



Extractive Industries
Transparency Initiative



Guyana



Summarised, Plain English Version
of the Guyana Extractive Industries
Transparency Initiative (GYEITI)
Report for Fiscal Year 2018

GYEITI FY 2018
Full Report Published
April 2021



CONTENTS

ACKNOWLEDGEMENTS	3
ABBREVIATIONS & ACRONOYMS	4
TERMINOLOGY	5
INTRODUCTION & BACKGROUND	7
THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)	9
GUYANA EXTRACTIVE SECTOR	13
KEY HIGHLIGHTS OF THE GYEITI 2018 REPORT	15
IMPLEMENTATION GAPS & RECOMMENDATIONS	19
OTHER KEY HIGHLIGHTS & ACTIONS IN THE GYEITI FY 2018 REPORT	35

GYEITI Contact Information:

Guyana Extractive Industries Transparency Initiative
(GYEITI)

55 Main Street, Georgetown, Guyana

Email: gyeiti@gyeiti.org

Phone: (592) 2312504-5 Ext. 314-7

Facebook: Guyana Extractive Industries Transparency
Initiative | Facebook

©:2021 Guyana Extractive Industries Transparency
Initiative

ACKNOWLEDGEMENTS

This Report simplifies and summarises the second Guyana Extractive Industries Transparency Initiative (GYEITI) Report for Fiscal Year (FY) 2018, for easier understanding of the information contained therein.

The GYEITI comprising the Multi-Stakeholder Group (MSG), and the National Secretariat expresses its appreciation to the persons who have contributed to the report for FY 2018. development.

We acknowledge and thank the Independent Administrator for technical input and general guidance in the compilation of the report.

GYEITI sincerely thanks the United States Agency for International Development (USAID) through its Guyana Extractive Sector Transparency (GYEST) Project, being implemented by the Pan American Development Fund (PADF), for financial support towards the preparation of the summarised plain English version of its FY 2018 Report.

Particularly GYEITI expresses appreciation to Ms. Volderine Hackett, the consultant it hired to produce this report and the effort and support entailed in making this summarised publication a truly collaborative effort.

August 28, 2021



Photo Credits:

Cover images: <https://www.stabroeknews.com/>, <http://goinvest.gov.gy>, <http://emcguyana.com>

Page 6: <http://energyfactor.exxonmobil.com>

Page 8: <http://goinvest.gov.gy>

Page 13: <http://goinvest.vog.gy>

Page 15: <http://fpdmc.gov.gy>

ABBREVIATIONS & ACRONOYMS


AGM Inc. -	Aurora Gold Mines Incorporated
DoF -	Department of Fisheries
EEPGL -	Esso Exploration and Production Guyana Limited
EITI –	Extractive Industries Transparency Initiative
EPA -	Environmental Protection Agency
GYEITI -	Guyana Extractive Industries Transparency Initiative
GDP -	Gross Domestic Product
GFC -	Guyana Forestry Commission
GGB -	Guyana Gold Board
GGMC -	Guyana Geology and Mines Commission
GRA -	Guyana Revenue Authority
FY -	Financial Year
MoA -	Ministry of Agriculture
MoF -	Ministry of Finance
MNR -	Ministry of Natural Resources
MSG -	Multi-Stakeholder Group
NICIL -	National Industrial and Commercial Investments Limited
NIS -	National Insurance Scheme
PADF -	Pan American Development Foundation
TIN -	Taxpayer Identification Number
USAID -	United States Agency for International Development

TERMINOLOGY

The following Terminology is used for the GYEITI report covering the fiscal year 2018

Terms and Definitions

Beneficial owner:	A natural person or persons who ultimately exercise individually or jointly voting rights representing at least twenty-five per cent of the total shares, or otherwise have ownership rights of a legal entity; or ownership by a natural person or persons who ultimately owns or controls a customer or the person on whose behalf a transaction is being conducted and includes those persons who exercise ultimate effective control over a legal person or arrangement directly or through a trustee, legal representative, agent or other intermediary.
Contract:	The full text of any contract, concession, production-sharing agreement or other agreement granted by, or entered into by, the government which provides the terms attached to the exploitation of oil, gas and mineral resources. It includes the full text of any annex, addendum or rider which establishes details relevant to the exploitation rights.
Extractive entities:	Extractive entities in this report refers to mining entities, Oil and Gas companies as well as the gold dealers.
License:	EITI Requirement 2.3 defines the term 'license' as being any license, lease, title, permit, contract or concession by which the government confers on an entity rights to explore or exploit oil, gas and/or mineral resources.
Materiality:	Materiality definitions and thresholds are agreed by the GYEITI Multi-Stakeholder Group and above which payments and revenues are considered material and therefore must be disclosed. Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the disclosures.
Multi-Stakeholder Group:	This is the decision making body of all national EITIs. The Multi-Stakeholder Group comprises nominated representatives of all three designated sectors – Government, Industry and Civil Society – as defined by the EITI Standard.
Systematic disclosure	Refers to mainstreaming of information where the EITI's disclosure requirements are met through routine and publicly available company and government reporting

An aerial photograph of a large offshore oil rig, viewed from a high angle. The rig is a complex of steel structures, including a helipad on the left with a white 'H' and 'OFFSHORE' markings. The rig is situated in the middle of the ocean under a cloudy sky. The entire image is overlaid with a semi-transparent red color. The text 'INTRODUCTION & BACKGROUND' is centered in white, bold, sans-serif font.

INTRODUCTION & BACKGROUND

INTRODUCTION & BACKGROUND

Every country that is a member of the Extractive Industries Transparency Initiative (EITI) is required to produce and publish an annual report covering the payments made by extractive entities, revenues received by Government agencies and other material payments and benefits to Government agencies as per Requirement 4.1 of the EITI Standard.

