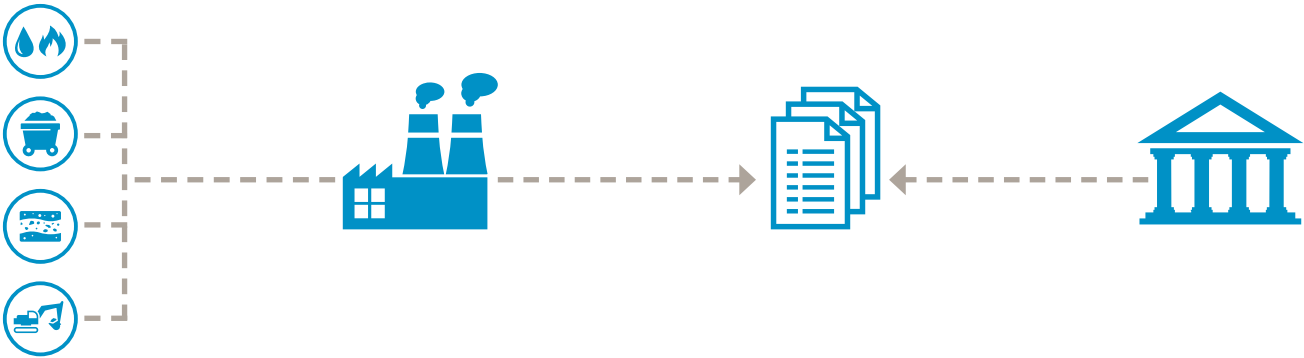




# The D-EITI – and why it is worth participating

a

The D-EITI reconciles the payments extractive companies make to the state with the state's corresponding revenues

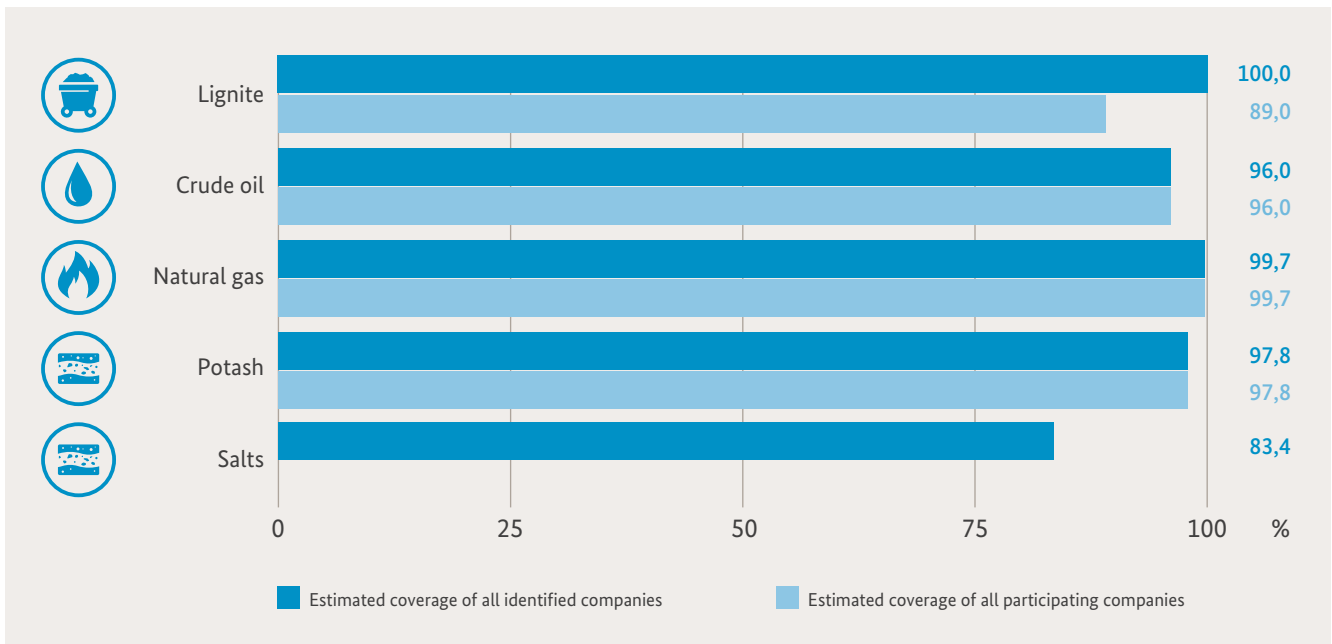


The D-EITI discloses payments that flow from the extractive industry to government agencies and reconciles these cash flows with the state's corresponding revenues. The first D-EITI report examined payments of around **€302 million**. No discrepancies were found.

