



Netherlands EITI (NL-EITI) Annual Progress Report 2019

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Introduction

The international “Extractive Industries Transparency Initiative” - EITI - was founded in 2003. The EITI is the global standard to promote the open and accountable management of oil, gas and mineral resources. The EITI Standard requires the disclosure of information along the extractive industry value chain from the point of extraction, to how revenues make their way through the government, and how they benefit the public. By doing so, the EITI seeks to strengthen public and corporate governance, promote understanding of natural resource management, and provide the data to inform reforms for greater transparency and accountability in the extractives sector. In each of the 52 implementing countries, the EITI is supported by a coalition of government, companies, and civil society.

The government of the Netherlands has been closely involved with the Extractive Industries Transparency Initiative (EITI) since its inception in 2002. The steps taken by the Netherlands regarding the EITI are listed in chronological order in attachment 1.

The MSG agreed that the objective of the EITI in the Netherlands is:

“to provide each member of Dutch society with factual and understandable information about the extractive industry in the Netherlands and the money flows between the extractive industries and the government, in order to contribute to a well-informed debate about the extractive industry value chain in the Netherlands.”

The extractive industry in the Netherlands include the oil and gas industry as well as the salt industry. The context of the extractive industry value chain in The Netherlands also refers to certain forms of sustainable energy, such as geothermal and wind energy.

Foreword

I am delighted to be able to present to you today the Netherlands Annual Progress Report on the implementation of the Extractive Industries Transparency Initiative (EITI) in the Netherlands. The report provides an overview of the activities of the multi-stakeholder group (MSG) of the NL-EITI and the NL-EITI Secretariat in 2019.

The first NL-EITI Report was approved by the NL-EITI MSG in December and published on 14th January 2020. The Report has been set up in accordance with the EITI standard 2016 and covers the fiscal year 2017.

I would like to take the opportunity here to thank both the NL-EITI MSG for their continued dedication to the EITI agenda and the EITI International Secretariat for their support.

Looking ahead, the MSG is facing the challenge of publishing its second report in 2020 and make improvements where needed and necessary. I am confident that the members of the NL-EITI MSG will do everything in their power to make this happen and I look forward to a successful year.

Joost Haenen, Chair of the NL-EITI Multi Stakeholder Group

Chapter 1: General assessment of year's performance

Overview

The NL-EITI MSG met 7 times in 2019 in a formal setting. Minutes from all NL-EITI MSG meetings as well as other useful information can be found on the NL-EITI website: www.eiti.nl.

MSG Membership and Secretariat changes

In June 2019, the NL-EITI MSG welcomed the new chair, mr. Joost Haenen, who has been appointed until 31 May 2021.

During the year, the NL-EITI MSG welcomed the following new MSG members, replacing members of their organizations:

- Martijn Reubzaet as representative from the Dutch Ministry of Foreign Affairs;
- Serv Wiemers as representative from Transparency International Nederland; and
- Wilma Haan as representative from the Open State Foundation.

NL-EITI Workplan 2018-2019

An update of the workplan was adopted by the NL-EITI MSG on 28 January 2019. The workplan was the basis for the activities of the NL-EITI MSG in 2019.

NL-EITI MSG Terms of Reference

The NL-EITI MSG Terms of References (NL-EITI ToRs) was updated and approved by the MSG on 25 September 2019.

Publication of first NL-EITI Report

The first NL-EITI Report was approved by the NL-EITI MSG in December and published on 14th January 2020. The Report has been set up in accordance with the EITI standard 2016 and covers the fiscal year 2017.

EITI Global Conference in June in Paris

The interim-Chairman of the NL-EITI MSG, the coordinator of the NL-EITI Secretariat and the NL-EITI MSG representative of the Dutch Ministry of Foreign Affairs attended the EITI Global Conference in June in Paris.

MSG Sub-groups

In 2019, the NL-EITI MSG continued / installed 6 sub-groups that consisted of representatives from each sector and were facilitated by the coordinator of the NL-EITI Secretariat. All sub-groups reported back to the NL-EITI MSG on a regular basis to receive feedback and approval on next steps. These sub-groups worked on the following subjects:

- Sub-group on the appointment of a NL-EITI MSG Chairman:
The purpose of this sub-group was to find and propose a new NL-EITI MSG Chairman that has the confidence of all stakeholders. After a series of interviews held by different NL-EITI MSG-members of each MSG group, the NL-EITI MSG agreed upon a new NL-EITI MSG Chairman, who was installed on June, 1st 2019.
- Sub-group on the writing of the 1st NL-EITI report 2017:
The purpose of this sub-group was to assist the NL-EITI Secretariat in writing the 1st NL-EITI report. This sub-group consisted of one representative of each MSG group, representatives from the Ministry of Economic Affairs and Climate Policy, the ministry of Infrastructure and Water Management and the ministry of Justice and Security, and three external organizations, i.e. TNO, EBN and the CBS. The sub-group assisted the Coordinator of the NL-EITI Secretariat to write the 1st NL-EITI Report.