In order to allow for adequate time for the collection and verification of the required information - EITI reports are for the Fiscal Year of the two preceding years - the GYEITI report referenced here is for FY 2018. Due to COVID challenges in 2020, all EITI countries were afforded additional time to compile the reports. The GYEITI FY 2018 report was therefore completed and submitted at the end of March 2020 and forthwith published.

This document gives in plain language, the content of the Guyana Extractive Industries Transparency Initiative (GYEITI) Report for the fiscal year 2018. It summarises key information contained in the report related to the extractive sector and is organised to provide:

- 1 An overview of the Extractive Industries Transparency Initiative (EITI): What it is, how it relates or benefits Guyana and Guyanese.
- 2 A background of Guyana's extractive sector: What it is, how it operates, who are involved, what are its direct and indirect benefits to Guyanese.
- 3 An explanation of the main issues in the EITI process and how these are addressed in the 2018 Report.
- 4 The main implementation gaps and recommendations to address them



**THE
EXTRACTIVE INDUSTRIES
TRANSPARENCY INITIATIVE
(EITI)**

1. THE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (EITI)

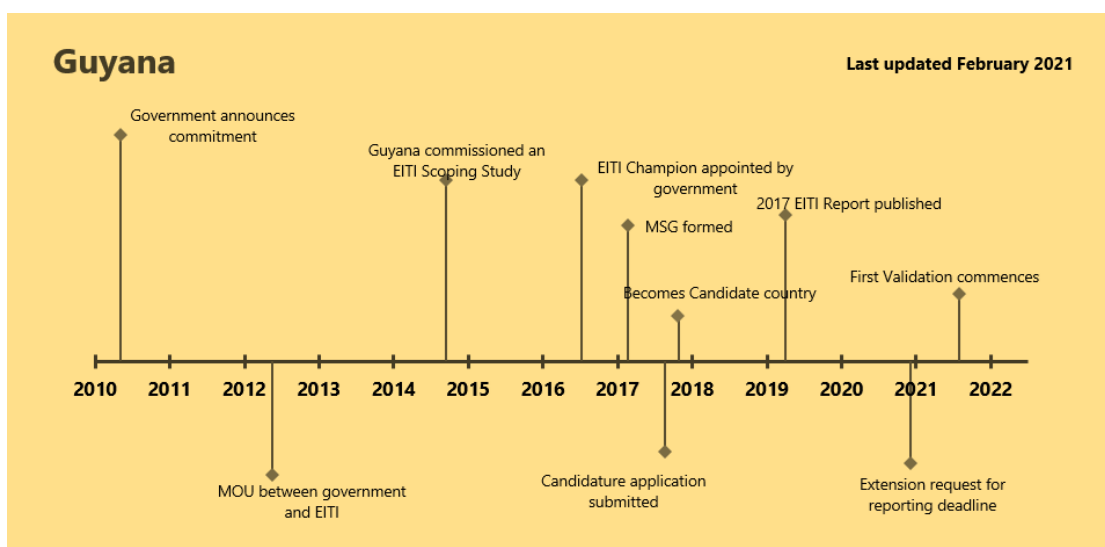
The EITI is an international world-wide standard for openness and transparency in the way companies do business in the extractive sector. Countries implementing this Standard are obligated to meet a number of requirements first as EITI Candidates and then as an EITI Compliant country. The Standard is overseen by the EITI Board which comprises 20 members, representing implementing countries, supporting countries, civil society organisations and investors. The EITI Standard is reviewed and revised every three years¹

In each Implementing Country, the EITI is supported by a Multi-Stakeholder Group (MSG). The MSG comprise representatives from government, extractive sector and civil society organisations working together. The MSG makes the decisions.

This EITI Standard encourages countries to use existing reporting systems for EITI data collection and make the results transparent at source. The Standard encourages systemic disclosure of relevant information and upgrading/updating of legislation to improve transparency and accountability and public debate on related matters pertinent to the extractive industries. The 2019 Standard introduced new aspects on environmental, social, and gender impacts. It also breaks ground for the disclosure of the identity of the true owners – the ‘beneficial owners’ – of companies that have obtained rights to extract oil, gas and minerals starting from 2020.

Guyana

Guyana became an Implementing Country on October 25, 2017 as shown in the following diagram.



¹ The 2019 EITI Standard became applicable on 1 January 2020. It is the sixth version since the EITI Principles were agreed in 2003, and can be found at: (https://eiti.org/files/documents/eiti_standard2019_a4_en.pdf).

The Guyana Extractive Industry Transparency Initiative (GYEITI) is responsible for implementing the EITI Standard. It comprises a Multi-Stakeholder Group (MSG), of eight persons from each of the three sectors: four main representatives and four alternates each from the extractive industries, government and civil society. The MSG is mandated to make decisions by consensus and it is the decision-making authority. It is supported by the Secretariat with competent staff whose responsibility is to implement the decisions of the MSG and manage the day-to-day operations of the GYEITI.

Priorities and Progress to date:

The MSG has identified the following priorities for the GYEITI:

- An enabling environment within the extractive industry in Guyana
- Enhanced relationship with the citizenry of Guyana, as owners of the resources, and the Extractive Industries
- A comprehensive system to ensure perpetual, sustainable corporate social responsibility
- Accurate reporting of revenue and payments from natural resources extraction and beneficial ownership within the industry supported by sound data collection and management.

