

International Secretariat 2022 Work Plan

International Secretariat 2022 Work Plan

Contents

Anglophone and Lusophone Africa	5
Francophone Africa	7
Asia, Pacific and Middle East	8
Latin America and Caribbean (LAC)	10
Europe	11
Validation	12
Country engagement and support	14
Overview of strategic areas, objectives, and activities	15
Governance and Board support.....	19
2023 Global Conference.....	20
Outreach.....	20
Managing the EITI International Secretariat.....	20
Monitoring and evaluation of the EITI	21
Income and expenditure	21
Risks to the Work Plan.....	24
Table 1: Projected revenues in 2022.....	22
Table 2: 2022 budget	23

Executive summary

The EITI International Secretariat's 2022 Work Plan is a **planning tool to ensure efficient use of resources to achieve goals and priorities** in the coming year. It is also an accountability tool for the EITI Board and supporting partners, outlining priorities for the Board Committees and the Secretariat and providing a mechanism for the Board to approve the Secretariat's budget and planned activities.

This work plan differs from those of previous years in that internal processes for results-based planning have been strengthened, as part of the International Secretariat's efforts to improve its **capacity for monitoring, learning, and improved results in country implementation**.

This work plan is also noteworthy for its situation within a **dynamic global context**, marked by several novel trends and challenges facing the extractives sector, and efforts to strengthen resource governance in 2022 will meet headwinds such as the continuing impact of the COVID-19 pandemic, uncertain commodity prices and the implications of the energy transition on resource rich countries. These factors pose considerable challenges to EITI stakeholders and implementing countries, but also to the EITI Secretariat's mandate to support implementation. This includes an increasingly crowded and demanding policy environment, as well as more pragmatic challenges, such as the limits that the COVID-19 pandemic imposes on Validations and missions to supporting countries.

Simultaneously, there are several opportunities for the EITI to play a critical role in the energy transition and deepen its role in anticorruption, as identified in the **EITI's Strategic Priorities**.¹ This includes novel opportunities, such as the demand to help countries and companies manage the **energy transition** through multi-stakeholder engagement and support progressive policymaking, as well as renewed efforts to address more familiar challenges, such as **anti-corruption** efforts and their renewed importance in light of the accelerating demand for strategic minerals. **Continued efforts to strengthen systematic disclosures** are also key for maximising the use and uptake of EITI data, increasing the potential impact in countries struggling to strengthen resource governance in the context of the triple crisis.

In regard to **country implementation support**, the work plan identifies several shared priorities and objectives across regions, including revitalised stakeholder engagement, alignment with national priorities, and accelerated systematic disclosure. The key challenges, opportunities and planned activities emphasise how regional support will adapt to the challenges posed by the COVID-19 pandemic and emerging policy areas distinct to each region. The new Validation model will also be leveraged to maintain robust quality assurance of EITI implementation, while also strengthening technical capacities in implementing countries and capturing lessons learned in order to strengthen implementation across country contexts.

In regard to **global policy and partnerships**, the work plan identifies key priority areas, building on the strategic priorities. Key objectives and activities are identified for each of these, spanning work at both the national and global levels. Nationally, this involves the provision of high-quality technical support and guidance for EITI implementation, as well as efforts to inform and support national policy debates in regard to novel policy challenges and issues. At the global level, this involves bringing implementing country experiences to bear in collaborations with international partners, as well as support to the EITI Board and consultations with stakeholders on changes to the Standard ahead of the 2023 Global Conference.

The efforts to **strengthen communication** will include activities aiming to generate support for the EITI's mandate, grow the EITI's reach, and strengthen communications support for national

¹ EITI's Strategic Priorities 2021-22, [accessible here](#).

secretariats, with an emphasis on aligning EITI communications with the six shifts described in the Board paper on Strategic Priorities.

In regard to **global governance and management of the EITI International Secretariat**, planned activities will aim to strengthen trust and accountability between constituencies, while reflecting the diversity of stakeholders in a changing global environment. This section also describes how outreach efforts to potential implementing countries and supporting companies will be impacted by the COVID-19 pandemic, and preparations for the 2023 Global Conference. Management of the EITI Secretariat in 2022, meanwhile, is marked by strengthened internal systems for resource tracking, financial management and project reporting.

This is complemented by an emphasis and attention to **monitoring, evaluation and learning** in EITI implementation. Building on the independent review of results measurement delivered to the EITI Board in 2020 and leveraging the Independent Evaluation to be delivered in mid- 2021, the Secretariat has planned several activities to strengthen monitoring and learning processes within the Secretariat, as well as resources and capacity development efforts to strengthen monitoring and evaluation in implementing countries. Together, these efforts will enhance EITI's capacity to understand and to describe the impact that EITI implementation has on resource governance, and by extension to strengthen implementation and the results of implementation in national contexts.

As per usual practice, the work plan closes with a **budget**, presenting income, expenditure, and risks to implementation of the work plan. While the presentation of the budget remains consistent with previous years for ease of comparison over time, the Secretariat undertook for the first time a robust bottom-up approach to produce not only a consolidated budget for the Board, but also devolved budgets across teams to be used for internal management purposes. Expected income of USD 10.165m is projected to cover expenditures of USD 10.121m, which represents a 20% increase from the 2021 budget. The budget highlights the fact that this workplan is a snapshot of the ongoing planning and monitoring efforts currently undertaken across the Secretariat's departments, and the increased focus on tracking and adapting to risks and challenges in real time, in order to maximise the Secretariat's efficiency, and the potential impact for implementing countries.

1. Supporting nationally relevant and impactful country implementation

As resource-rich countries adapt to the changing global conditions, it will be critical to ensure that national EITI processes are results-driven, effective and aligned with the priorities of national stakeholders. There continues to be a demand **to demonstrate impactful implementation** beyond regular disclosures. There are opportunities to strengthen results-based implementation and robust impact analysis and communication. In addition, emerging efforts on **domestic resource mobilisation, energy transition**, linkages to **anti-corruption** and the **new Validation model** may provide entry points for sustaining and demonstrating impact.

To support countries in maximising the benefits of implementing the EITI Standard, the Secretariat will focus on the following **objectives**:

- **Revitalise stakeholder engagement**, especially in countries undergoing political transitions. This will be done through a combination of in-person and virtual missions, targeted engagement with key stakeholder groups, facilitation of policy dialogues focussed on issues of national relevance.
- **Align EITI implementation with national reform priorities** by working with stakeholders to map reforms against EITI agenda to identify best fit. Ensuring the work plan objectives are aligned with national priorities and that planning is results-based and geared towards generating impact will be prioritised.
- **Accelerate systematic disclosures** through capacity building, technical assistance and peer learning, making optimal use of EITI data.
- **Focus implementation support on tasks that achieve greater impact** by applying learning from stakeholder engagement and realign priorities to identify higher-value work.
- **Contribute to policy development in the extractive sector** and identify opportunities for stakeholders to use EITI data in ongoing discussions on natural resource governance.
- **Multi-stakeholder groups focus increasingly on data, analysis and policy relevance** and less on commissioning and producing reports.
- **Facilitate peer learning and knowledge sharing** across regions and themes.

