

AFROSAI-E's activities and EI guidelines

By Esther Thomas

*WGEI Meeting, Washington
27 September 2017*

AFROSAI-E Activities

2012 - Development of an EI audit guideline based on the World Bank value chain (updated 2015)

2013 - Hosted an International stakeholders conference on Extractive Industries

2015 – Conducted training with IDI on audit of local content parallel audit by 7 SAls, Ghana, Kenya, Nigeria, South Africa, South Sudan, Tanzania and Uganda (focusing on oil and gas – performance audit)

AFROSAI-E Activities

- April 2016 - Training workshop (risk assessment along the value chain) with OAGN, WGEI/CoP, Zambia, AGSA (diamonds), GIZ (IFF) and ATAF. Participants from Botswana, Kenya, Namibia, Sierra Leone, Zambia, South Africa and Uganda.
- Sept 2016 – Follow-up workshop with NRGi and WGEI/CoP. Participants Botswana, Kenya, Namibia, Sierra Leone, Zambia, Uganda and Tanzania
- June 2017 - Combined Fiscal governance and extractive industries workshop with GIZ, ATAF and WGEI/CoP. 40 participants from 10 SAIs. Excursion to Cullinan mine

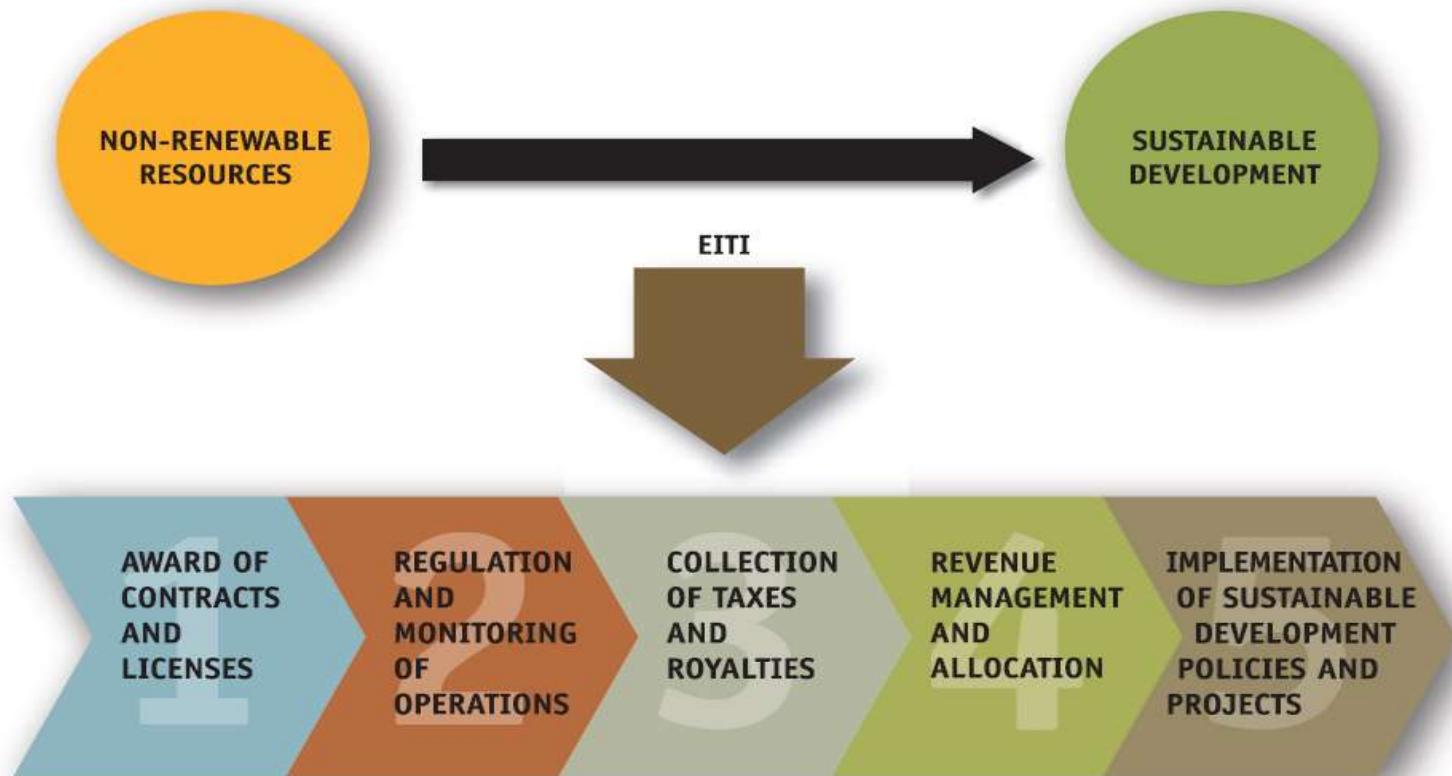
EI Guidelines update

Objective:

- Update with the latest developments in the sector;
- Showcase progress in the AFROSAI-E region through giving real SAI examples;
- The backbone for development of an AFROSAI-E, e-learning program on EI sector audits;
- Ensure the guide is both an informer and a tool for SAI in the EI sector.

World Bank EI Value chain

FIGURE 1: VALUE CHAIN FOR EXTRACTIVE INDUSTRIES



Seven (7) Steps of Value Chain

LEGAL FRAMEWORK

Three main types of legislative requirements:

- Constitution - Legislation - Regulations or instructions



SEISMIC SURVEYS AND DATA MANAGEMENT

Understanding the process:

- Existence of database - Ownership of survey data - Environmental considerations



AWARD OF CONTRACTS AND LICENSES

Three main types of contracts:

- Production sharing contracts - Concession agreements - Technical service agreements



MONITORING OF OPERATIONS

- Metering equipment
- Health, security and environment



COLLECTION OF TAXES AND ROYALTIES

Sources of revenue:

- Taxes - Royalties

Specific risks:

- Theft of petroleum
- Transfer pricing



REVENUE MANAGEMENT AND ALLOCATION

Sustainable use of revenue:

- Avoid "dutch disease" - Establishment of petroleum fund



IMPLEMENTATION OF SUSTAINABLE POLICIES

- Environmental concerns
- Local community involvement

GOOD GOVERNANCE

Legal Framework: Constitution, Legislation, Regulation, Policies etc

Exploration and Data
management

Award of
Contracts and
Licenses

Monitoring of
Operations

Assessment
and Collection
of Revenues

Revenue
Management
and Allocation

Implementation of sustainable policies: Environmental concerns/Local content etc.

SUSTAINABLE DEVELOPMENT

Additions

- Risk assessment and matrix
- SAI EI strategy
- Include mining of minerals
- Illicit Financial Flows
- SAI examples
- Model contract
- Audit program

Questions/Comments?

THANK YOU

