

Draft agenda: EITI commodity trading transparency workshop for state-owned enterprises

Embassy of Switzerland in France, 142 Rue de Grenelle, Paris

The Extractive Industries Transparency Initiative (EITI) is organising a workshop on commodity trading transparency for state-owned enterprises (SOEs) in Paris from 26-27 June, back to back with the OECD Policy Dialogue on Natural Resource-based Development (Thematic Dialogue on Commodity Trading Transparency). The objectives of the workshop are to discuss the benefits of commodity trading transparency from a perspective of SOEs, share examples of commodity trading reporting and provide feedback on the EITI guidance on oil sales.

Background:

The EITI is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. The EITI Standard requires countries to report on the sale of the state's share of production or other revenues collected in kind. EITI [Requirement 4.2](#) aims to ensure transparency in how governments are selling oil, gas and minerals: "Where the sale of the state's share of production or other revenues collected in-kind is material, the government, including state owned enterprises, are required to disclose the volumes sold and revenues received." According to this requirement, an SOE or other government agency in charge of marketing the state's oil, gas and minerals must fully disclose the revenues that it collects from sales of such resources. This includes exports sales as well as sales to domestic buyers and refineries, and any other actors. This typically means that SOEs will disclose the volumes of commodities sold and the revenues received, broken down by buyer. In some countries, like Iraq, the buyers of the oil from the government also disclose how much they pay to the government, allowing for reconciliation of these figures. EITI Requirement 4.2 also suggests further disclosures, notably "the type of product, price, market and sale volume".

The EITI's early experience with implementing this requirement was that while it was relatively easy to obtain disclosures of the volumes of in-kind payments received by SOEs, there are various opportunities for SOEs to disclose information on the volumes, the buyers of the commodities, and the revenues received. This could be done as part of the regular disclosures by the SOEs. This is one of the reasons why the EITI decided to establish a targeted effort on commodity trading in October 2015. These efforts are overseen by an EITI working group consisting of representatives from SOEs, traders and civil society. Last year the working group approved [EITI guidance on reporting on oil sales](#), which is already informing EITI countries working towards more transparency in the sale of the state's share oil, gas and minerals. Albania, Ghana, Indonesia and Nigeria are amongst the countries that have so far committed to participate in the effort and are preparing dedicated reports. Other countries with SOEs who have made extensive oil sales disclosures include Cameroon, Chad, Iraq and Mauritania.

Time	Agenda – Day 1
8:00 – 9:00	Registration and breakfast
9:00 – 13:00	<p>OECD Thematic Dialogue: Commodity Trading Transparency <i>Room CC6, OECD Conference Centre</i></p> <ul style="list-style-type: none"> • Experience sharing and lessons from the disclosure of oil purchase payments by companies active in commodity trading • How companies identify and address risks of corruption and rent diversion in commodity trading • How do state-owned enterprises select the buyers of publicly-owned commodities?
13:00 – 14:00	<p><u>Lunch</u> <i>Transport from OECD Conference Centre to Embassy of Switzerland</i></p>
14:00 – 14:30	
14:30-15:00	<p>EITI commodity trading transparency workshop for state-owned enterprises (SOEs) <i>Embassy of Switzerland in France</i></p> <ul style="list-style-type: none"> • Welcome and introductions by Jonas Moberg, Executive Director of EITI • Progress on oil sales disclosures by EITI countries and leading SOEs • How to cover equity oil disclosures and define buyers/sellers of the state's share of oil?
15:00 – 16:30	<p>The importance of commodity trading transparency for resource-rich countries and their SOEs</p> <ul style="list-style-type: none"> • Remarks by Hon. Dr. Emmanuel Ibe Kachikwu, Minister of State for Petroleum Resources and Chairman of the Board of the Nigerian National Petroleum Corporation (NNPC) <p>EITI countries pursue commodity trading transparency for various reasons. Reliable data on the 'first trades' of oil, gas and minerals is key for adequate oversight of whether the state is receiving what it should from these sales. As a major driver of the development of a country's natural resources, SOEs play an important role in building accountability and trust in the extractive industry. One of the ways for SOEs to demonstrate this contribution is by systematically disclosing information about its operations and revenues accruing to the government. Transparency in oil sales also sends a strong signal to investors and the trading industry.</p> <p><i>Discussion facilitated by: Dr. Valerie Machel, Chatham House</i></p> <p><i>Contributions by:</i></p> <ul style="list-style-type: none"> • Charlotte Wolff-Bye, Vice President of Sustainability, Equinor (tbc) • Jürg Vollenweider, State Secretariat for Economic Affairs (SECO), Switzerland

16:30-17:15	<ul style="list-style-type: none"> • Joe Williams, Senior Advocacy Officer, Natural Resource Governance Institute (NRGI) • James Nicholson, Head of Corporate Responsibility, Trafigura • Gati Al-Jebouri, Oil Company Forum Chairman and Managing Director, Lukoil Middle East, Iraq <p>What progress has been made by SOEs leading on commodity trading transparency? <i>Tour de table with contributions by all participants on their efforts on improved sales disclosures</i></p>
17:15	Summary of discussions by EITI International Secretariat
19:00	Reception (tbc)