International Secretariat activities will include efforts to mobilise political support, facilitate the development of results-oriented work plans with clear national objectives, support for effective governance of MSGs, and provide assistance to more timely and relevant reporting and advice on systematic disclosure and data dissemination efforts.

Anglophone and Lusophone Africa

The extractive industry is a **key sector in several economies** in Anglophone and Lusophone Africa, which has 12 implementing countries.² Having had a strong presence in the region in the last decade, the EITI is well-positioned to continue strengthening transparency and accountability in its regional member countries.

² Ethiopia, Ghana, Liberia, Malawi, Mozambique, Nigeria, São Tome and Príncipe, Seychelles, Sierra Leone, Tanzania, Uganda and Zambia.

Ghana, Tanzania, Zambia, and Sierra Leone have a **long history of mining** with both large scale multi-national companies and artisanal and small-scale miners. Mining contributes significantly to government revenue and export earnings and is likely to increase. Several countries, including Zambia and Sierra Leone, are producing '**critical minerals**' projected to play a strategic role in the energy transition. Gold prices are also projected to continue to increase, offering opportunities for Ghana and Tanzania to mobilise resources for recovery and growth. In Nigeria, the recently enacted Petroleum Industry Act promises to usher in a new governance, administrative, and fiscal regime in the **dominant oil and gas sector**. East and Southern Africa has **emerging and nascent oil and gas sector**, with LNG projects planned in Mozambique and Tanzania. Notwithstanding the energy transition, there are still significant efforts towards continued **exploration of oil and gas as countries seek to maximise revenue from these resources**.

Effective governance of resource rents, **addressing corruption and improving domestic revenue mobilisation** and **managing conflict and security** continue to dominate discussions in the region. As countries grapple with managing the global COVID-19 pandemic and recovery efforts, diversifying economies, and **adapting to the global energy transition** presents major risks and key opportunities for stakeholders in both experienced and nascent mining, oil, and gas producers in the region. The **pandemic** has had a negative impact on EITI implementation, resourcing and capacity of MSGs. There will be challenges to fully implementing the work plan if the impacts of COVID-19 persist through 2022. There is **reduced funding** for implementing countries in the region due to reduced economic activities linked to the COVID-19 pandemic.

Key priorities and actions

- There will be needs based **capacity building and peer learning sessions** for the region. The International Secretariat will also have structured engagement and outreach to civil society, industry, and other stakeholders in implementing countries. Implementing countries will also be supported in sustaining political support and documenting outcomes and impact through Validation and media and communications.
- There remains an opportunity to make progress on **systematic disclosures and innovative reporting** by building on the outcomes of flexible reporting in Ghana, Zambia, Liberia and Sierra Leone and feasibility studies in Nigeria, Ghana, Sierra Leone. The Secretariat will provide continued technical assistance and capacity building support to MSGs to make the most of the flexibility and systematic disclosure plans.
- There will be a significant focus on **beneficial ownership transparency** - four countries within the region are participating in the *Opening Extractives* programme (Ghana, Liberia, Nigeria and Zambia) and implementation support will increase in 2022.
- **Contract disclosure** is a priority in Ghana, Malawi, Mozambique, Nigeria, Seychelles, Sierra Leone, Tanzania, Uganda, and Zambia. Much of the work under this thematic area will build from work done in 2021, and will include contracts mapping, guidance on legislation and disclosure platforms and contributions to high-level meetings and workshops.
- Strengthening **state-owned enterprise (SOE) and commodity trading transparency** is a priority in Ghana, Nigeria, Mozambique and Tanzania. Implementation support will focus on following up on findings from EITI reporting and Validations and engaging stakeholders and policy makers.
- There is continued demand for EITI to demonstrate how transparency is contributing to increased **domestic resource mobilisation**. The Secretariat will work with countries to use financial modelling to forecast revenue and inform decision making on the fiscal regime

and other aspects of extractive industries, and share results from countries like Nigeria and Zambia with the rest of the region.

- The Secretariat will continue to explore opportunities to facilitate work on the **energy transition** particularly in Ghana, Nigeria, Mozambique, and Uganda through support on policy briefs, technical studies and capacity building events on the economic implications and opportunities related to the transition.
- Opportunities for **outreach to countries** such as South Africa, Namibia, Sudan and Botswana currently exist. The Secretariat will remain engaged with stakeholders in these countries and explore opportunities to expand EITI membership.

Francophone Africa

Francophone Africa's oil, gas and mining sectors are **significant contributors to national economies** in the region. The extractive sector generates value-added through exports, tax, employment, and linkages to wider economic activities. Fourteen EITI countries fall within this region, with prospects of increasing with Gabon's recent membership application.³

While the Republic of Congo, Chad and Cameroon are **important oil producers**, the main mining export commodities in the region are cobalt, copper (Democratic Republic of the Congo), gold (Mali, Burkina Faso), and bauxite (Guinea). The COVID-19 pandemic has had a dampening impact on national revenues in many Francophone countries. In 2020, **oil prices had plunged by about 50%** and exporters such as Cameroon, Chad, Congo, Gabon are still vulnerable despite the recovery in oil prices. According to IMF's 2021 debt sustainability analysis of low-income developing countries, **countries at risk of debt distress** include Cameroon, Central African Republic, Chad and Mauritania. Commodities such as copper, cobalt and lithium are expected to be in considerable demand to support the **energy transition**, where countries such as the DRC are leading producers accounting for two-thirds of global cobalt production. Companies are also investing in **LNG as a transition fuel**, with large projects in Mauritania and Senegal.

The cross-cutting themes that generate policy interest and public debate in the region **are domestic resource mobilisation, the impact of the extractive industries on local communities and preventing corruption**. The framing of the EITI's contribution to these themes is expected to accelerate the shift from retrospective reporting to an approach more geared towards achieving results and promoting governance reforms. In terms of challenges and risks, Francophone Africa is a **politically and economically volatile region**. Political instability and degrading security can swiftly destabilise the region and hamper, or even reverse, EITI implementation efforts. Negative economic developments can adversely impact government financial support to MSGs and national secretariats.

Key priorities and actions

- High-level meetings, missions and capacity building will be undertaken with the aim of mobilising political commitment and **strengthening multi-stakeholder governance**. Targeted interventions and monitoring of implementation through more regular exchanges with stakeholders may be needed to ensure progress on MSG governance.
- The Secretariat plans to organise training sessions on **domestic resource mobilisation and anti-corruption**. With financial support from the Government of Belgium to strengthen the

³ Burkina Faso, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Democratic Republic of Congo, Guinea, Madagascar, Mali, Mauritania, Niger, Republic of Congo, Senegal and Togo.