The GYEITI continues to make steady incremental progress. In its four years of existence, it has recorded a number of milestones, which essentially has sought to:

- Develop and strengthen its administrative and policy platforms. These include:

- Special working groups to accelerate its work programme and agenda. These groups include but are not limited Materiality and Data Analysis; Legal, Regulatory and Institutions Framework Review; Communications and Public Outreach; and Finance and Budget
- Approved reporting templates and guidelines in use for enhancing consistency in reporting;
- Beneficial Ownership Roadmap. As part of the process in October 2019 GYEITI successfully conducted a special capacity building Beneficial Ownership workshop with assistance from the EITI International Secretariat.
- The GYEITI Communications, Media and Public Relations Policy and Protocol.

Create and maintain an effective information and communications platform to improve information sharing in the industry, and with the public. Initiatives include: -

- Three Annual Progress Reports,
- A website, which continues to be enhanced, for wider dissemination of information
- Series of outreach and advocacy initiatives, nationally and internationally, to provide greater visibility for the work of GYEITI and to benefit from lessons learnt.

A photograph of a worker in a forest, wearing a white hard hat, safety glasses, and a high-visibility vest, using a chainsaw to cut a large tree trunk. The scene is set in a dense forest with many trees and foliage. The image has a green color cast. The text "GUYANA EXTRACTIVE SECTOR" is overlaid in white, bold, sans-serif font in the center of the image.

GUYANA EXTRACTIVE SECTOR

2. GUYANA EXTRACTIVE SECTOR

Guyana's extractive sector covers non-renewable natural resources and two renewable resources impacted by extractivism - namely forestry and fisheries. The sectors covered in this report therefore include:

oil and gas exploration;

quarrying , bauxite, and gold and diamond mining;

forestry and fisheries.

The report covers primarily oil and gas exploration and quarrying, bauxite, gold and diamond mining; and includes contextual information for the forestry and fishery sectors.

The Extractive Sector makes a significant contribution to Guyana's economic and social development. In 2018, this sector collectively was responsible for 18.2% of total employment.

Its contribution to Guyana's economy included:

A Gross Domestic Product (GDP) of GYD 158.23 billion or 17.7% of total GDP² from the forestry, fisheries, mining, oil and gas sectors.

Government's revenues from the four sectors, totaling GYD 27.63 billion or 11.3% of total domestic revenues

Exports from the four sectors valued GYD 213.24 billion or 74.4% of total exports

GDP²

KEY HIGHLIGHTS OF THE GYEITI 2018 REPORT

² The Bureau of Statistics revised the determination method of GDP and updated the base year of prices from 2006 to 2012. It published the GDP by economic activity current-prices at the following link: [Rebasing Exercise Report Base Year 2012.pdf \(statistics.guana.gov.gy\)](#).

3. KEY HIGHLIGHTS OF THE GYEITI FY 2018 REPORT

EITI requires publishing comprehensive reports. This includes full disclosure of government revenues from the extractive sector, as well as disclosure of all material payments made to the government by companies operating in this sector.

The objective of the 2018 FY Report was to provide an understanding of the extractive sector's level of contributions to the economic and social development of Guyana. It is expected that such understanding will improve transparency and good governance at all levels of the industry value chain. The principles and objectives of the EITI and its implementation are detailed in the EITI Standard.

Revenue Generated and Analysis of the Data

Total extractive revenue is made up of reconciled revenues after adjustments, unilateral disclosure of payments by extractive entities and unilateral disclosure of revenues by government agencies. Data analysed for 2018, indicate the following contributions:

- **Revenues by companies:** Five (5) extractive entities contributed approximately 60% of the total extractive revenues. Esso Exploration and Production Guyana Limited (EEPGL) and AGM Inc.³ accounted for almost 26% and 11%, respectively.
- **Total revenues contribution by revenue stream:** The top three payment streams represent 61% of the total extractive revenues. **Royalties** accounted for 29%. **Withholding tax** and **Pay as You Earn** accounted for 26% and 5% respectively.
- **Revenue contribution by government agency:** The Guyana Revenue Authority collected the largest amount of revenues (46%), followed by the GGB (25%)
- **Revenues contribution by sector:** The mining sector contributed 66% of the total extractive revenues during the FY 2018. Oil and gas sector, 27%, forestry 5%, and Fisheries 2%

³ AGM Inc. formerly known as Guyana Goldfields is now, as of 2020, a fully owned subsidiary of Zijin Mining Group Company Ltd.

MATTERS RELATED TO EITI COMPLIANCE

Scope of the Data Collection and Reconciliation:

The GYEITI MSG agreed to include quarrying, bauxite, gold and diamond mining and oil and gas in the reconciliation scope as well as information on forestry and fisheries. Based on the revenue structures collected by the GGB, GGMC and the MoF, the GYEITI MSG agreed to include extractive entities that made payments over the materiality threshold of GYD 60,000,000 to GGB, GGMC and MoF.

The process for EITI reconciliation involved:

- Conducting a study to determine the scope of the exercise and the design of the reporting templates. The study identified matters relevant to the scope of the GYEITI Report (FY 2018) and was presented to and approved by the GYEITI MSG. Such matters included:
 - materiality threshold for receipts and payments, that is, the amount or percentage to determine if a company or a payment is significant to an outcome;
 - taxes and revenues to be covered;
 - extractive entities and government agencies to be included in the report;
 - reporting templates to be used; and
 - assurances to be provided by reporting entities to ensure the credibility of the data.
- Comparing amounts reported by government agencies and extractive entities to determine discrepancies between the two sources of data.
- Contacting government agencies and extractive entities to resolve any discrepancies identified.
- Comparing figures reported by extractive entities item-by-item to figures reported by government agencies. Consequently, all discrepancies identified have been listed item-by-item in relation to each government agency and extractive entity;
- Where data reported by extractive entities agreed with the data reported by government agencies, the government figures were considered to be correct and no further action was undertaken.

