

UK Extractive Industries Transparency Initiative (EITI) Multi-Stakeholder Group (MSG)

Minutes of the 26th Meeting – 10th January 2018 – BEIS Conference Centre

Attendance

<p>Chair</p> <p>Matthew Ray - Department for Business, Energy and Industrial Strategy</p> <p>Secretariat</p> <p>David Leitch - Department for Business, Energy and Industrial Strategy</p> <p>Mike Nash – Department for Business, Energy and Industrial Strategy</p> <p>Industry</p> <p>Matthew Landy - Statoil</p> <p>Jacqui Akinlosotu – ENI</p> <p>Dr Patrick Foster - Mining Association of the UK & Camborne School of Mines, University of Exeter (by phone)</p> <p>Jerry McLaughlin – Mineral Products Association</p> <p>Romina Mele-Cornish – Oil & Gas UK</p> <p>Martin Kirkham – Chevron (by phone)</p> <p>Civil Society</p> <p>Lorraine Allanson</p> <p>Norbert Mbu Mputu</p> <p>Eddie Holmes – Extractive Industries Civil Society (by phone)</p>	<p>Government</p> <p>Mike Earp - Oil & Gas Authority</p> <p>James Marshall – HMRC</p> <p>Thomas Thornton-Kemsley – HM Treasury</p> <p>Jeff Asser – Department for Business, Energy and Industrial Strategy</p> <p>Joe Perman – Scottish Government (by phone)</p> <p>Rhona Birchall – DFID (by phone)</p> <p>Experts</p> <p>Tim Woodward – Moore Stephens (by phone)</p> <p>Hedi Zaghouani – Moore Stephens</p> <p>Others</p> <p>David Hoy - Oil & Gas UK</p> <p>Eddie Rich – EITI International</p> <p>Apologies</p> <p>John Bowater – Aggregate Industries</p>
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1 - Welcome and introductions:

1. The Chair welcomed everyone to the 26th meeting of the UK EITI MSG, particularly the new members from across the three constituencies.
2. The Chair took the opportunity to re-emphasise ministerial commitment to EITI and the important role it plays in the government’s transparency agenda as well as the

UK's reputation across the world as a leader in the fight against corruption. Margot James has moved to Department for Culture Media and Sport in the ministerial reshuffle and Andrew Griffiths has replaced her. The secretariat are awaiting confirmation that he will have responsibility for EITI.

3. The Chair also stressed that it is an important year for the MSG, with the validation process taking place in the summer.
4. At the last full meeting in July a short-term plan was proposed to ensure continued Civil Society representation on the MSG. In November the Chair wrote to both Extractive Industries Civil Society (EICS) and Civil Society Network (CSN) inviting proposals for new members for a twelve month period. EICS put forward two representatives, but CSN declined to nominate any new members. Discussions are ongoing with CSN, and it is hoped that headway can be made over the coming months. However the MSG is now quorate and can continue.

2 - Agreement of minutes of 26 September 2017 meeting

5. Subject to a small number of detailed drafting points, the minutes of the previous meeting were agreed.

3 - Reconciliation process

6. Moore Stephens informed members that all 41 in-scope oil and gas companies had been fully reconciled and 15 of the 20 in-scope mining and quarrying companies had been fully reconciled.
7. Of the five remaining mining and quarrying companies, three did not participate last year. Moore Stephens have been in contact with The Crown Estate and the Coal Authority and hope to have success with at least two of the companies.
8. It was agreed that the secretariat should formally write out to all of the companies concerned before the end of January if Moore Stephens have no success.
9. The EITI Standard requires comprehensiveness for reconciliation. If the MSG can demonstrate that none of the payments are material and can demonstrate that they have gone to all reasonable lengths to obtain the figures it will strengthen their case.
10. It was agreed that any S.106 payments paid to local authorities should be included in the report, with a clear explanation of what they are and why they are not reconciled.
11. It was agreed that as there was no precedence for the negative payment figure and it needs to be contextualised and explained very carefully within the report.

4 - Draft Contextual Chapter

12. The contextual subgroup had recently updated the draft. This was an opportunity for MSG members to provide high level comments in advance of the next subgroup meeting at the end of January.
13. It was hoped that the final version would be available for the MSG to agree by the meeting on 14 March. If this is not possible, the agreement can be done via email.

5 - Launch of the report

14. A Comms subgroup is to be set up to look at ideas for the launch of the 3rd UK EITI report.
15. A number of MSG representatives volunteered to take the work forward and it was agreed that this year the launch should take place in London. This should make it easier when trying to secure Ministerial attendance.
16. It was suggested that this year the launch could include someone representing local communities and feature an international element.

6 - Validation Process

17. There are currently 51 EITI implementing countries, of which 21 have been through the validation process under the 2016 Standard.
18. There are four validation categories, in order of the highest these are; “satisfactory progress”, “meaningful progress”, “inadequate progress” and “no progress”.
19. The EITI Standard consists of three parts – governance, EITI reporting and outcomes & impacts.
20. All countries are assessed against the same Standard. There is a scorecard with 29 assessments.
21. The start of the validation process is a self-assessment by the MSG that will be facilitated by EITI International. Key stakeholders will be consulted and documents will be assessed and validated. This process takes about three months.
22. An independent validator will assess the data collected and any stakeholder feedback. This usually takes about two months.
23. The final part of the process is the EITI Board Review, whereby the validation committee review the final validation report and make a final decision on the country’s progress towards compliance.
24. The entire process will take over six months. EITI International requested that at the next MSG meeting in March should be dedicated to a self-assessment exercise.

7 - Mainstreaming

25. Mainstreaming makes the process of reporting much easier, it is more flexible and the information is more accessible, cheaper to produce, up-to-date and avoids duplication.
26. Norway has gone through the process and the reconciliation exercise is no longer required. They no longer require a formal MSG, although they still have carry out an annual process.
27. The current EITI report is a compilation and publication of data, mainstreaming is an analysis of the data, drawn from existing online sources.

28. There were reservations around the confidentiality of tax payer's information and identifying the different types of payments.
29. It was agreed that there was appetite within the MSG to explore the idea of mainstreaming further. The secretariat would look into the possibility of securing funds for scoping.

8 – AOB

30. The secretariat reported that they were still exploring options on a new Independent Administrator contract.
31. The Reconciliation subgroup is looking ways of accelerating the process for the 2017 report. It is envisaged that the templates and guidance will be made available for self-assessment at the same time as companies have to report on the Accounting Directive. It was hoped this could be announced at the launch event.

Actions

- Secretariat to write to all mining and quarrying companies who have not provided returns. Action by the end of January.
- MSG members to provide high level comments on the Contextual chapter before 30th January.
- Secretariat to invite new Civil Society members to participate in Contextual and Comms subgroups.
- Comms subgroup meeting to be set up to provide ideas and progress the launch event.
- Secretariat to consider EITI International request to dedicate the MSG meeting in March to self-assessment exercise for the validation process.
- Secretariat to circulate EITI International slides on Validation and Mainstreaming to MSG.
- Secretariat to consider establishing a Validation subgroup to help take forward the process.