EITI's contribution to **domestic resource mobilisation** in the DRC and Niger, the Secretariat will also be providing technical assistance and capacity building on artisanal and small-scale mining, social and environmental expenditures, revenue flows and subnational transfers and beneficial ownership to these countries.

- There is demand in the region for support on **systematic disclosures** and improving data quality. The Secretariat will undertake capacity building activities for government agencies to strengthen systematic disclosures and auditing practices in DRC, engage with government and company reporting entities on systematic disclosure in Madagascar, and support a systematic disclosure project in Mauritania.
- Opportunities to support work related to the **energy transition** will be explored in the region. This will include support to MSGs in several countries to facilitate discussions on the relevance of the energy transition in their contexts. A project to support Mauritania to facilitate dialogue on projected gas revenues and the impact of the energy transition the country as a new producer is also planned.
- The Secretariat will support countries in the region advance **SOE and commodity trading transparency** in Cameroon, Cote d'Ivoire, DRC and Republic of Congo. This will include technical support to undertake thematic studies, follow-up on findings and recommendations and engagement with SOEs to improve systematic disclosures.
- Given the slow progress on **beneficial ownership transparency** in the region, the Secretariat will leverage the *Opening Extractives* programme to support Senegal in becoming a model for ownership transparency, demonstrate impact of beneficial ownership reforms and facilitate peer learning in the region.
- The Secretariat will engage stakeholders on issues related to the **impact on local communities** and organise training on how the EITI can support communities in seeing the results from extractive industries. This will include deep dives on project level and subnational reporting, social and environmental disclosures, contract transparency and beneficial ownership.

Asia, Pacific and Middle East

Asia, Pacific and Middle East consists of twelve countries and three sub-regions, Central Asia and the Caucasus, Southeast and the Pacific, and the Middle East, each with a distinct **political and economic context**.⁴ **Central Asia and the Caucasus** have a **prominent geopolitical status** considering the strategic location and its exploration and development potential. Kazakhstan, Kyrgyzstan and Mongolia are heavily reliant on extractive industries, with the latter two being rich in minerals, and Kazakhstan producing mostly oil and gas.

South-East Asia and the Pacific is rich in **hydrocarbons and minerals**. However, despite the potential for the extractives to spur growth in the region, **weak governance** has limited the potential of the extractive sector to contribute to the economy of countries like Papua New Guinea (PNG) and Timor-Leste, and the Philippines. South-East Asia accounts for 75% of global demand for coal and has **four of the leading coal producers in the world** (China, India, Indonesia, and Kazakhstan), making the discourse on energy transition especially relevant.

In the **Middle East**, Afghanistan and Iraq represent two very different sides of the spectrum in terms of development, the relative importance of the sector to the national economy and the

⁴ Armenia, Kazakhstan, Kyrgyzstan, Mongolia and Tajikistan (Central Asia and the Caucasus), Indonesia, Myanmar, Papua New Guinea, Philippines and Timor-Leste (Southeast and the Pacific) and the Middle East (Afghanistan and Iraq).

nature of the major extractive industry (mining in Afghanistan, oil and gas in Iraq). The importance of the extractive sector in Iraq cannot be overemphasized, it being **OPEC's second largest oil producer** with a production of 4.8 million barrels per day.

Policies aimed to the revitalise extractive sector are being developed in the Philippines, Indonesia and PNG. These policies present opportunities to use EITI data in ongoing reform discussions. There are further opportunities to **revitalise stakeholder engagement**, especially in countries undergoing political transitions. There are however **capacity constraints** within national secretariats and MSGs (including frequent changes to membership), challenges in fundraising for EITI reporting, and limited interest in considering flexible or alternative reporting processes which **inhibit the potential of MSGs** to achieve their objectives.

Key priorities and actions

- **Systematic disclosure** is part of the work plan for several Asian countries with projects ongoing that cut across different parts of the EITI value chain. EBRD funding will support a regional event for Eurasia to help **state-owned enterprises** build knowledge of successful methods used by counterparts in the region to increase the systematic disclosure of data.
- **State-owned enterprise reforms** in PNG and increase in state participation in the Kyrgyz Republic and Timor-Leste highlight opportunities to amplify the importance of EITI Requirements on state participation. A priority for 2022 is to help countries understand the EITI's added value to ongoing state-owned enterprise reforms by organising regional forums and peer exchanges on SOE transparency, as well as leveraging Validation in strengthening SOE disclosures.
- **Beneficial ownership** is a priority with several countries part of the *Opening Extractives* programme, with Armenia, Indonesia, Mongolia and Philippines having confirmed their participation. The Secretariat will be developing and delivering technical assistance plans focused on supporting data analysis and delivering impact. EBRD is also supporting beneficial ownership activities in Eurasia, collaboration is ongoing with the ADB on a regional capacity building event in Q1 2022.
- The Secretariat will support implementation of **contract transparency** to help address legal barriers and privacy issues, facilitate contract analysis, and helping MSGs understand links between contract disclosure and issues such as energy transition and anticorruption. Technical assistance in PNG, Indonesia, the Philippines and Ukraine will be provided through USAID support.
- Given the relevance of the **energy transition** in the region, the objective for 2022 is to raise awareness in the region regarding the links of EITI to the work on energy transition and to build the capacity of national stakeholders in engaging on the issue of energy transition. The Secretariat will identify and **support implementation of tailored country projects** in Albania, Indonesia, Philippines and Ukraine to use EITI data in reporting and analysis of economic impacts of energy transition and growth of strategic mineral sector.
- **Anti-corruption** is driver for engagement that can be leveraged for efforts on contract transparency, state-owned enterprise, and beneficial ownership. There is scope to continue building on collaboration with Transparency International to stimulate thinking on use of their mining licensing diagnostic tool and how to use it to identify risks. The objective for 2022 is to continue raising awareness on how EITI could be a tool to mitigate corruption through the use of NRG1's corruption diagnostic tool in Mongolia and the Philippines, by strengthening engagement with anti-corruption bodies in Indonesia and

Mongolia, and by supporting MSGs in formulating anti-corruption objectives and activities in their work plans.

Latin America and Caribbean (LAC)

The LAC region consists of eleven countries⁵ and holds some of the **world's largest reserves in niobium, lithium, copper, silver, nickel and tin**. After a contraction due to the COVID-19 pandemic, the **region has recently seen a recovery and industry expectations are high**. In Mexico, data from Q4 2020 and Q1 2021 show that mining companies are increasing production and revenues, and mining activity is expected to grow in Colombia, Ecuador and Peru. The LAC region also holds **19% of the world's oil reserves**, although oil production has not recovered as rapidly as mining. COVID-19 had a negative impact in several countries, particularly in Colombia, where production in 2021 is forecasted to be below its 2019 levels. **Oil and gas production is expected to recover** in Argentina, Ecuador and Peru, linked to the recent recovery in oil prices. Production in Mexico remains stagnant, despite the growing financial support the Mexican government is providing to Pemex.

