

## EITI Launches Updated 2023 EITI Standard

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**July 31, 2023**

On June 13, 2023, the Extractive Industries Transparency Initiative (EITI) launched the latest revisions to its global standards regarding good governance of oil, gas, and mineral resources (the EITI Standard). These revisions strengthen and clarify existing requirements for participating countries and corporate supporters, identifying areas for enhanced disclosure such as anti-corruption and transparency measures and, for the first time, information regarding commitments, policies, and plans for the energy transition.

### **Background**

Since its formation in 2003, EITI has worked to enhance public and corporate governance across the global extractive sector and generated data to inform policymaking and multi-stakeholder dialogue. To date over 50 countries have committed to strengthening transparency and accountability of their extractive sector by implementing the EITI Standard.

The EITI Standard requires collection of information along the extractive industry value chain from the point of extraction through to how natural resource revenue moves within government and into the economy. This includes how licenses and contracts are allocated and registered, who the beneficial owners of those operations are, what the fiscal and legal arrangements are, how much is produced, how much is paid, where the revenue is allocated, and its contributions to the economy. Countries implementing the EITI Standard are required to publish an annual EITI Report disclosing information regarding their extractive sectors as well as undergoing a quality-assurance mechanism known as “Validation” every three years. Validation serves to assess progress towards meeting the EITI Standard and promote dialogue and learning at the country level. It also protects the integrity of EITI by holding participating countries and companies to a consistent global standard.

### **New for 2023**

Now in its fourth iteration, the EITI Standard has evolved over time to respond to stakeholder needs and a changing global context. The 2023 EITI Standard includes new and refined provisions that enable countries to respond to the most pressing challenges impacting natural resource governance today. They cover four thematic areas:

- **Anti-corruption.** New provisions enhance opportunities for countries and companies to use the EITI platform to identify and address corruption risks in the extractive sector.
- **Energy transition.** New provisions require disclosure and public debate on the impacts of the

energy transition by shedding light on relevant policies, as well as the revenue that countries can expect to receive from their oil, gas, and minerals under different market scenarios.

- **Gender, social and environmental issues.** To help ensure that natural resources are managed in the interest of all citizens, there are strengthened provisions promoting greater diversity in decision-making and disclosures that consider gender, social and environmental issues.
- **Revenue collection.** New and refined provisions require more comprehensive and detailed financial disclosure, which can help countries strengthen their tax base and raise revenue.

Implementing countries will be assessed against the 2023 EITI Standard from January 1, 2025, and to facilitate the transition, EITI-implementing countries are encouraged to integrate the changes in their next EITI work plan and reporting cycle.

## Benefits for Companies

While the EITI Standard primarily focuses on participating countries, industry also has a vital role to play. The EITI Standard specifies a number of expectations for companies, such as public declarations of support for the EITI Standard and related initiatives, and making comprehensive disclosure to inform EITI reports.

Supporting the EITI Standard offers credibility and reputational enhancement for companies seeking to implement global standards and operate according to recognized best practices. It enables companies to:

- demonstrate company values by committing to transparency and accountability;
- improve access to finance by increasing creditworthiness through EITI reporting;
- build trust and expand access to governments and civil society via the EITI's multi-stakeholder approach; and
- gain valuable insight into what investors, civil society and other stakeholders expect from companies active in the extractive sector.

At the local level, supporting the EITI Standard helps companies build long-term, sustainable businesses in EITI-implementing countries by:

- strengthening social license by demonstrating a commitment to economic and social contributions in the communities in which they operate;
- reducing investment and corruption risk by having an additional tool to understand and mitigate political risks and public discontent;
- acting as a catalyst to develop local capacity and infrastructure by educating local governments and businesses;
- levelling the playing field by ensuring private and state-owned companies operate according to the same reporting requirements; and
- improving engagement with government and civil society stakeholders through the EITI process and

outreach efforts.

## Conclusion

Global challenges such as the COVID-19 pandemic, the Russian invasion of Ukraine, and the mounting impacts of climate change lend new urgency to reducing dependence on oil and gas and improving the resilience of natural resource supply chains. As the extractive sector continues to attract investment and generate revenue flows, the need for transparency has become only more important. By facilitating comprehensive disclosure and open dialogue, the 2023 EITI Standard can help countries and EITI-supporting companies manage natural resources in a way that is equitable, sustainable and inclusive.

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