to 3.9b items i-iv	
	<b>i. license holder(s);</b>	X			
	<b>ii. coordinates of the license area;</b>	X			
	<b>iii. date of application, date of award and duration of the license; and</b>	X			
	<b>iv. in the case of production licenses, the commodity being produced.</b>	X			
	<b>It is expected that the license register or cadastre includes information about licenses held by all entities, including companies and individuals or groups that are not included in the EITI Report, i.e. where their payments fall below the agreed materiality threshold. Where there are significant legal or practical barriers preventing such comprehensive disclosure, this should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.</b>	X		*Document and explain legal or practical barriers	
3.9c	<b>Where the information set out in 3.9(b) above is already publicly available, it is sufficient to include a reference or link in the EITI Report. Where such registers or cadastres do not exist or are incomplete, the EITI Report should disclose any gaps in the publicly available information and document efforts to strengthen these systems. In the interim, the EITI Report itself should include the information set out in 3.9(b) above.</b>	X		*Gap analysis of publicly available information and efforts to improve these systems, where registers do not exist or are incomplete (3.9c)	

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3.10	<b>Allocation of Licenses</b>				
3.10a	<i>Implementing countries are required to disclose information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report, including: a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.</i>	X		Requirement language cited	
3.10b	<i>Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is required to disclose the list of applicants and the bid criteria.</i>	X		Requirement language cited *List of applicants and the bid criteria.	
3.10c	<i>Where the requisite information set out in 3.10(a) and 3.10(b) above is already publicly available, it is sufficient to include a reference or link in the EITI Report.</i>	X		Requirement language cited	
3.10d	<i>The multi-stakeholder group may wish to include additional information on the allocation of licenses in the EITI Report, including commentary on the efficiency and effectiveness of these systems.</i>		X	<b>*Commentary on the efficiency and effectiveness of these systems (3.10d)</b> <b>*Provide overview of government attempts to improve disclosure and transparency (Principle 8,9)</b>	
3.11	<b>Beneficial Ownership</b>				

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3.11a	<i>It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s) and the level of ownership. Where this information is already publicly available, e.g. through filing to corporate regulators and stock exchanges, the EITI Report should include guidance on how to access this information.</i>		X	<b>*Maintain a publicly available register of the beneficial owners of the corporate entities that bid for, operate, or invest in extractive assets, including the identity(ies) of their beneficial owner(s) and the level of ownership (Req 3.11a)*Where this information is already publicly available[1], include guidance on how to access this information (3.11a) “e.g. through filing to corporate regulators and stock exchanges.” (3.11a)</b>	
3.11b	<i>Where such registers do not exist or are incomplete, it is recommended that implementing countries request companies participating in the EITI process provide this information for inclusion in the EITI Report</i>		X	<b>*Where registers do not exist/ are incomplete, request companies participating in EITI process provide this information for inclusion in the EITI Report (3.11b)</b>	
3.11c	<i>It is required that the government and/or state owned enterprises disclose their level of beneficial ownership in oil, gas and mining companies operating within the country, and any changes in the level of ownership during the accounting period covered by the EITI Report (Requirement 3.6(c)).</i>		X	<b>*Include any changes in the level of ownership during the accounting period covered by the EITI Report</b>	
3.11d	<b>Definition of beneficial ownership:</b>				
	<i>i. A beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.</i>				
	<i>ii. Where the multi-stakeholder group addresses beneficial ownership, the multi-stakeholder group should agree an appropriate definition of the term beneficial owner. The definition should be aligned with 3.11(d)(i) above and take international norms and relevant national laws into</i>				

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	<i>account.</i>				
	<i>iii. Publicly listed companies, including wholly-owned subsidiaries, are not required to disclose information on their beneficial owner(s).</i>				
	<i>iv. In the case of joint ventures, each entity within the venture should disclose its beneficial owner(s), unless it is publicly listed or is a wholly-owned subsidiary as per 3.11(d)(iii). Each entity is responsible for the accuracy of the information provided.</i>			<i>*Each entity within the venture should disclose its beneficial owner(s) &gt;Unless it is publicly listed or is a wholly-owned subsidiary as per 3.11d(iii) [MOVE THIS ELSEWHERE?]</i>	
3.12	<b>Contracts</b>				
3.12a	<i>Implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.</i>		X	*Publicly disclose publicly available contracts and licenses that provide the terms attached to the exploitation of oil, gas, coal, other leasable minerals, and non-fuel minerals (such as hard rock, sand, and gravel), geothermal, solar, and wind.	
3.12b	<i>It is a requirement that the EITI Report documents the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway. Where applicable, the EITI Report should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published.</i>		X	*Government's policy on disclosure of contracts and licenses that provide the terms attached to the exploitation of oil, gas, coal, other leasable minerals, and non-fuel minerals (such as hard rock, sand, and gravel), geothermal, solar, and wind. >Include relevant legal provisions >Actual disclosure practices >Any reforms that are planned or underway *Where applicable, provide an overview of contracts and licenses that are publicly available >Include reference or link to where these are published	
3.12c	<i>The term contract in 3.12(a) means:</i>				

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	<i>*the full text of any contract, concession, production-sharing agreement or other agreement granted by, or entered into by, the government which provides the terms attached to the exploitation of oil gas and mineral resources;</i>				
	<i>*the full text of any annex, addendum or rider which establishes details relevant to the exploitation rights described in 3.12(c)(i) or the execution thereof; and</i>				
	<i>*the full text of any alteration or amendment to the documents described in 3.12(c)(i) and 3.12(c)(ii).</i>				
	<i>The term license in 3.12(a) means:</i>				
	<i>*the full text of any license, lease, title or permit by which a government confers on a company(ies) or individual(s) rights to exploit oil, gas and/or mineral resources;</i>				
	<i>*the full text of any annex, addendum or rider that establishes details relevant to the exploitation rights described in in 3.12(d)(i) or the execution thereof; and</i>				
	<i>*the full text of any alteration or amendment to the documents described in 3.12(d)(i) and 3.12(d)(ii).</i>				
4	<i>The EITI requires the production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues and disclosure of all material payments to government by oil, gas and mining companies.</i>	X			
4.1	<i>Defining the taxes and revenues to be covered in the EITI Report</i>				

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4.1f	<p><i>Transportation: Where revenues from the transportation of oil, gas and minerals constitute one of the largest revenue streams in the extractive sector, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (Requirement 5.2.e).</i></p>			<p><b>*Description of the transportation arrangements including: the product; transportation route(s); and the relevant companies and government entities, including SOE(s), involved in transportation;</b>  <b>*Definitions of the relevant transportation taxes, tariffs or other relevant payments, and the methodologies used to calculate them</b></p>	
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