- Sub-group on contract transparency
The purpose of this sub-group was to agree on a text for the paragraph on contract transparency for the 1st NL-EITI report. The result was that the sub-group agreed on a text for the first NL-EITI report.
- Sub-group on Communications 1st NL-EITI report 2017:
The purpose of this sub-group was to discuss and set up communication means for the publication of the 1st NL-EITI report, to discuss the Open Data requirements with regard to the publication of the 1st NL-EITI report, to discuss the design of the front page of the 1st NL-EITI report and to do preparatory work for the NL-EITI Public Event that will be held on 23 April 2020 at RVO.nl in the Hague.
The subgroup prepared text for announcing the publication of the 1st NL-EITI report on the NL-EITI website, Q&As and a 'save the date' for the NL-EITI Public Event. These texts were approved by the NL-EITI MSG at their MSG meeting of 3 December 2019. With regard to the EITI Open Data Requirements, the NL-EITI MSG decided – also on 3 December - to ensure that the data from graphs and tables that are part of the 1st NL-EITI report 2017 will be available on the NL-EITI website before the Public Event on 23 April 2020.
- Sub-group on the European procurement of the Independent Administrator:
The purpose of this sub-group was to set-up and manage the European procurement process of an Independent Administrator. This process started in October 2019 and is expected to be finalized at the end of March 2020. The MSG has been involved during this process and approved the Terms of Reference for the Independent Administrator in their MSG meeting on 3rd December 2019. The European tender has been published just before Christmas 2019.
- Sub-group on pre-validation NL-EITI report
In December 2019 a sub-group on the pre-validation of the 1st NL-EITI report has been set up. The sub-group consists of one member of each NL-EITI MSG group, the NL-EITI MSG Chairman and the NL-EITI Coordinator. On 29th January 2020, the sub-group will attend a pre-validation workshop at RVO in the Hague that will be headed by the international EITI-Secretariat.

Chapter 2: Assessment of performance against targets and activities set out in the work-plan

The NL-EITI MSG adopted its workplan 2018-2019 on 28 January. This workplan formed the basis of the activities of 2019. The milestones were:

1. Appoint a new NL-EITI MSG Chairman;
2. Start of the work of the Independent Administrator (IA), including scoping, waivers, templates, the actual reconciliation etc.;
3. Install a subgroup on the writing of the 1st NL-EITI Report 2017;
4. Together with the IA and the MSG subgroup, the NL-EITI Secretariat sets up the contextual information of the 1st NL-EITI Report 2017;
5. Work on an open-data format;
6. The edit and design of the 1st NL-EITI Report 2017;
7. Publish the 1st NL-EITI Report 2017 before 28 December 2019 (Dutch version);
8. Organize a public event for the 1st NL-EITI Report 2017;
9. Translate the 1st NL-EITI Report into English;
10. Contract an Independent Administrator (IA) for 2020 and beyond (start January 2020);
11. Develop a road map for the disclosure of the ultimate beneficiaries of the extractive industries by 1 January 2020 at the latest;
12. Send in a costed-workplan to reach systematic disclosure (mainstreaming) within 3 years to the international secretariat on the basis of the experience with the 1st NL-EITI report 2017;
13. Compile a NL-EITI Annual Progress report 2019;
14. Perform administrative duties for the MSG.

All milestones were achieved successfully, except for milestones 5, 7, 8/9 and 10 which were delayed:

- Milestone 5: The MSG did some preparatory work on an the development of an open-data format with regard to the 1st NL-EITI Report 2017. Due to time constraint, the NL-EITI MSG will ensure that Open Data format for the graphs and tables that are in the 1st NL-EITI report are available on the NL-EITI website before 23 April (= the date of the NL-EITI Public Event). Further work on the development of an Open Data format will be done in 2020;
- Milestone 7: The first NL-EITI Report was approved by the NL-EITI MSG in December and published on 14th January 2020.
- Milestone 8/9: Due to time constraint, the English translation of the 1st NL-EITI Report 2017 as well as the NL-EITI Public Event have been rescheduled to January resp. April 2020.
- Milestone 10: The European Tender has been published just before Christmas 2019 with the aim to appoint an IA for 2020 and beyond as of April 1st, 2020. The IA will be appointed for 2 years, with the option of an extension of 1 year twice.