The extractive industries are a key economic sector in the region, which provide significant opportunities for the EITI. The EITI is **recognised as a way to deliver on transparency commitments**, and there are opportunities to make **stronger links to open data and governance reforms** to advance systematic disclosures. Mining legislation is under review in several countries in the region, providing entry points for areas such as contract transparency. There is generally strong **engagement from civil society**, who are particularly interested in access to environmental information.

The LAC is the region with the **highest number of mining social conflicts**. Political uncertainty in Argentina, Colombia, Peru, Honduras and Guatemala could trigger social conflicts. Insecurity for land rights activists remains a major concern for stakeholder engagement in natural resource governance. **Confidentiality and privacy concerns** are also key obstacles to systematic disclosures of revenues, beneficial ownership and contracts. Funding for EITI activities has steadily declined in the last years, and several national secretariats are **under-staffed and under-budgeted**. There is a significant need to build capacity and engage stakeholders on opportunities to use the EITI data and multi-stakeholder platform for it to reach its full potential in the region.

Key priorities and actions

- The Secretariat will work with countries across the region to firm up political commitment around realizing the opportunities for **systematic disclosures**. Government systems and institutions in LAC offered a good base to move EITI implementation towards systematic disclosed information and improve analysis and use of data. To promote a more impactful EITI implementation we will work with stakeholders to increase the use of EITI data and findings through **debate** and analytical work (Debates EITI) with an emphasis on anti-corruption and domestic resource mobilization (Trinidad and Tobago).
- **Beneficial ownership transparency** will be a priority with Argentina, Colombia and Mexico being focus countries for the Opening Extractives programme. Support will be provided to national stakeholders and government agencies to develop and implement beneficial ownership transparency roadmaps, and to continue analysing ownership data through projects such as “joining the dots” between beneficial owners and public officials in

⁵ Argentina, Colombia, Dominican Republic, Ecuador, Guatemala, Guyana, Honduras, Mexico, Peru, Suriname and Trinidad & Tobago.

Colombia. The Secretariat will also accompany MSGs and national secretariats in the region in implementing beneficial ownership reporting.

- To strengthen implementation of **contract transparency**, the Secretariat will finalise and support follow-up on a contract transparency mapping regionally with case studies in Ecuador and Trinidad & Tobago and explore opportunities to leverage mining legislation reforms to address legal barriers to disclosure.
- Given the significant of **SOE and commodity trading** in the region, the Secretariat will continue its engagement with Pemex in Mexico on strengthening integrity and transparency practices and explore possible projects on benchmark reporting and commodity sales disclosures in Petroecuador in Ecuador and Staatsolie in Suriname. The Secretariat will continue exploring opportunities for engagement with YPF and Ecopetrol.
- **Subnational implementation** will also be a priority, and the Secretariat will provide tailored support to Argentina to integrate more provinces to the EITI reporting process, Honduras in the reporting and dissemination of subnational revenues, Colombia on implementing the Cesar region EITI and on strengthening community engagement in energy transition dialogue through the EITI, and Peru on consolidation subnational EITI implementation.
- Stakeholders have a high interest in issues related to **gender, environmental and social** impact, and the Secretariat will provide support and capacity building to Mexico, Colombia, Dominican Republic, Honduras and Guatemala on environmental and social data disclosure and strengthen gender-sensitive reporting across the region.
- The Secretariat will explore opportunities for reporting on the impacts of the **energy transition** reporting in Colombia and sharing early lessons with countries interested in addressing these challenges.

Europe

The Europe region consists of six countries – Albania, Germany, the Netherlands, Norway, United Kingdom and Ukraine. **North Sea oil and gas** dominates the extractive sector with mining playing a smaller role in European economies. Common themes related to the extractive industry in the OECD countries include **open government, promoting trade and investment, energy transition, structural adjustment and decommissioning**. Germany, the Netherlands, Norway and the United Kingdom have made steady progress with EITI implementation and Validation. In each case, the priority is to ensure a cost-effective approach to EITI implementation that adds value to national debates. Adherence to the EITI Standard increasingly focuses on systematic disclosure, such as company reporting in accordance with the EU transparency and accounting directives.

Hydrocarbon transportation is significant in Ukraine and Albania. The Southern Gas Corridor that delivers gas to Europe from the Caspian region via the Trans Adriatic Pipeline (TAP), which transits Albania. TAP provides exit points for the development of the Albanian gas market. Ukraine sits strategically at the crossroads of European energy markets as a transit hub for gas supplies from Russia to the European Union. The **complex fiscal regimes and governance structure of SOEs** in Ukraine, especially as it relates to transportation of commodities highlight the importance of transparency in the country's hydrocarbon sector. Ukraine has made significant strides in establishing a **beneficial ownership register**, which provide opportunities for the EITI to contribute to data reliability and analysis.

Cost-effective implementation and alternatives to traditional reporting are areas of interest in the region that may add value to EITI and support greater impact on national debates. **International engagement** on the EITI agenda is stronger than domestic engagement for many stakeholders

particularly in the United Kingdom, Netherlands, Germany and Norway where anti-corruption efforts are focused on development assistance. However, there are risks that **demand for EITI is limited** in the Western European countries and stakeholder knowledge could be improved including awareness, understanding the purpose and relevance of EITI in this context. There is also **limited use of EITI data** to inform public debate on national policies. More could be done to explain applications of data to national priorities and reform agenda, such as energy transition, North Sea oil and gas decommissioning, global trade and supply chains.

Key priorities and actions

- **Systematic disclosure** fits with the open government agenda across the region. The Secretariat will undertake targeted engagement to leverage systems for mainstreaming data. Peer exchanges on alternative approaches to reporting and lessons learned from Germany will also be facilitated, given the opportunities this model has to make EITI reporting more effective in the region and beyond.
- **Energy transition** is of interest to stakeholders across the region. There are opportunities for the International Secretariat to support national secretariats to identify opportunities to use EITI data and reporting as a contribution to public debate. The Secretariat will prioritise support to Ukraine and the United Kingdom on these issues in 2022.
- **Beneficial ownership** is a priority with Ukraine being a focus country for the *Opening Extractives* programme. Understanding how the EU anti-money laundering directives are being implemented in Germany, Norway and the Netherlands in ways that allow public access to beneficial ownership data will be important.
- **Commodity trading and engagement with hubs**. While the focus in the Netherlands will be on supporting follow up on corrective actions from Validation, the International Secretariat aims to probe interest of commodity trading business associations to learn more about disclosures on commodity sales including the role of Rotterdam as trading hub.
- There is potential for **outreach** in the Balkans subregion – light outreach engagement in collaboration with key partners on the ground will be undertaken with Serbia, Bosnia Herzegovina and Kosovo, subject to demand.

