

# **The Rise and Demise of EITI in Iraq**

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Enthusiasm and commitment to the international Extractive Industry Transparency Initiative-EITI in Iraq gathered momentum and zeal from 2008 to mid-2013, then declined sharply afterward leading to suspending Iraq, as EITI compliant country, in 2017. Since then, Iraq EITI (IEITI) works confined to issuing the annual reports with increasing time lag between the year which each report covers and the date of releasing that report, with apparent formative and qualitative deterioration of such reporting, despite the good value of the data it contains. This indicates an alarming lack of quality control before releasing such reports. By now, and more than many months, even IEITI website has been mostly inactive and outdated.

I followed closely the development path of IEITI since its inception, published many articles on it, reviewed all and every annual report and participated in many workshops aiming at enhancing the capacity development in addressing and promoting EITI principles, working modalities, and compliance requirements, and events. These workshops and events were organized by IEITI, Revenue Watch Institute-RWI, and Natural Resource Governance Institute-NRGI among others.

At the end of this article is a list comprising my previous contributions, when and where they were published and still accessible free-of-charge, mostly written in English, a few in Arabic as well. Hence, I found no reason to repeat their contents, but the interested readers, and those who disagree with me, are highly advised to review them for further information and analysis and to be familiar with the nitty-gritty of IEITI development and why and how it comes to this disappointing and saddening eventuality.

This article aims to be the final alert, to whom it may concern, on the demise of EITI in Iraq, i.e., IEITI, hoping it motivates and prompts those concerns taking due actions to remedy such unfortunate fate; it is already too late, but it is still possible to reverse the demise.

The highly possible gradual demise of IEITI is, briefly, premised on the following alarming sets of facts:

## **First, Latest IEITI Annual Report**

- 1- The latest annual report, which is a combined covering 2019 and 2020, was prepared by the Administrator, according to the usual terminology, GGI, Geneva. The preliminary report dated September 2021, and the final report dated June 2022 was posted on IEITI website in December 2022 in Arabic only. The “English” window of IEITI website is not working, and, thus, there is no possibility to know whether there is an English copy of the report or not on the website!! The English copy, though, is posted on EITI-International Secretariat-Oslo.
- 2- Obviously, this annual report has three years lag (over 2019) and two years lag (over 2020); such time-lags reduces the relevance and usefulness of the report for any serious

policy purposes. Its only value could be confined to the data it provides, if such data are comprehensive, accurate, verifiable and are not available earlier by other sources.

- 3- The form of the Arabic copy of the report is very disappointing in more than one aspect. The typing is unclear, extremely difficult to read and very bad indeed as the words are often disintegrated to their letters (English typing style not Arabic typing format). It is full, unnecessarily, with graphical items; the emphasis on the “infographic” than clarity of the text is a major weakness of the report. The report is rather long, 180 pages, with too many referrals to other documents, adding much more pages, and some of the referred to documents are not available or accessible. Data and contents in many tables are distorted due to careless table formatting. Tables and charts are not numbered; thus it is inconvenient when referring to any of them. There were 15 months between the date of the preliminary report and posting the final report on IEITI website: implying unusually ample time that was available for checking and cross-checking of the report by the Administrator, MSG members and IEITI staff. Yet, the outcome was a disappointing unchecked poor report.

- 4- On the substantive level, there are many flaws, inaccuracies, and ambiguities. A few examples are cited here could be sufficient evidence to expose the serious weaknesses of the report as such and the entire modus operandi of IEITI.

Qayara and Baiji were listed as “market destination” together with America, Far East Asia, and Europe!!! (Page 5). This is nonsense and totally wrong; Qayara is a small field located in Nainawa Province, produces very heavy oil, was offered and contracted pursuant to second Bid Round and its development was interrupted due to Daesh terrorist activities particularly since mid-2014. Baiji, on the other hand, is a refinery complex located in Salah Aldeen province, and most of the refinery was destroyed by Daesh as well during same period.

Tables and data regarding associated gas are seriously wrong and inconsistent (on page 6 of both Arabic and English copies); first, it is dangerously deceptive to report Iraq produces more associated gas than crude oil!?!?! and second the Arabic copy denominates gas production in mmscf, while the English copy denominates the same numbers in barrels!!!