And, the status of milestones 11-13 is:

- Milestone 11: Dutch Ultimate Beneficial Owner (UBO) legislation is an important principle behind the EITI requirement for a roadmap with regard to the disclosure of the ultimate beneficiaries of the extractive industries. At the moment the Netherlands is implementing the (amended) 4th EU anti-money laundering Directive (AMLD4) which will result in an register containing UBO-information of corporate and other legal structures as well as of trusts and other similar legal arrangements. The implementation is foreseen for the end of 2019/beginning of 2020.

- Milestone 12: The MSG discusses to disclose information and make it publicly available. The NL-EITI MSG did preparatory work in 2018 and has finalized its first NL-EITI report in 2019. The first report will draw on existing information that is already available in the Netherlands. The MSG will revisit these issues once they have the findings from the 1st NL-EITI report, e.g. in the year 2020.
- Milestone 13: the NL-EITI Progress Report 2019 will be presented to and approved by the NL-EITI MSG in their MSG meeting in January 2020.

Chapter 3: Assessment of performance against EITI requirements

The Netherlands has satisfied Requirements 1.1 to 1.5. NL-EITI has set up a well-functioning multi-stakeholder group (the NL-EITI MSG). The updated workplan for 2019 was approved by the NL-EITI MSG on 28 January 2019. An updated NL-EITI MSG Terms of Reference was approved by the MSG on 25 September 2019. Both documents have been published on the NL-EITI website www.eiti.nl. Government, companies and civil society are fully, actively and effectively engaged in the EITI process.

The NL-EITI MSG has been involved during the process of the procurement of the Independent Administrator (IA) in 2018-2019 and approved the Terms of Reference for the Independent Administrator as well as the selected Independent Administrator. By doing this, the NL-EITI MSG meets Requirement 4.9. The IA in 2019 was contracted in January 2019 for one year. In October 2019, NL-EITI started up an European procurement process for 2 years (including the option for the Contracting Authority – RVO.nl – to extend the contract twice with 1 year). This process is expected to be finalized at the end of March 2020.

By approving and publishing the NL-EITI Annual Progress Report 2018, the NL-EITI MSG meets Requirement 7.4(a)(i),(ii), (iv) and (b). The NL-EITI Annual Progress Report 2018 has been approved by the NL-EITI MSG at its meeting on 22nd January 2020.

By publishing the 1st NL-EITI report that covers the fiscal year 2017, the NL-EITI MSG meets Requirement 4.8. Government, companies and civil society – as well as their constituencies – have been fully, actively and effectively engaged in the EITI process of approving the NL-EITI report (Requirement 1.4b (iii)).

Chapter 4: Total costs of implementation

The NL-EITI Workplan provides a detailed overview of the costs of the NL-EITI implementation. The total costs for the implemented measures and activities of the Workplan 2019 amount to €314.797,-.

The NL-EITI Secretariat consisted of 2 part-time members (1Fte) of staff who work on EITI, the Chair, and administrative support at MSG meetings.

Chapter 5: Details of membership of the MSG during the period

Overview of NL-EITI MSG representatives

Name	Title	Organisation	Status	Period
Ruud Cino	Mr.	Min. of Economic Affairs and Climate	member and interim	2019
Hans van Gemert	Mr.	Min. of Economic Affairs and Climate	alternate	2019
Carmen Hagenaaers	Mrs.	Min. of Foreign Affairs	member	2019
Martijn Reubzaet	Mr.	Min. of Foreign Affairs	alternate	As of 1 April 2019
Dorris Raijmann	Mrs.	Tax Department	member	2019
Marco van Driel	Mr.	Tax Department	alternate	2019
Jo Peters	Mr.	NOGEPA	member	2019
Marieke van den Akker	Mrs.	NOGEPA	alternate	2019
Martijn van der Deijl	Mr.	NAM B.V.	member	2019
Joost Kutsch Lojenga	Mr.	Shell International B.V.	alternate	2019
Tijmen Zaal	Mr.	TAQA Energy B.V.	member	As of January 2019
Joris Hengeveld	Mr.	Vermilion Energy Netherlands B.V.	alternate	2019
Gerno Kwaks	Mr.	Open State Foundation	member	2019
Tom Kunzler	Mr.	Open State Foundation	alternate	Until 15 November 2019
Wilma Haan	Mrs.	Open State Foundation	alternate	As of 15 November 2019
Serv Wiemers	Mr.	Transparency International NL	member	As of 30 October 2019
Paul Vlaanderen	Mr.	Transparency International NL	alternate	2019
Joosje de Lang	Mrs.	FNV	member	2019
Henk Korthof	Mr.	FNV	alternate	2019

Attachment 1 – Steps taken by the Netherlands regarding the EITI

The steps taken by the Netherlands regarding the EITI in chronological order

The government of the Netherlands has been closely involved with the Extractive Industries Transparency Initiative (EITI) since its inception in 2002. The steps taken by the Netherlands regarding the EITI are listed in chronological order below.