12 groups of companies agreed to voluntarily disclose their cash flows for the first D-EITI report. In the crude oil, natural gas, lignite and potash sectors, this already achieves high coverage rates of up to 99.7%, measured in terms of annual production volume.



*By participating in D-EITI, companies demonstrate their commitment for transparent corporate management.*



- The greater the number of companies that participate in the D-EITI, the greater the credibility of the initiative. That is why we are soliciting the participation of more companies – particularly from the lignite, salts and quarried natural resources sectors. The coverage of these sectors – in relation to their importance – has so far been low.
- In the salts sector, Germany is the largest producer in Europe and the fifth-largest in the world.
- Lignite accounts for just under 12% of primary energy consumption in Germany and contributes around 24% of the country’s gross electricity generation.
- With more than 1,500 companies, the quarried natural resources sector is largely structured by medium-sized enterprises. The sector extracts approx. 450 million tonnes of gravel, sand and natural stone every year.

## **b** The D-EITI provides comprehensive information about the extractive industry in Germany

The first interactive information portal on the German extractive industry was launched in conjunction with the D-EITI. The portal is available in English.



[www.rohstofftransparenz.de](http://www.rohstofftransparenz.de)

Comprehensive information about the following topics (inter alia) can be found at [www.rohstofftransparenz.de/en](http://www.rohstofftransparenz.de/en):

- the economic importance of the German extractive sector,
- legislative framework conditions for the extraction of natural resources in Germany,
- information on dealing with human intervention in nature,
- subsidies and tax concessions and
- the extractive industry and renewable energies.

## C Double burdens for companies are avoided

The German Accounting Directive Implementation Law (BiRUG) legally obliged certain extractive sector companies to disclose their payments to public authorities. The close

involvement of the EITI with this statutory obligation avoided double burdens for these companies. This is clearly shown by a comparison of the D-EITI and the BiRUG:

	D-EITI	BiRUG
Materiality threshold	€100,000 per payment	€100,000 per payment
Criteria for the size of companies	Balance sheet total: €20 million. Net turnover: €40 million. 250 employees	Balance sheet total: €20 million. Net turnover: €40 million. 250 employees
Overview of how the extractive sector works	Via context report	–
Cross-interest dialogue on the contribution of the extractive sector in Germany	Via MSG	–
Is reporting mandatory?	No sanctions for companies; possible threat to EITI status	Yes, penalty payments are levied where violations occur

## d The D-EITI is a dialogue platform for relevant topics in the extractive sector

The D-EITI follows an internationally specified standard, which is intended to promote the transparency of each country's extractive industry for its population. The D-EITI is implemented by a multi-stakeholder group (MSG) consisting of representatives from government, the private sector and civil society. Member countries may also work on other topics over and above the EITI standard, thus contributing to the development of the international EITI and giving other member states new 'food for thought'.

Government, civil society and business representatives can submit proposals on topics which they would like to discuss with the other stakeholders. The MSG decides whether or not to include these topics in the work plan.





e

## The D-EITI contributes to the creation of a level playing field for international competitive conditions

The EITI pursues the goal of implementing a global standard for transparency and accountability in the extractive industry, thus creating a level playing field of international competitive conditions for natural resource companies. Large emerging economies such as Brazil, China, Russia and South Africa are not yet members of EITI. The implementation of the initiative in the



OECD and EU countries (Germany, the UK, Mexico and Norway to date; preparations are in progress in Australia, Argentina and the Netherlands) is intended to encourage resource-rich emerging economies to also join

EITI, further harmonising international competitive conditions.

### What is the EITI?

The global Extractive Industries Transparency Initiative (EITI) advocates more financial transparency and accountability in the extractive sector.

Founded in 2003, the initiative originated as part of the 2002 Sustainability Summit in Johannesburg, South Africa. It is based on close cooperation between governments, companies and civil societies in more than 50 countries. The participating countries disclose information on tax payments, licenses, quantities extracted and other important data about the extraction of oil, gas and mineral resources.

The German Federal Government announced its intention to implement the EITI in July 2014 and

many milestones have been attained since then. The D-EITI MSG, for example, in which stakeholders from government, the private sector and civil society are represented, was formed at the beginning of 2015. The representatives jointly monitor and steer the implementation of the initiative. Germany was approved as a candidate country in February 2016 – and published its first report in August 2017.

Further information is available at [www.d-eiti.de/en](http://www.d-eiti.de/en) and [www.rohstofftransparenz.de/en](http://www.rohstofftransparenz.de/en)

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#### Photo credits

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#### Design

EYES-OPEN, Berlin

#### Last update

December 2017