Validation

The 2021 Validation model provides **opportunities to recognise leadership and innovation** in implementing the EITI and provide strategic recommendations for future areas of priority, while upholding the **robust quality assurance** of the EITI Standard across all implementing countries. Validation processes also include technical support and stakeholder consultations, which ultimately help to **build the capacities of stakeholders** and strengthen implementation of the Standard over time. To continue safeguarding the quality of the EITI processes in member countries, the Secretariat will aim to:

- Ensure **effective and inclusive Validation processes** in member countries.
- **Build capacity of EITI stakeholders** and International Secretariat staff to participate in and implement the new Validation model.
- Document and communicate **lessons learned** from the results of Validations.
- To achieve its objectives, the Secretariat will **undertake Validations in 21 countries** and **support MSGs in preparing for Validation in 23 countries**. Assessments conducted under the new Validation model are shorter and incorporate a scoring system which will improve

accessibility and learning. The Secretariat will further explore how **Validation is contributing to systematic disclosures** and harmonise existing disclosure monitoring tools. Finally, the Secretariat will report to the Board on progress and challenges, while facilitating Validation Committee working group discussions on the **lessons learned** from the first round of Validations under the new model.

Opportunities:

- The EITI's streamlined approach to Validation provides greater opportunity for identifying and **rewarding innovative approaches to implementation and impact**. The effectiveness and sustainability indicators of the Validation model, combined by the two-step approach to assessments weighing progress on the overall objective against technical aspects for each EITI Requirement, creates strong incentives for implementing countries to prioritise meaningful implementation over a technocratic approach. This provides a strong basis for sharing of emerging best practices across implementing countries, informing policy development by the Board, and incentivising meaningful EITI implementation that delivers outcomes and impacts more aligned with national priorities.
- The 2021 Validation model's focus on systematic disclosures of EITI data provides a robust foundation for **identifying and popularising country examples of cost-effective implementation and alternatives to traditional EITI reporting**. The integration of preparations for Validation into regular country implementation creates scope to streamline country disclosure monitoring tools, help create interest in alternative approaches to EITI reporting and lighten the burden on implementing countries of the EITI's quality assurance mechanism over time.
- Validations of countries' progress in implementing the 2019 EITI Standard will provide bottom-up lessons to implementing countries and the Board on the strengths and weaknesses of the current set of EITI Requirements, helping **inform Board policy making ahead of the next Global Conference in 2023**. Assessments of progress on new aspects of the EITI Standard, from contract transparency to beneficial ownership, environmental aspects and gender should provide an evidence base for the Board to consider refinements of the EITI Standard to ensure alignment with strategic priorities including the energy transition, addressing corruption risks and measuring impact.

Challenges and risks:

- The **COVID-19 pandemic has had a negative impact on the capacity of MSGs and implementing countries to prepare and support Validation**. There will be significant challenges to adhering to the agreed Validation schedule while optimising the increased MSG ownership of the process under the new Validation model if the impacts of COVID-19 persist through 2022. Board reactivity to implementing countries' requests for additional support, and extensions where justified, will help mitigate these risks while upholding robust quality assurances for implementation.
- With a majority of implementing countries undergoing their second, third or fourth Validation under the EITI Standard, there is a risk of MSGs facing increasing '**Validation fatigue**'. The 2021 Validation model seeks to integrate Validation preparations into the routine implementation cycle, although initial start-up resource implications can be as high as under the previous model. The Secretariat's implementation support efforts will be key to mitigating these risks. An increased focus on meaningful implementation (and Validation) aligned with national priorities in the context of the pandemic and the energy transition should help demonstrate the value addition of Validation.

- The Validation schedule for 2022 is ambitious, with the potential **for capacity constraints in adhering to the schedule**. Capacity-building and support for MSGs and national secretariats will be key to addressing constraints, provided both through International Secretariat efforts and through peer exchanges between implementing countries leveraging on lessons learned from early Validations under the new model. Further strengthening Secretariat capacity and drawing on consultancy support and staff peer review will be essential to enable the Secretariat to effectively deliver on 2022 Validations. Adjustments to the Validation schedule in light of implementing country extension requests as well as International Secretariat and Board capacity constraints may be required.

2. Global policy and partnerships

The EITI operates in a **dynamic policy area and global context**. Novel trends in the extractive sector, such as falling demand for oil, buoyant demand for strategic minerals, and diversification of energy companies are developing alongside the **increasing prominence of policy priorities related to the energy transition** and **unexpected challenges** related to the COVID-19 pandemic. Simultaneously, the EITI is a dynamic institution, continually working to promote emerging policy priorities related to improved extractive governance and to align its support to the policy priorities in implementing countries. This results in several **priority strategic areas** for the EITI in 2022, which were identified in the EITI's Strategic Priorities.⁶ The International Secretariat will engage with these policy areas by supporting national implementers and collaborating with international partners, while ensuring that evolving priorities of stakeholders are reflected in EITI Board discussions about changes to the EITI Standard.

Country engagement and support

As member countries have aligned the implementation of the EITI to their national policy priorities, the **demand for technical assistance** and drawing on EITI data to **inform key policy issues** has increased. The International Secretariat builds on expertise and experience across teams to provide **high-quality support and guidance** to implementing country stakeholders. In some cases, it entails close collaboration and engagement with reformers, technocrats and advocacy leaders and demand-driven capacity building efforts for MSGs and constituency representatives, and efforts to deepen the participation of civil society organisations. **Policy development and international partnerships**

Building on the **lessons learned from the country-level engagements** and support, the Secretariat develops guidance and engages **with global partners** to contribute to norm-setting in extractives transparency. The Secretariat will also facilitate **Board-level discussions and consultations with stakeholders on changes to the Standard** ahead of the 2023 Global Conference, and consider the way in which the Standard is presented to ensure greater accessibility and understanding of the requirements.

In 2022, the Secretariat will continue engaging in multilateral fora, international organisations and working groups focused on transparency and accountability standards. These engagements allow the Secretariat to **leverage these networks and partnerships** to support member countries on policy issues that are outside of the area of expertise of the International Secretariat.

⁶ EITI's Strategic Priorities 2021-22, [accessible here](#).

Overview of strategic areas, objectives, and activities

The key strategic areas for 2022 are presented in the table below, together with a short description of the high-level strategic objectives and key activities for each.