Oil Exploration Company-OEC and Iraqi Drilling Company-IDC were included as independently managing and operating oilfields (P. 10); another totally wrong categorization and these two state companies do not manage or operate any field in Iraq. They are, however, “State Partner” in the consortia of IOCs for some oilfields under the known bid rounds.

A table on pages 30/31 refers to payment donated in kind and value to listed IOCs, without mentioning the related fields. This causes confusion since some IOCs have participating interests-PI in more than one fields on one hand, and fiscal system as well as the contractual terms differ according to the bid round or outside bidding on the other. Moreover, the table includes unknown IOCs such as BOC and EBS!! This ambiguity makes it difficult to determine how accurate and true these payments were, how consistent oil pricing was, were these payments pre or post corporate income tax, among others.

Table on page 67 provides aggregated sum, per oilfield, covering “recovered cost, additional cost and remuneration fee” in US Dollars. This is methodological flaw that counters transparency purposes as the sum should be disaggregated according to these three items.

A table on pages 69/70 provides sum of corporate income tax per IOCs in Iraqi Dinnar. This is another methodological flaw that counters transparency purposes since the tax is imposed on the IOCs share in the remuneration fee and the later varies according to the signed contracts.

Data reconciliation is in fact the core of such annual reports. The report says it carried 6 different types of data reconciliation (P. 82) but provides no comparative summary regarding these reconciliations. Moreover, annex regarding DFI is not available on IEITI website, as the report asserts!!!

The report repeats, unnecessarily, much information, particularly old ones, that are already covered by previous annual reports and covers at length some laws, documents and matters for which information are already available and known; while the report either skimmed or ignored fundamental data that it should properly and sufficiently cover and did not provide necessary explanation or analysis.

The above are only a few examples of the flaws, inconsistencies, and shortcomings of 2019/20 annual report; further assessment could reveal more, much more indeed.

- 5- What mentioned above clearly indicates first, a serious lack of quality control on the part of the Administrator, and Second, the MSG members did not perform their duties to ensure accuracy, validity and useability of the report and its contents; though they had ample time to do so!

**That said, the observations and remarks should not be taken to fully undermine the importance and usefulness of some vital information, data, and referrals of the report.**

## **Second; IEITI Secretariat and work modalities**

IEITI national secretariat and its MSG- Multi Stakeholder Group are the core of IEITI that hold, should hold, full responsibility in conducting their duties guided by the norms, terms and work modalities usually required by EITI and its International Secretariat.

- 1- IEITI website is the unmistakable mirror that truly reflects what is, or is not, going on and activities of IEITI. For my usual database regular updating, I usually visit this website at least every week or two. The website was mostly mute for many weeks or even months during last half of the previous year, 2022. I wrote to three colleagues within IEITI Secretariat and associated with it about the matter; I did not get any feedback or explanation, and that deepens my worries and concerns.

- 2- As on today, 1 May 2023, a click on IEITI website' main page there is an item belongs to 2019!!, and the subject of that item have been taken over by events and became redundant long time ago!!! All items in the Arabic window, posted on that same page, are dated February 2021; and those in the English window, are related to 2020.
- 3- Under item "Reports and Publication" in the English window, "No results found" when clicking on items "Minutes of meetings" and "MSG Decisions". What this means, an intentional negligence aiming at blocking access of the public to these items!?!?. But the Arabic window of the same items provides some information. Under "Minutes of meetings" the latest are dated to 2019, and under "MSG Decisions", the latest is number 67, dated 17 September 2019!!! This is puzzling as well as disturbing. Does that mean the MSG did not convene any meeting since September 2019, and if so, what are the justification of this, large numbered, MSG? or it did hold meetings, but they did not take any decision, and if so, is this body, practically redundant? Or MSG did meet and take decisions, but nothing was documented on such meetings and their decisions? If so, why, and is it acceptable and permissible to block transparency by a transparency mandated entity!!!!????
- 4- Other windows are either empty, or obsolete timewise.
- 5- The cover page of the annual report carries contradicted names: the Arabic name of the entity is "Transparency Commission in the Extractive Industry" while the English emblem is IEITI. This is similar deviation, in the formal title of the entity, that was adopted once in 2013 but abandoned, so, why this unnecessary tampering with an internationally recognised name, i.e., EITI!!