- Requesting government agencies and extractive entities to provide supporting documents and/or confirmation for any adjustments to the information provided on the original data collection templates.
 - In cases where it was not possible to resolve discrepancies, reporting entities were contacted directly for additional supporting documentation evidencing the payments declared. In certain cases, these differences remained unresolved.

Unilateral Disclosure of Revenue Streams

- **EITI Requirement:** Unilateral disclosure of revenue streams. EITI Requirement 4.1.d, requires government agencies to provide aggregate information on total revenues received from each of the benefit streams agreed in the scope of the EITI report. These include revenues that fall below the agreed materiality threshold. Government agencies are also required to unilaterally disclose aggregated revenue streams collected from extractive entities that have not been included in the reconciliation scope. Extractive companies have unilaterally disclosed social and environmental contributions paid to third parties in accordance with EITI Requirement 6.1.a.

Guyana Status FY 2018

- **Total unilateral disclosure** was GYD 27,634,095,000. Of this amount, disclosure by government agencies totalled 27,029,954,265⁴, social and environmental contribution 604,140,735 and unilateral disclosure by extractive entities 27,634,095,000.
- **Unilateral disclosure by government agencies:** The unilateral disclosures by government agencies in the amount of 9,197,347,880 are summarised by sector contribution as follows:
- **Social and environmental expenditure disclosed by extractive entities:** Extractive companies declared adjusted social contributions in cash totalling GYD 604,140,735 for the year 2018. Social payments consist of all contributions made by extractive companies to promote local development and to finance social projects in line with EITI Requirement 6.1. This Requirement encourages multi-stakeholder groups to apply a high standard of transparency to social payments and transfers. The parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, include the recognition that these payments may be reported even though it is not possible to reconcile them.

⁴ The reconciled figure is 17,832,606,385



IMPLEMENTATION GAPS & RECOMMENDATIONS

4. IMPLEMENTATION GAPS AND RECOMMENDATIONS

The EITI Standard requires taking steps to act upon lessons learnt with a view to strengthening the impact of EITI implementation on natural resource governance.

The GYEITI FY 2018 Report reflected the following status of GYEITI implementation and provided the related recommendations to improve Guyana's EITI implementation and reporting processes.

Systematic Disclosure of EITI Data

EITI Requirement 7.2 encourages systematically disclosed data to be made machine readable and inter-operable, and to code or tag disclosures and other data files, so that the information can be compared with other publicly available data.

Guyana Status FY 2018:

- The GYEITI data disclosed in the 2018 report were collected from different sources, including relevant Government agencies. However, contextual information on the extractive sector, data on revenues collected and budget allocations were not systematically published on a centralised platform.
- The Guyana Forestry Commission (GFC) annual reports contain relevant information addressing contextual information on the forestry sector which are not yet accessible as an open data portal. GGMC and the Department of Fisheries of the Ministry of Agriculture have annual reports on the mining and fisheries sectors respectively. However, the reports are not accessible online.

Recommendation 1

A roadmap for the implementation of an open data system that centralises all GYEITI data. Such a roadmap should provide a clear open data policy on the access, release and re-use of GYEITI data. Government agencies and extractive entities are expected to publish GYEITI data under an open license, and to make users aware that information can be reused without prior consent as required by Requirement 7.2.(a) of the EITI Standard.

Recommendation 2

Government agencies should set-up an open GYEITI database in the government systems and have postings on the GYEITI website by:

- implementing and upgrading a cadastral system with adequate details such as data about valid licences, coordinates, licensee and the beneficial owners of the companies; and
- enhancing the current management information systems of the Government agencies involved in the GYEITI process, (i.e. GRA, GGB, GGMC, NIS, EPA, MoF, GFC, DoF, NICIL) in order to allow, among other benefits, systematic publication of EITI data required to be published.

Note on the GYEITI Website: The GYEITI website presents useful information: This includes publication of the full annual GYEITI Reports for FY 2017 and FY 2018, the current EITI Standard (2019) other required disclosures when these are available, as well as press releases from GYEITI, and other publications from press and media, the government and industry and opinions from the general public related to extractive industries. The EITI Standard encourages robust public debate.

Use of Unique Identification Number

EITI Requirement: Use of unique identification number for all government agencies (EITI Requirement 4.1.b)

- ➔ Section 60A of the Income Tax Act (2019) states that any person who makes an application for or is issued any permission, license, authority or any such other document by any government department may be required to furnish the person processing the application or issuing the document with the taxpayer identification number.
- ➔ However, it was reported that government agencies including GGMC, GGB, NIS and EPA do not include the Taxpayer Identification Number (TIN) which identifies all payments of the same taxpayer. In addition, the names of some taxpayers are spelt differently in different payment records such as in the list of licenses and statement of receipts) of the same Government Agency (GGMC, GGB). This can lead to inaccurate compilation of revenues collected by one Government Agency from the taxpayer.
- ➔ Further, it was reported that the GRA is unable to match the list of licensed extractive entities with its records, unless unique identifiers such as TIN, dates of birth, addresses, national identification numbers are used. Similarly, NIS which collects revenues not specific to the extractive sector, uses an identification number for each taxpayer. As a result, it has to rely on the names of extractive entities in order to identify the corresponding revenues it collected from active license holders. Such matching, it was reported, can lead to compilation of inaccurate revenues collected by different government agencies from the taxpayer.
- ➔ The Report pointed out that such weaknesses could result in a biased materiality analysis, and would not allow for the accurate identification of the extractive entities making significant contributions towards Government revenues.