Strategic area	Objectives	Key 2022 Activities
Energy transition	<ul style="list-style-type: none"> National stakeholders use EITI data and multi-stakeholder platforms to advance policy dialogue on the energy transition. Energy transition is integrated into the EITI Standard and guidance and is articulated as a core part of the EITI's mandate and value-add. EITI's contributions to transition policy are aligned with other relevant national and international initiatives. 	<ul style="list-style-type: none"> Enhance direct support and analysis with stakeholders in select EITI countries. Strengthen engagement with Board constituencies on the energy transition. Consultations on how EITI could support standardised reserves and emissions reporting. Study on governance risks related to critical minerals. Deepen partnerships with policy institutions and think tanks. Engage with renewable energy companies to identify areas of common interest in managing corruption risk.
Anti-corruption	<ul style="list-style-type: none"> EITI's contribution to anti-corruption efforts is clearly articulated and embraced by national stakeholders. 	<ul style="list-style-type: none"> Dissemination of lessons learned from implementation of corruption risk assessment tools Studies on country level impact and on the links between extractive industry corruption risks, the energy transition and transparency.
Systematic disclosures and open data	<ul style="list-style-type: none"> Countries transition to more systematic disclosure of extractives data. EITI reporting frameworks facilitate more timely and relevant disclosures and analysis. 	<ul style="list-style-type: none"> Continuation of pilot project on alternative reporting approaches to reporting. Development of improved frameworks, guidance and resources to support MSGs. Roll out of new Validation model and summary data submissions, harmonizing disclosure monitoring tools of implementing countries.
Multi-stakeholder governance and engagement	<ul style="list-style-type: none"> More effective MSG processes in all member countries. Stronger participation of civil society in MSGs Global industry support for the EITI is translated to transparent and accountable industry practices in country. 	<ul style="list-style-type: none"> Develop and disseminate up to date guidance on multi-stakeholder group governance in light of move to systematic disclosures. Monitor civil society engagement and trends in civic space in implementing countries. Disseminate good industry disclosure practices among the industry constituency.
Impact and learning	<ul style="list-style-type: none"> Stronger country monitoring, evaluation and learning (MEL) capacities integrated into work planning and implementation. 	<ul style="list-style-type: none"> Development of a country-sensitive MEL framework and capacity development for select implementing countries. Impact studies to document and better understand EITI's contributions to improved resource governance.

	<ul style="list-style-type: none"> • International Secretariat systematically reviews, learns, and adapts in response to country support and global advocacy. • Better understanding of EITI contributions to governance outcomes and impacts through country implementation. 	<ul style="list-style-type: none"> • Revision of EITI Key Performance Indicators (KPIs) to reflect direct attribution and impact. • Completion of independent evaluation.
Beneficial ownership	<ul style="list-style-type: none"> • National public beneficial ownership registers with open and high-quality data. • Improved national capacities for use of beneficial ownership data to improve resource governance. • Global support for beneficial ownership transparency. 	<ul style="list-style-type: none"> • Mobilizing political support and providing technical support in 12 countries through the <i>Opening Extractives</i> programme. • Global and regional peer exchanges. • Research and global advocacy on the impact of beneficial ownership transparency.
Contracts	<ul style="list-style-type: none"> • Mobilise country leadership to sustain momentum for contract transparency reforms • Ensure that each country has a framework enabling comprehensive and timely disclosures of contracts a shared understanding of how contracts can be used and analyzed by stakeholders. • Document use cases and demonstrate relevance of contract transparency to strategic priorities. 	<ul style="list-style-type: none"> • Demand-driven technical assistance to countries on developing and implementing frameworks for contract disclosures. • Convening the contract transparency network with government champions. • Study and workshop on links between energy transition and contract transparency.
Revenue collection and tax analysis	<ul style="list-style-type: none"> • Improve transparency and debate about how taxes are decided, calculated and paid. • Contribute to public debate on revenue and debt sustainability as it related to the extractive industry. 	<ul style="list-style-type: none"> • Guidance Note on revenue forecasting and sustainability (Requirement 5.3). • Peer exchange on financial modelling and results. • Policy brief and partner co-organized event on debt sustainability.
SOEs and commodity trading	<ul style="list-style-type: none"> • Improved disclosures related to state participation by governments and SOEs and strengthen capacity to use the data. • A stronger global norm of commodity trading transparency by governments and companies. 	<ul style="list-style-type: none"> • Quarterly commodity trading working group, SOE network meetings and annual summit. • Studies on EITI's impact on SOE disclosures and on results chain for commodity trading disclosure with the OECD. • Policy brief on commodity trading and energy transition. • Collaboration with OECD on transparency in commodity pricing. • Engage with trading hubs on improved commodity trading transparency.

Gender, social and environmental impact	<ul style="list-style-type: none"> • Increased participation of women and diverse groups of citizens in EITI implementation. • Strengthened transparency of the rules and practices related to management and monitoring of the environmental impact of extractive industries. 	<ul style="list-style-type: none"> • Policy brief and country stories on gender, social and environmental impact of the extractive industries. • Promotion of gender responsive EITI implementation and contribution to a just transition with key global partners. • Training and peer-learning activities on gender, social and environmental reporting. • Updated guidance on artisanal and small-scale mining in collaboration with the OECD, with links to social and environmental impact and critical minerals production.
Local governance	<ul style="list-style-type: none"> • Stronger voice of local actors in policy dialogue on natural resource governance. • Local actors' contribution to disclosures and dialogue on the energy transition. 	<ul style="list-style-type: none"> • Launch project in three countries to support civil society and local communities to better understand, debate, address and prepare for the impact of the energy transition. • Event to share early lessons from the project and facilitate peer exchanges across countries and communities.

3. Strengthening communications

Strategic and targeted communications will be critical for the EITI to continue positioning itself as a global leader in open government, transparency and accountability. The Secretariat's communications efforts will aim to:

- Generate support for and understanding of the **EITI's mandate, priority areas and impact**.
- **Grow the EITI's reach** by developing and maintaining communications channels, including an updated, secure, and accessible website, regular newsletters, high-quality publications and events and engaging social media content.
- **Strengthen guidance on communications** and dissemination activities for national secretariats and develop communications capacity in the International Secretariat.

In 2022, the Secretariat will **prioritise communications content more closely around the six strategic shifts** set out by the Board.⁷ It will clarify communications messages on these priority topics and be more deliberate in engaging partners on communications products, so that the **EITI's communications messages are amplified through partner channels**. It will take a more proactive approach to media engagement and seek to **provide support to implementing countries** as they develop their communications activities.

The upgraded website will provide an improved platform for **showcasing EITI data and its use**. It will present greater opportunities to **visualise and present data** and **show the impact of the EITI**. The website will enable **guidance on the EITI Standard** to be presented more accessibly. Updates to guidance notes will continue to ensure that key topic areas are covered. The Secretariat will also provide communications support for major projects, particularly Opening Extractives, and start **preparations for the 2023 Global Conference** and **regional events** to be held in the run up to the Conference.

4. Global governance of the EITI

Governance and Board support

Strong oversight at the global Board level is **critical to accountable and effective management** of the EITI. The objectives for the Secretariat are to ensure:

- Effective global management of the EITI and trust between each constituency.
- Inclusive and responsive global governance processes with strong involvement of key constituencies.
- Governance mechanisms and processes that reflect the diversity of stakeholders in a changing global environment.

Activities will include regular and efficient convening of Board and Committee meetings, support to the EITI Chair support to the constituencies to engage effectively in the global management of the EITI, and dissemination and application of EITI policies, including addressing concerns voiced through a fair, timely and transparent process.