### **Third, Absence of societal involvement and connectivity**

Nothing in the Iraqi media or social entities (CSO) reporting what indicates any impact at all of IEITI or even simple reporting on its activities or annual reports, despite the unusually large number of its MSG members and national secretariat staff.

On regional and international levels, I constantly receive emails and notices from NRGI, MENA-PWYP, EITI and others; there was nothing of substance and relevance that was posted by any Iraqi CSO regarding IEITI annual reports.

There seems to be a complete disconnect between IEITI and the local or wider society, and this violates the essence of EITI guiding principles and purposes. Absence of connectivity, lack of responsiveness and extremely poor impacts render IEITI redundant, and its continuity is nothing but a symbolic formality.

### **Fourth, EITI International Secretariat**

The newest "blog and news" was dated 28 January 2021! last Validation was in 2019 and the country had then a "meaningful progress". EITI website writes "The next Validation is expected to commence in January 2023" <https://eiti.org/countries/iraq>

As on 1 May 2023, nothing was mentioned on the said validation. But again, what is the usefulness of validating the existence of an entity that only its staff and MSG know it does exist!!

### **Fifth, what to do and the way forward to reverse demise to re-rise**

All available material evidence, facts, and lessons of history lead to two options: **either demise or re-rise.**

If IEITI continues on the current demising path of “Business as usual” primarily confined to producing annual reports written by foreign “Administrator”, but no one reads it, including IEITI’ MSG and have almost zero societal impacts, eventually leading to a regrettable demise and redundancy of IEITI.

Alternatively, the Iraqi government, represented by the Ministry of Oil and EITI-International Secretariat convene a well prepared workshop the aim of which is to reverse the demise of IEITI and making it accountable for enhancing transparency real, effective and socially impacting by completely restructuring IEITI and drastically change its unproductive working modality.

If option two is selected, I am ready to prepare a background paper with specific implementable measures, functional systemic structure, and objective independent verification mechanism.

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1 May 2023

List of my previous publications on IEITI and Transparency

### **IEITI Annual Reports Continue but Changes in Form, Quality and Substance are Crucial and Needed**

<https://www.iraq-businessnews.com/2021/12/22/jiyad-ieiti-annual-reports-continue-but-changes-are-needed/>

### **Iraq Revenue Forecasting Model- A Critical Assessment**

<https://www.iraq-businessnews.com/2021/12/14/iraq-oil-revenue-forecasting-model-a-critical-assessment/>

### **Transparency in Iraq petroleum sector- More symbolic formality than impacting effectiveness**

<https://www.iraq-businessnews.com/2020/07/13/mousa-jiyad-transparency-in-the-iraqi-petroleum-sector/> posted on 13 July 2020  
<https://www.akhbaar.org/home/2020/7/273368.html>

### **Transparency in the Arab Countries’ Upstream Petroleum Sector- Iraq as case study**

<http://www.iraq-businessnews.com/2019/09/30/transparency-in-iraqi-upstream-petroleum-sector/> posted 30 September 2019

### **Iraq EITI issues latest Annual Report**

<https://www.iraq-businessnews.com/2019/12/29/iraq-eiti-issues-latest-annual-report/> posted 29 Dec 2019

تقييم التقرير السنوي الاخير لمبادرة الشفافية في الصناعات الاستخراجية في العراق  
<https://www.akhbaar.org/home/2019/12/266345.html> posted on 29 Dec 2019

**EITI Restores Iraq's Compliance Status, with Conditions Attached, posted on 23 Oct 2019**

<http://www.iraq-businessnews.com/2019/10/23/jiyad-eiti-restores-iraqs-compliance-status/>

العراق يستعيد موقعه في مبادرة الشفافية للصناعات الاستخراجية، مع بعض الضوابط

<https://www.akhbaar.org/home/2019/10/263859.html> posted on 23 Oct 2019

الشفافية في قطاع انتاج النفط الخام في الدول العربية مع التركيز على تجربة العراق

<https://www.akhbaar.org/home/2019/10/263109.html%20%20October%202019> posted 2 October 2019