Recommendation

A previous recommendation (FY 2017) was restated that government agencies, in particular: GGMC, GGB, NIS and EPA should keep records of the TIN as required by the Income Tax Act (2019), rather than using names or different reference numbers for identifying taxpayers. This would lead to an efficient tracking of receipts and ensure the harmonisation of databases of different authorities.

Public Disclosure of a Register of Licenses

EITI Requirement: Public disclosure of a register of licenses (EITI Requirement 2.3)

The EITI Standard requires implementing countries to maintain a publicly available register or cadastre system with the following up-to-date and comprehensive data regarding each of the rights pertaining to companies included in the EITI Report:

- Name(s) of license holder(s);
- Coordinates of the licensed area;
- Date of application, date of award and duration of the license; and
- In the case of production licenses, the commodity being produced.

Guyana Status FY 2018:

- A centralised cadastre system does not exist as stipulated by the EITI Standard for licenses and permits which were active during 2018. Additionally, separate lists of licenses and permits which were active during 2018 were maintained manually by GGMC, resulting in the following weaknesses:
 - TINs of the extractive entities were not stated and, as a result, it was difficult to identify the entities, especially those without identification number. The only means of identifying the licenses awarded to a same license holder was by the entity's name, which was misspelt from license/permit/claim to another. This could lead to an inaccurate compilation of data by license/permit holder. It may also not allow GGMC to conduct a proper analysis of the rental fees due by each extractive entity.
 - The lists did not necessarily include the names of extractive entities for which the Guyana Gold Board (GGB) reported production.
 - Data on the licensed area detailing the coordinates and surface in the licenses, dates of application, dates of award, duration of the license, were not systematically stated for each.
 - License details. The information is yet to be compiled electronically by GGMC from the hardcopies.
 - The lack of centralised and up-to-date mining cadastre which summarises all the concessions/licensed coordinates in a single national data system may not allow GGMC to ensure efficient oversight of the extractive sector as well as to allow GRA to match its records of taxpayers operating in the sector.

Recommendation 1

A previous recommendation (FY 2017) was restated highlighting the comprehensiveness of the licenses registry system as being extremely important to ensure its completeness for the scope of GYEITI reporting.

Recommendation 2

GGMC should undertake an inventory of all active licenses to complete all relevant details for each license as required by the EITI Standard. Once the register of licenses is comprehensive, GGMC should ensure that the cadastre is kept up to date and that all data on licenses is systematically recorded therein.

Recommendation 3

The register of licenses and permits should include the TIN of current license holders rather than using companies' or individuals' names. TINs allow the tracking of payment collections efficiently, which would facilitate the corroboration of data on the payment lists as well as communication between Government agencies.

Recommendation 4

The development of the online cadastral portal should be expedited in order to make the publicly available cadastre easily accessible online. This could be implemented by developing a public cadastre that includes systematically all required detail for each type of licenses including the licence holder details, the coordinates, the type of mineral extracted, the application date, the granting date, the expiry date, the corresponding production details, and royalties paid. The GYEITI may be inspired by experiences from other EITI countries such as:

- Malawi: The mining cadastral portal⁵ for the management of licences; and
- Democratic Republic of Congo: The open data portal⁶ for the reconciliation and EITI data disclosure.

⁵ <https://portals.landfolio.com/Malawi/>

⁶ <http://itierdc-data.masiavuvu.fr/donnees-itie/>

Public Disclosure of Mineral Agreements

EITI Requirement: In accordance with Requirement 2.4 (a) countries implementing EITI are required to disclose all contracts and licenses that have been granted, entered into or amended from 1 January 2021. Implementing Countries are encouraged to publicly disclose all contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.

Guyana Status FY 2018:

- ➔ The Guyana Mining Act (1989) does not include any express restrictions on the public disclosure of mineral agreements and licenses by the government. Additionally, the mineral agreement signed with “Aurora Minerals” on 18 November 2011 is silent about restrictions on the public disclosure of the mineral agreement. However, mineral agreements are not currently accessible online.

Recommendation 1

A similar recommendation was made in the previous GYEITI report and is restated - suggesting that the GYEITI Secretariat maintain an archive of copies of all active mineral agreements which can subsequently be included on the GYEITI website.

Recommendation 2

Prior to the above-mentioned, the GYEITI should set out a short-term work plan for the electronic publication of all mineral agreements in the mining sector. This work plan may include the following:

- Defining how the electronic publication of mineral agreements can be undertaken and consider using the GYEITI official website.
- The steps required for all mineral agreements to be published electronically and how to make these accessible to the public.
- A realistic short term timeline as to when such data could be available.
- Performing a review of the institutional or practical barriers that may prevent such electronic publication.

Accuracy and Comprehensiveness of Data included in the Reporting Templates

EITI Requirement: Accuracy and comprehensiveness of data included in the templates (EITI Requirements 2.5 and 4.1.a)

Guyana Status FY 2018:

Reporting templates from extractive entities and government agencies were not adequately prepared. Several weaknesses noted during the GYEITI reconciliation process are set out below:

- Companies and government agencies must report detailed payment flows by receipt number, as this information is vital for reconciliation work. However, in some cases:
 - extractive entities reported aggregated figures without providing the required level of breakdown by receipt number and by payment stream;
 - details of payment flows reported by GGB did not include any receipt numbers for several revenue flows as requested by the instructions for completing the reporting templates; and
 - extractive entities did not report receipt numbers as requested in the instructions, but referred to internal payment references instead;

- Several reporting templates submitted by extractive entities did not include information on:
 - comprehensive details on their beneficial ownership⁷
 - export details⁸ and
 - production details⁹

These shortcomings led to material unreconciled differences in the report¹⁰

⁷ as set out in Annex 4 of the full report

⁸ such as mentioned in Annex 12 of the full report

⁹ such as shown in Annex 8 of the full report

¹⁰ as detailed in Section 5.3 of the full report

Recommendation 1

A similar recommendation made in the GYEITI FY 2017 report is restated, which is that future reconciliation exercises should allow extractive entities and government agencies to devote ample time in the preparation of their respective reporting templates as agreed by the GYEITI MSG.