Activities will also include those in Governance and Oversight Committee 2022 work plan, which

⁷ EITI's Strategic Priorities 2021-22, [accessible here](#).

will prioritize review of the Expectations for EITI supporting companies, constituency guidelines, implementing country governance issues, and the Code of Conduct, Articles of Association and Board Manual. The Secretariat will also facilitate the review process for the EITI Standard and support constituencies with the Members' Meeting and nomination of their representatives.

2023 Global Conference

The tri-annual Global Conference is the **flagship event in natural resource governance**. In accordance with the Board decision from July 2021,⁸ the Secretariat will aim to:

- **Organise a Global Conference** aimed at galvanising political commitment to the EITI, building on and showcasing country-level efforts related to the energy transition, tackling corruption and increasing impact
- Enable participants to take stock, share and **learn lessons** from implementation of the EITI Standard.
- **Launch an updated version of the EITI Standard** that builds on lessons learned from implementing countries and addresses their priorities.

The Secretariat will begin preparations for **an inclusive, in-person event in 2023** by confirming a conference host and location, consulting on key themes, and identifying keynote speakers. The procurement process for out-sourcing conference travel and accommodation will be initiated in 2022. Opportunities to organise **regional gatherings**, whether hybrid or in-person, will be considered in the run-up to the Global Conference.

Outreach

Outreach to stakeholders is key to ensuring that **resource-rich countries outside of the initiative** can join and that **new companies become supporters**. The Secretariat will aim to:

- Engage new candidate countries and encourage EITI membership.
- Mobilise industry support from the oil, gas, energy, mining and trading sectors and financial institutions. Explore interest in membership from renewable energy companies.

Activities will include **targeted outreach to priority countries**, such as **Angola, Brazil and South Africa** and demand-driven engagement with other countries, such as Equatorial Guinea, Jamaica, Lebanon, Serbia, Tunisia and the United States. Activities will also include participation at global events, targeted engagement with companies and financial institutions, and establishing and communicating the importance of the EITI, particularly with regard to commodity trading, energy transition, ESG, investing and lending, responsible sourcing and SOEs.

Managing the EITI International Secretariat

The Secretariat with its 45–50 staff plays a **central role in supporting and assessing implementation** in 55 member countries, engaging with global and national stakeholders and providing support to the Board. To continue **improving the efficiency of the Secretariat** the following priorities will be pursued:

- **Strengthen internal systems and policies** that support effective Secretariat management.
- **Safeguard well-being of staff** and strengthening internal capacity to meet organisational objectives.

⁸ Board decision 2021-38/BM-50.

- Ensure **accountable financial management** and improve project reporting.

The Secretariat will implement and develop its financial, procurement and HR policies, continue strengthening internal planning and monitoring processes, and prepare regular reports to donors and supporters with a stronger focus on results.

Monitoring and evaluation of the EITI

The EITI Board contracted an independent review of EITI and **international best practice in results measurement** and impact evaluation in 2020. In mid-2021, the EITI International Secretariat hired a Senior Advisor on Evidence and Learning, to follow up on the recommendations presented in that report, and to strengthen EITI's approach results measurement, especially at the international level and in country implementation. In 2021 this work will culminate in the creation of resources and the adoption of processes to strengthen EITI's approach to results measurement and impact. **The overall aim is to strengthen EITI as a learning organization**, to regularly monitor and learn from implementation, adapting strategy and activities in order to strengthen results and contributions to governance outcomes at the country level. More specific objectives include:

- Stronger practice and culture in the International Secretariat for **results-based planning**, adaptive monitoring, learning, and communicating results.
- **Tailored tools and increased capacity** for EITI implementation in MSGs and national secretariats.
- A clearer and more **nuanced understanding of EITI results** and contribution to governance outcomes.

In regard to the International Secretariat's culture and processes for evidence and learning, each team will conduct **regular monitoring and reflection meetings**, which will feed into a **quarterly learning event for all Secretariat staff**, comparing results and lessons across teams. These processes will benefit from the establishment of a **centralized EITI results hub** to be collected on a running basis and maintained for use in external communications, organizational development, and Board updates. Additionally, a monitoring, evaluation and learning (**MEL**) **project template** will be produced to help teams easily integrate a standard approach to monitoring and learning into project proposals and implementation.

Country capacities for MEL will be increased through the launch of a **country-sensitive MEL framework** for EITI implementation at the country level. This resource will be co-produced and piloted with implementing countries before engaging in a process of training and dissemination.

The above activities will be integrated into the design and implementation of an **Independent Evaluation of the EITI**, is scheduled for completion in Q2 2022, as well as the launch of at least two **impact studies** exploring the ways in which EITI implementation contributes to specific types of governance outcomes. Together, these analytical approaches will help EITI to craft an **institutional impact narrative** that defines how EITI results are understood, pursued, and communicated. This narrative will be used to position EITI as a **learning leader in the field of international transparency and multi-stakeholder initiatives**, and EITI will play an active role in convening peers and disseminating best practice in this regard.

5. EITI 2022 Budget

Income and expenditure

The Secretariat has adopted a bottom-up approach to budgeting for the 2022 work plan in place of the incremental approach used in previous work plans. This builds the budget from activities

costed by each department to provide a more accurate estimate of costs by function.

In terms of income, the Secretariat projects total revenues of 10.165m with roughly 60% core funding and 40% project specific (Table 1). The Finance Committee agreed to discontinue scenario budgeting for 2022 and subsequently requested a more detailed analysis of budget assumptions and underlining risks to ensure financial stability and effective budget execution. Consistent with this approach, funding sources are classified by various degrees of certainty. The first category is secured funding, which includes confirmed multi-year funding agreements with supporting governments (core funding and project specific) and with ICMM (core funding); as well as project specific funding agreements with foundations and International Financial Institutions (IFIs). Differed or accrued income from the previous year is also included in secured funding. Almost two-thirds of the proposed budget comes under secured funding, which is expected to grow substantially before the end of the year as ongoing negotiations are finalised. Funding sources that are not subject to signed contracts are classified as either highly anticipated funding, which means a proposal has been submitted to the donor and negotiations are underway, or anticipated funding for reoccurring revenues from supporting companies (oil, gas, and mining other than ICMM) and implementing governments. This accounts for 27% of the proposed budget. Potential but unconfirmed sources of funding are included in planned proposals that will be submitted prior to December 31st 2021. A further 8% of the proposed budget falls into this category.

Table 1: Projected revenues in 2022

Funding Class	Core funding	Project funding	Grand Total	% of total potential funding
Secured Funding	3 363 750	3 153 956	6 517 706	64 %
Highly Anticipated Funding	281 250	62 500	343 750	3 %
Anticipated Funding	1 527 350	925 860	2 453 210	24 %
Planned Proposal	850 750	0	850 750	8 %
Total potential Revenue 2022	6 023 100	4 142 316	10 165 416	100 %
	59 %	41 %		

The budget is also broken down by sources of funding (Table 2). Contributions from supporting governments, IFIs and foundations continue to provide the main bulk of funding with more than three quarters of the total revenues. This income category is also projected to grow substantially in 2022 (29% increase compared to the baseline figure of 2021), and this growth comes mainly from three project specific programmes. The Ministry of Foreign Affairs of Belgium has offered to provide direct support to implementation to the DRC and Niger, which are facing acute funding challenges. Secondly, increased grant resources from USAID will support anticorruption efforts, domestic resource mobilization and contract transparency. Thirdly, grant support from the Ford Foundation will support subnational reporting and local revenue management in the context of the energy transition. Overall contributions from oil, gas and mining companies are projected to remain relatively stable in 2022.