Time	Agenda – Day 2
8:30 – 9:00	Transportation to Embassy of Switzerland at 8:30
9:00 – 10:30	<p>What are emerging disclosure practices of sales of oil, gas and minerals by SOEs in EITI countries?</p> <p><u>What type of oil does the country sell?</u> The EITI requires disclosure of the name of the selling entity, and of sales disaggregated by buying entity. The EITI guidance developed by the Working Group on Commodity Trading Transparency also recommends disclosure of other relevant information such as oil grade/quality, date of sale, type of state-owned oil sold and invoice number. <u>The EITI is seeking input by SOE representatives on whether the EITI should require disclosure of sales of equity oil.</u></p> <p>This session will discuss the rationale for disclosing this type of data, present good-practice examples of how the data has been disclosed by SOEs, and discuss challenges with such reporting.</p> <p><i>Facilitated by: Ines Marques, Policy Director, EITI International Secretariat</i></p> <ul style="list-style-type: none"> • Falah al-Amri, Ministry of Oil and former Director General of SOMO, Iraq • Hanane Mouta, Directrice générale Adjointe, SHT, Chad
10:30-10:45	Coffee break
10:45-12:00	<p>What are emerging disclosure practices of sales of oil, gas and minerals by SOEs in EITI countries? (continued)</p> <p><u>Who are the buying companies and how are they selected?</u> Knowing who are the buyers of the oil sold by the government or SOEs on their behalf and how they are selected is important to be able to ensure a transparent and competitive process for selection buyers. Such information can include details on the beneficial ownership of buying companies and the terms of the agreement. <u>The EITI is also seeking input by SOE representatives on how to define seller and buyer, and whether an intermediary marketing agent should be considered a seller on behalf of the state for EITI reporting purposes.</u></p> <p>This part of the session could highlight practices among SOEs related to</p>

	<p>transparent processes for selecting buyers and opportunities for strengthening disclosures on who buys the oil, gas and minerals sold on behalf of the state.</p> <p><i>Facilitated by:</i> Lahra Liberti, Senior Adviser, Natural Resources, OECD Development Centre</p> <p>Contributions by:</p> <ul style="list-style-type: none"> • Linda Tamakloe, Investor Relations, GNPC, Ghana • Anisa Canaj, Director of the Directorate of Representation and Coordination with the Institutions, Albpetrol
12:00-13:15	<p><u><i>What return does the country get from the sale of its commodities?</i></u> The EITI seeks to shed light on the return that a country receives in exchange for its oil, gas or minerals. To get a full understanding of the return on the sale of a country's share of oil, gas and minerals, disclosing details on the revenues received for each sale, realized prices, processing mechanisms and contract/term types will be necessary. Clarity on the valuation of oil sales and the management of revenues from oil sales is important for the ability of SOEs and stakeholders to assess the efficiency of the commercialisation process and of their role as revenue-generating entities for the state. This part of the session could explore opportunities for countries to disclose information that can help increase transparency in the valuation of the state's in-kind revenues.</p> <p><i>Facilitated by:</i> Waziri Adio, Nigeria EITI</p> <p>Contributions by:</p> <ul style="list-style-type: none"> • Mallam Mele Kyari, Group Manager, NNPC, Nigeria • Mahamat Abdoulaye Mahamat Taher, SHT representative with Chad EITI, Chad
13:15 – 14:30	Lunch
14:45 – 16:00	<p><u><i>How to report on special types of sales arrangements?</i></u> Disclosures by SOEs in some countries such as Chad, Cote d'Ivoire, Nigeria and Republic of Congo show that there may be specific sales arrangements that demonstrate a particularly strong case for further transparency. Some of these "non-conventional" sales include cases where crude oil is allocated to ensure repayment of loans or swapped for other products or services. Disclosures related to such types of sales arrangements demonstrates the value-for-money of such arrangements for SOEs, and helps give stakeholders a more complete picture of the revenues received by the State. While there is still a way to go to ensure transparency in these types of transactions, there are some emerging good practices among SOEs. This session would present these cases and highlight how such cases might require disclosure of additional information.</p> <p><i>Facilitated by:</i> Bady Balde, Director of Africa, EITI International Secretariat</p> <p>Contributions by:</p> <ul style="list-style-type: none"> • Abderahman Mangoussi Yerima, SHT, Chad • N'Dri Koffi, Coordonnateur National ITIE, Cote d'Ivoire

16:00 – 17:00

Next steps for SOEs in EITI countries and commodity trading transparency

The progress made by EITI countries and SOEs as part of the EITI targeted efforts on commodity trading transparency will be presented at a smaller conference dedicated to the issue in Switzerland in early 2019, as well as at the EITI Global Conference later in mid-2019.

The closing session of the workshop will aim to establish key targets for improving transparency and accountability in the sales of the state's share of production or other revenues collected in kind. This could include suggestions for how the EITI and stakeholders can provide support to help meet these targets by the EITI Global Conference in 2019, and for presenting case studies on emerging disclosure practices by SOEs on their commodity trading activities. It will also summarise the

17:00

End