Recommendation 2

All reporting entities should be made aware of the importance of the EITI data they provide and that due care and attention is paid during the preparation of these reporting templates.

Waiving Legal Confidentiality Provisions

EITI Requirement: Waiving legal confidentiality provisions (EITI Requirement 4.1.d).

Guyana Status FY 2018:

- In accordance with Section 23 (1) of the Guyana Revenue Authority Act (1996) and Section 4 of the Income Tax Act (1929), GRA is not allowed to disclose information on individual taxpayers to unauthorised persons.
- Given the confidentiality terms mentioned above, GRA confirmed that it received revenues from over 700 taxpayers operating in the extractive sector without disclosing their identities. GRA's recording system is, however, not integrated with that of GGMC. As a result, there is no assurance that the statement of GRA's revenues included comprehensive payments and revenues from active license holders operating in the extractive sector; or any assurance that revenues not related to the extractive sector have been excluded.

- Additionally, given the lack of TIN and the identity of the taxpayers in GRA’s statement of revenues, it was not possible to match the list of taxpayers with that of license/permit holders in order to ensure comprehensiveness of the extractive revenues collected by GRA. As a result, the total revenues declared by GRA as being collected from extractive companies may exclude several taxpayers operating in the extractive sector who make material payments to the Government.
- In order to overcome the legal confidentiality constraints during the GYEITI reconciliation process, extractive entities were asked to sign waivers to allow GRA to submit reporting templates. GRA was therefore able to submit reporting templates for eleven extractive entities out of the fifty-nine extractive entities retained in the reconciliation scope as detailed in Section 4.2 of the GYEITI FY 2018 report.

Recommendation

A recommendation made in the GYEITI FY 2017 report and reiterated in FY 2018 (Section 7.14), highlighted the need for the Government of Guyana to amend Section 23 (1) of the Revenue Authority Act (1996) and Section 4 of the Income Tax Act (1929) to allow the information required for EITI reporting to be disclosed to the Independent Administrator for the purpose of compiling GYEITI reports.

Data Quality and Assurance

EITI Requirement: Data quality and assurance (EITI Requirements 4.9 and 4.1.e)

EITI Requirement 4.9 requires an assessment of whether the payments and revenues are subject to credible, independent audit, following international auditing standards. EITI Requirement 4.1.e requires that companies publicly disclose their audited financial statements, or the main items where financial statements are not available.

Guyana Status FY 2018:

- ➔ As part of the procedures to ensure the reliability of the data reported to the Independent Administrator during the reconciliation process, reporting entities were requested to provide signed copies of their reporting templates, a confirmation by the Auditor General for government agencies, along with a copy of their audited financial statements for the year.
- ➔ Some government agencies and extractive entities did not provide the required assurance processes.

Recommendation:

A similar recommendation made in the previous Report is restated which is that the instructions for successive reporting emphasise the importance of complying with this provision of signature and certification of templates by auditors according to the requirements of the EITI Standard. Efforts should also be made to ensure that reporting entities are adequately notified about the requirements.

Enhancing the Reporting Entities' Participation

EITI Requirement: Enhancing the reporting entities' participation (EITI Requirement 1.2)

Guyana Status 2018:

- ➔ The current statutes in Guyana do not make EITI reporting mandatory. The entities retained in the reconciliation scope benefited from a training workshop in the week starting 4 January 2021 and the revenues reconciliation phase ended on 12 February 2021. Forty-one (41) identified extractive entities out of the fifty-nine (59) did not submit their reporting templates within this period.

- Given the lack of reporting templates received from both government agencies and extractive entities, it was not possible to ensure the comprehensiveness of the revenues collected from the extractive entities.

Recommendation 1

A recommendation made in the previous GYEITI report (Section 7.11) which suggested that the GYEITI liaise with their constituency groups to raise awareness of the importance of participation amongst reporting entities and ensure an adequate timeline for submitting reporting templates within the set deadlines, notwithstanding, the significant efforts already made in this respect.

Recommendation 2

The GYEITI should agree on a clear open data policy on the access, release and re-use of GYEITI data. Government agencies and companies would be expected to publish GYEITI data under an open license, and to make users aware that information can be reused without prior consent as stated in EITI Requirement 7.2.a.

Recommendation 3

In the longer term, a review of the mining regulations should be carried out to include provision with regards to required GYEITI reporting such as:

- reporting obligations for extractive entities while specifying the level of disaggregation of the data to be submitted; and
- sanctions which could be imposed against extractive entities in the event of non-compliance or false declarations.

Recommendation -

In the short term, application and renewal forms for mining licenses and permits should explicitly include a declaration of consent to disclose information required for compliance with EITI reporting and that such information be made available in a disaggregated, project-by-project, format.

Accuracy of Export Data

EITI Requirement: Accuracy of export data (EITI Requirements 3.3)

EITI Requirement 3.3 refers to the disclosure of export data for the fiscal year covered by the EITI Report, including total export volumes and the value of exports by commodity, and when relevant, by state/region of origin.

Guyana Status 2018:

- ➔ Government agencies' records on exports were different from one another as well as from the companies' records. We understand that GGB does not systematically crosscheck exports data against GRA's records to identify the potential discrepancies.