**IEITI: Making Iraq "Compliant" Again! Posted on 2 Feb 2019 on**

<http://www.iraq-businessnews.com/2019/02/02/ieiti-making-iraq-compliant-again/>

**IEITI Report on "Register of Licenses" – Another Disappointment**

<http://www.iraq-businessnews.com/2018/12/28/report-on-register-of-licenses-another-disappointment/> posted on 28 Dec 2018

**EITI Suspends Iraq Membership: A Serious Setback For Transparency That Should Be Addressed Promptly And Effectively.** The English text posted 6 Nov 2017 on IBN

<http://www.iraq-businessnews.com/2017/11/06/eiti-suspends-iraq-membership-a-serious-setback/> and the Arabic text on 4 Nov 2017

<http://www.akhbaar.org/home/2017/11/236239.html>

**IEITI and Transparency – Midyear Review,** Posted on 8 August 2016 IBN

<http://www.iraq-businessnews.com/2016/08/08/ieiti-and-transparency-midyear-review/>

**The Ministry of Oil: Reduced Transparency and the Return of Deplorable Secrecy**

Posted on 29 November 2016 IBN, <http://www.iraq-businessnews.com/2016/11/29/the-ministry-of-oil-reduced-transparency-and-a-return-to-secrecy/>

**IEITI Annual Report 2013: Again, Modest Progress but More Improvement Still Needed;** posted on 15 February 2016 and accessible through IBN website link:

<http://www.iraq-businessnews.com/2016/02/15/ieiti-annual-report-2013-again-modest-progress-but-more-improvement-still-needed/>

**IEITI Annual Report: Progress, but Improvement Still Needed (Executive Summary),**

posted on 22 December 2015 and accessible through IBN website link: <http://www.iraq-businessnews.com/2015/12/22/ieiti-annual-report-progress-but-improvement-still-needed/>

**The Finance Committee of the Iraqi Parliament: The Need for More Accuracy and Better Transparency** posted on IBN: <http://www.iraq-businessnews.com/2015/10/20/parliamentary-finance-cmte-the-need-for-more-accuracy-transparency/>

<http://www.iraq-businessnews.com/2015/10/20/parliamentary-finance-cmte-the-need-for-more-accuracy-transparency/>

**Transparency Governance in Iraq's Extractive Industry at a Crossroads.** Posted on IBN through the following link: <http://www.iraq-businessnews.com/2014/10/07/transparency-in-iraqs-extractive-industry-at-a-crossroads/>

Also published on Oil, Gas and Energy Law (subscription access) <http://www.ogel.org/article.asp?key=3519>

**Transparency in the Iraqi Petroleum Sector: Progressing But More Needs to be Done.**

Presented before *RWI-MENA Advisory Group Meeting*, Beirut-Lebanon, 31 May 2013.

**Review and Assessment of the Second Report from Iraq Revenue Transparency.** Posted on IBN <http://www.iraq-businessnews.com/2013/01/02/review-of-2nd-report-from-iraq-revenue-transparency/> 1 January 2013. Also my views in “Addicted to Oil Cash, and Seeking Help (Part 1)”, posted on 21 January 2013 on

<http://theriskyshift.com/2013/01/addicted-to-oil-cash-and-seeking-help-part-1/>

**IEITI 4<sup>th</sup> Annual Report-Pros & Cons.** Posted 6 January 2015 on IBN website:

<http://www.iraq-businessnews.com/2015/01/06/ieiti-4th-annual-report-pros-and-cons/>

**IEITI 4<sup>th</sup> Annual Report-Pros & Cons.** Posted 6 January 2015 on IBN website:

<http://www.iraq-businessnews.com/2015/01/06/ieiti-4th-annual-report-pros-and-cons/>

**IEITI Future Reports: Expectations and Challenges.**

Presentation delivered at the Oil Cultural Centre, Baghdad, Iraq, on the 4 April 2013 as part of the “**EITI Compliance & Second IEITI Report Conference**” held at Al-Rasheed Hotel on 3 April. Abstract and the PowerPoint slides were posted on IBN website: <http://www.iraq-businessnews.com/2013/04/08/ieiti-future-reports-expectations-and-challenges/>

**Transparency and Accountability are needed and Circumventing the Parliament is Against National Interests.** Posted on Energy Intelligence on November 2008

<http://www.energyintel.com/n/portal/do-the-bidding-parameters-and-criteria-ensure-fair-competition-in-the-petroleum-licensing-round.aspx>

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