Table 2: 2022 budget

All figures in USD thousands

Item	2022 Budget	2021 Budget	% increase 2021-2022
Implementing countries	-		
Implementing countries	60	100	-40,0 %
International development partners, including donors, NGO's and foundations	-		
Supporting governments, IFIs, NGOs and foundations	5 670	4 387	29,2 %
BHP foundation	2 153	1 957	
Private sector	-		
Oil and Gas	1 120	1 220	-8,2 %
Mining and Minerals	891	810	10,0 %
Financial Institutions	30	30	-0,5 %
Non-extractives	15	75	-80,0 %
Contributions to the Independent Evaluation	227		
Net interest income	-	(17)	
Total Revenues	10 165	8 562	
Costs by function	-		
Support to the EITI Chair and Board	921	883	4 %
Global Conference	304	10	
Support to implementation	3 371	1 938	74 %
Support to implementation through subgrant	1 318	1 103	19 %
Support to implementation (Capacity building)	615	423	45 %
Validation	1 113	1 239	-10 %
Outreach	298	306	-2 %
Communications	966	1 140	-15 %
Management and administration	1 215	1 452	-16 %
Total Costs by function	10 121	8 494	
Costs by type	-		
Salary	4 374	3 943	11 %
Other staff expenses	1 347	442	205 %
Office and IT expenses	690	993	-30 %
Travel and accommodation	411	633	-35 %
Translations and interpretations	517	565	-9 %
Publications	226	51	343 %
Project support consultants	772	602	28 %
Legal & Audit fees	84	-	0
Independent Evaluation	231	-	0
Implementation through subgrants	1 290	1 103	17 %
Other expenses	180	161	12 %
Total Costs by type	10 121	8 493	19,2 %
Net result	44	69	
Average exchange rate NOK/USD	8,5	9	

In terms of **expenditure**, USD 10.121 represents an increase of 19% compared to the 2021 baseline. While funding for the Secretariat has increased, implementing countries continue to experience funding challenges. The increase in expenditure is therefore primarily focused on support to EITI implementation through project specific funding in key thematic areas such as beneficial ownership, contract transparency and anticorruption.

A summary breakdown of expenditure by function is provided in the work plan. Although staff salaries and associated cost remain the main bulk of the Secretariat expenditures, cost of project specific consultants and subgrants account for the largest share of overall increase in expenditure (25%). It is foreseen that the implementation of key projects (OE, USAID, Ford Foundation and MFA-Belgium) will require additional hires, which will result in 11% increase in salaries. Other associated staff cost are expected to grow substantially in 2022. This is due to cyclical factors including recruitment, relocation and onboarding costs. While office and IT expenses are expected to decrease due to adjustments caused by the COVID-19 pandemic, remote working is expected to continue in 2022, increasing further other staff expenses through contracts. A reclassification in the Secretariat Chart of Accounts also exacerbates the increase of other staff expenses as staff trainings to build internal capacity is now correctly classified as associated staff cost. While it is foreseen that travel will resume in 2022, this is not expected to reach the pre-pandemic level that was projected in 2021. In preparation for the Global Conference in 2023, it is foreseen that the Secretariat will incur additional costs related to this activity, notably preparation of publications, progress reports, and thematic policy briefs.

Risks to the Work Plan

The Secretariat foresees three key risks to the execution of the work plan. Firstly, a growing number of EITI implementing countries (Afghanistan, Chad, Guinea, Mali and Myanmar) are experiencing **political instability and conflict**. If this trend continues, staff will spend more time attending to urgencies that were not foreseen in this work plan and this can also affect the validation schedule and other ongoing projects. To mitigate against these risks, the Secretariat will establish a consultant roster to mobilise technical capacities on a short notice and respond to sudden increase in workload.

Secondly, there is significant risk that the health and economic impacts of **COVID-19** will continue to pose challenges for EITI implementation. The vaccination rate of the adult population against COVID-19 in most non-OECD EITI member countries remains well below 10%. An uneven recovery from the pandemic could mean that the effect of the pandemic will persist in many EITI member countries with weak capacities. These countries could be forced to prioritise a response to the pandemic, therefore funding for EITI implementation will continue to remain limited. The shift towards systematic disclosure should help reduce the cost of EITI implementation in the long run. However, such changes often require substantial technical and financial support. Virtual missions have helped mitigate against this risk somewhat, but this approach has also shown its limits. The outlook for EGPS support from the World Bank to implementing countries has improved with fresh donor commitments. A major fundraising effort for EITI implementation in selected EITI countries may be necessary to maintain momentum.

Thirdly, there are risks posed to delivery on the 2022 Work Plan, related to both **human and financial resources**. In regard to staff capacities, the work plan is ambitious and staff turnover or capacity limitations could impact on the ability to deliver. The Secretariat is taking steps to mitigate these risks by maintaining staff retention, investing in training for new staff, and drawing more on consultants for implementation support.

In regard to **financial resources**, there is a small risk that funding from some supporting companies and supporting governments does not materialise. As commodity prices continue to

fluctuate, some supporting companies could experience financial difficulties, which could marginally affect their contribution to the Secretariat. Funding from implementing countries could also further decline. While most countries are providing multi-year funding, there is a small number of supporting countries, which provide substantial support, but have yet to enter into a multi-year funding agreement with the EITI or confirm a fresh agreement from 2022. The Secretariat will address these risks through adjusting expenditures in line with available revenue and revisiting future funding from companies. The risk of a shortfall on total revenue is assessed as low. In a worst-case scenario, the reserve of USD 2.0m (NOK 18.0m) can be used to address short term funding gaps.

Additionally, the value of the dollar or the EURO could fall relative to NOK. The exchange rate US dollar to NOK has been volatile over the past year, while the exchange rate relative to Euro has been relatively stable. As most of the contributions to the budget are made in US dollars and Euro and more than half of the spending (including staff costs) are made in NOK, the weaker the dollar or the Euro the lower the contribution in NOK terms. The Secretariat has taken a combination of measures to mitigate against this risk. The most important measure is to maintain two operating accounts in NOK and in USD. This allows the Secretariat to cover expenses in foreign currencies from a dollar denominated account and expenses in NOK from the NOK account. The exchange rate of 1USD = 8.5 NOK is assessed as medium risk based on current trends.

Finally, the Board might wish to undertake other activities in the course of 2022 that are not foreseen in this budget, especially as it relates to the Members meeting. The Secretariat will spell out the cost implications of any new activities in papers to committees.