Recommendation

GRA and GGB should implement automated controls to ensure the comprehensiveness of export data reported by mining entities and to develop analysis tools to ensure consistency of exports data. This may include:

- putting in place a computerised system allowing the update and oversight of this data;
- collecting data from mining companies on a common and accessible IT platform for the relevant government agencies; and
- performing monthly control of export data collected from government agencies to prevent discrepancies.

Accuracy of Production Data

EITI Requirement: Accuracy of production data (EITI Requirements 3.2)

EITI Requirement 3.2 requires the disclosure of production data for the fiscal year in the EITI Report, including total production volumes and the value of production by commodity.

- The Guyana Gold Board (GGB) and Guyana Geology and Mines Commission (GGMC) are the government agencies responsible for collecting reliable production data to assess the companies' liabilities in terms of royalties due and the subsequent monitoring of their payments.

- GGMC Mines Division is responsible for enforcing the legal obligations of miners to report production and to avoid illegal mining on mineral properties without the approval of the Commissioner, unregulated mining on Amerindian titled lands. The legislation allows GGMC to use administrative measures followed by removal exercises to address non-compliance and breaches made by miners. The administrative tools include:
 - Warnings;
 - Citations for breach (Regulation 240);
 - Cease Work Order (Regulations 98, 214, 121, and 13(3));
 - Order to Remove from Claim; and
 - Order to Remove Illegal Shop to Landing.

- The challenges for enforcing miners to comply with legal provision in terms including reporting productions include lack of resources of government agency such as:
 - information system that allows officials to access a real time updated database to determine the status of mining claims during field verification;
 - availability of transport fleet for officials to facilitate inspections and communication with mining entities; and
 - low staff number compared to the high number of operations to monitor using non-computerised information.

**Recommendation
1**

We recommend that the Guyana Gold Board (GGB) and Guyana Geology and Mines Commission (GGMC) ensure monthly follow up and reconciliation of production data declared by the companies and collected by GGB.

**Recommendation
2**

Both Government agencies referred to above should be adequately equipped to enable them to perform their functions by exercising adequate control on the production figures declared by the extractive companies.

**Recommendation
3**

GGB and GGMC should:

- set up a control on the data collected or provided by the extractive companies;
- implement a computerised system to monitor and update the data on a monthly basis to ensure the comprehensiveness of the production data reported by extractive companies.

This would assist GGB and GGMC with the reconciliation of royalties, other tax payments, and production data as well as to investigate any discrepancies arising from these reconciliations.

Allocation of Licenses and Permits

EITI Requirement: Allocation of licenses and permits (EITI Requirement 2.2)

EITI Requirement 2.2.(a) warrants the disclosure of information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report, including: a description of the process for transferring or awarding the license; the technical and financial criteria used; information on the recipient(s) to whom the license has been transferred or awarded, including consortium members where applicable; and any non-trivial deviations from the applicable legal and regulatory frameworks governing license transfers and awards.

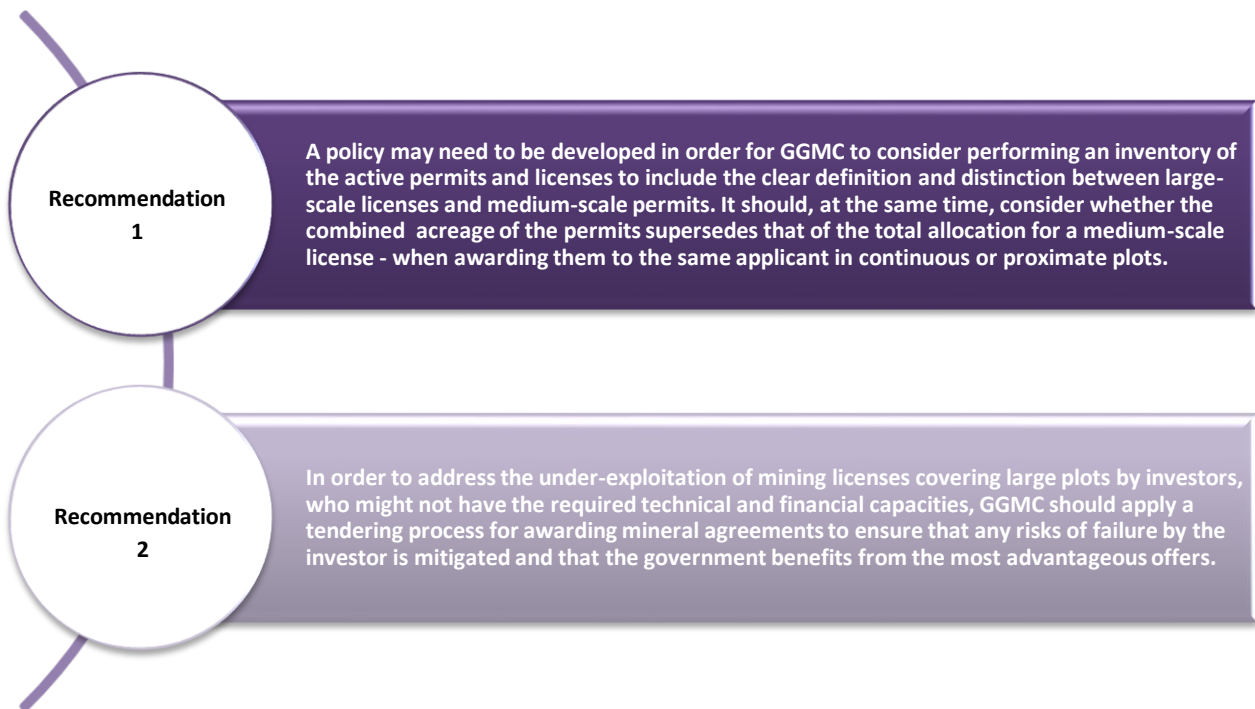
Guyana Status FY 2018:

Regulations n°20 of the Mining Act (1989) defines large-and-medium scale mines as follows:

- Large-scale mine is the subject of a Mining Licence and from which a minimum volume in excess of 1000m³ of material, inclusive of any overburden, is excavated or processed as an aggregate in any continuous twenty-four-hour period;

- Medium-scale mine is the subject of a Mining Permit and from which a volume in excess of 200m³ but less than 1000m³ of material, inclusive of any overburden, is excavated or processed as an aggregate in any continuous twenty-four-hour period.