2003: The Netherlands declares its support for the EITI at the first EITI conference.

2005: The Netherlands provides USD 1.5 million in funding to the Multi-Donor Trust Fund managed by the World Bank. In addition, the Netherlands becomes a member of the "supporting countries" group on the EITI board.

2010: The Dutch government commissions the consultancy firm Roland Berger to write the Extractive Industries Transparency Initiative (EITI) Feasibility Study (*Haalbaarheidsonderzoek Extractive Industries Transparency Initiative [EITI]*), which examines the advantages and disadvantages of EITI implementation in the Netherlands (please see: www.eiti.nl).

2011: The Dutch government sends the Raw Materials Memorandum (*Grondstoffennotitie*, please see: www.eiti.nl) to the House of Representatives, in which it specifies that:

- "it will provide financial support to the EITI";
- "based on the predicted international developments with regard to various transparency initiatives, including those initiated by the EU, the Netherlands will adopt the EITI or a similar initiative in due course";
- "it will lobby international financial institutions to give preference to companies that demonstrably adhere to EITI rules when it comes to tendering procedures, with a further advantage given to those companies that provide technical assistance and expertise during contract negotiations with developing nations about the exploitation of raw materials";
- "it will encourage developing nations who have implemented the EITI successfully to support other African nations".

2011–2020: The Dutch government provides USD 250,000 in funding to the EITI secretariat annually.

2012–2013: The Netherlands is an active member of the EITI board in a donor support group, together with France, Germany, Switzerland, Italy and the European Commission.

2012–2015: A member of staff of the Ministry of Foreign Affairs is on secondment to the EITI secretariat in Oslo.

2014: The Dutch government commissions the consultancy firm Roland Berger to update his 2010 study to reflect the actual state of affairs (please see: www.eiti.nl).

2015: The Dutch government sends two letters to the House of Representatives, in which it states its intention to implement the EITI in the Netherlands. In late 2015, the then Minister for Foreign Trade and Development Cooperation writes to the House of Representatives, also on behalf of the then Ministers of Economic Affairs and Finance, in order to announce the government's intention to put the Netherlands forward as a candidate country for EITI implementation (please see: www.eiti.nl).

2015: The Dutch government commissions Royal HaskoningDHV to carry out a scoping study for EITI implementation in the Netherlands (please see: www.eiti.nl) and a survey of civil society organisations to gauge their interest in taking part in NL-EITI.

2015: The Dutch government implements the EU Directive on the annual financial statements by publishing the Decree on Disclosing Payments to Government Entities (*'Besluit rapportage van betalingen aan overheden'*; please see: www.eiti.nl), among other things.

2016: The Ministry of Foreign Affairs tasks the Netherlands Enterprise Agency (RVO) with making preparations for EITI implementation in the Netherlands (NL-EITI). The RVO is to coordinate NL-EITI until after the publication of the first NL-EITI report in late 2019.

2016–2018: Prof. Dirk-Jan Koch, the Ministry of Foreign Affairs' special representative for raw materials, is an active member of the EITI board.

2017: The then Minister of Economic Affairs and the then Minister for Foreign Trade and Development Cooperation appoint Prof. Dirk-Jan Koch as the champion for NL-EITI (please see: www.eiti.nl).

In late 2017, those same ministers establish the multi-stakeholder group (MSG) for NL-EITI. The Dutch government is represented in the MSG by managers and/or senior members of staff at the Ministry of Economic Affairs and Climate Policy, the Ministry of Foreign Affairs, and the Tax and Customs Administration (please see: www.eiti.nl).

2018: On 17 April, the NL-EITI MSG submitted the Dutch Candidature application to the EITI Board. On 28 June, the EITI Board admitted the Netherlands as a Candidate country at its Board meeting in Berlin. The Netherlands is the fourth European country to receive this status. The Netherlands was required to publish the first EITI Report, in accordance with the EITI Standard, before the end of 2019.

2019/2020: The first NL-EITI Report was approved by the NL-EITI MSG in December and published on 14th January 2020. The Report has been set up in accordance with the EITI standard 2016 and covers the fiscal year 2017.