- GYEITI FY 2017 Report (Section 7.6) highlighted the fact that several mining permits covering plots in the same location as per GGMC list of permits had been awarded to the same applicant, following the award process of medium scale mining permits. The total combined acreage of several mining permits awarded to a same applicant exceeded 1,200 acres which is the maximum surface for a medium-scale mining permit as per the Regulations n°20 of 1989.
- Furthermore, the Mining Act (1989) allows the Commission to conclude agreements with applicants through direct negotiation without any requirement to follow any tendering procedures.





**OTHER KEY
HIGHLIGHTS & ACTIONS
IN THE
GYEITI FY 2018 REPORT**

5. OTHER KEY RECOMMENDATIONS & ACTIONS IN THE GYEITI FY 2018 REPORT

Mainstreaming Open Data & Transparency:

- ➔ Build capacity and creating greater awareness among Government officials on transparency and open data policy
- ➔ Formulate a manual and implement procedures for Government agencies to adhere to the principles of cost-effectiveness, timeliness and quality of data systems
- ➔ Review and upgrade tax declaration processes and forms used by extractive entities for submission to GRA, GGMC, GGB, GFC, MoAFD in order to also allow for mainstreaming

Accuracy:

- ➔ Review existing data collection mechanisms and recommend a common industry-wide computerised system which can eliminate avoidable data variations.

Export System:

- ➔ Review existing system and recommend that Government agencies perform monthly data review and control to alleviate discrepancies in production and export volume and value.

Public Disclosure:

- ➔ Develop a Register of Licenses.
- ➔ Build capacity – Recruit and Train Staff on data collection, analysis and report compilation.

- ➔ Create a comprehensive production data collection system using suitable software and hardware.
- ➔ Build capacity and engage all relevant Government agencies on the advantages of the creation and use of a uniform system for collection, storage and publication of production data.

Legislative Reform in the Oil & Gas Sector:

- ➔ Conduct, and use recommendations emanating from a comprehensive study of the legal, regulatory and institutional framework for the oil and gas sector.
- ➔ Hire consultants to conduct relevant study on Legislative Reforms needed.
- ➔ Formulate draft Amendments, Legislation to bring existing laws and regulations up to par with the best practices.

Organisational Structure of GGMC:

- ➔ Conduct study on existing Organisational Structure of GGMC to identify gaps and difference from international best practices.
- ➔ On the basis of study, implement conclusions to improve the process for the continual and timely provision of EITI required data and information.

Data quality and assurance:

- ➔ Build capacity to better understand best practices in data quality and assurance in EITI implementing countries.
- ➔ Recommend to the MNR, measures and actions to be taken to enhance data quality at all levels.

General Capacity Building on EITI:

- ➔ Conduct a series of workshops on role, functions and benefits of EITI.
- ➔ Organise Public Outreaches and engage extractive sector representatives with a focus on building short-and long-term relationships with GYEITI and creating greater awareness of the EITI Standard and GYEITI Reports and reporting processes.
- ➔ Promote accuracy and comprehensiveness of data included in the reporting templates.
- ➔ Distribute Reporting Templates to relevant entities and discuss importance of satisfying submission deadline.
- ➔ Establish a register of reporting entities and monitor submission timelines and any foreseeable deviations.

Waiving Legal Confidentiality Restrictions:

- ➔ Review all relevant existing Legislations and identify areas related to confidentiality issues.
- ➔ List any restrictions observed.
- ➔ Formulate and submit recommendations to MNR to remove any existing restrictions which hinders the full satisfaction of the EITI 2019 Standard.

CONCLUSION

This summarised and simplified version of the GYEITI Report for Fiscal Year 2018 sought to capture some of the main highlights of that report, including payments made by extractive entities and the revenues received by government agencies and other material payments and benefits to government agencies.

The report highlights, as well, the challenges and gaps in the EITI reporting requirements. In this light the report helps to convey the importance of improving transparency, accountability and systematic disclosure at all levels of the extractive industries' value chains. These key EITI requirements are critical for the good governance of the extractive sector and for assessing its benefits to Guyana's development.

GYEITI's key recommendations to address the gaps are clustered in the list below:

- Systematic disclosure of data; (as per EITI Requirement 7.2)
- Use of unique identification for all government agencies; (as per EITI Requirement 4.1b)
- Public disclosure of a register of licenses; (as per EITI Requirement 2.3)
- Public disclosure of mineral agreements; (as per EITI Requirement 2.4)
- Accuracy and comprehensiveness of data included in the reporting templates;(as per EITI Requirements 2.5 and 4.1a)
- Waiving confidentiality provisions;(as defined in EITI Requirement 4.1d)
- Data quality and assurance; (as per EITI Requirement 4.9 and 4.1 e)
- Enhancing the reporting entities' participation, (as per EITI Requirement 1.2)
- Accuracy of production of production data; (as per EITI Requirement 2.2)
- Follow-up of recommendations of EITI implementation; (as per EITI Requirement 7.3)

It is anticipated that this summarised user-friendly report would be used for general public dissemination, quick referencing and as a guide to the full report for persons wishing to acquire more detailed information.

