Improving revenue systems to unlock extractives transparency

What works in improving transparency in extractives: Views from global initiatives

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Structure of Presentation

1. Improving revenue systems essential for transparency
2. Improving impact evaluation
3. Uganda Oil Tax Audits Case Study
Revenue Authorities - gateway to EI transparency?

Information required by tax authorities:
- Production Data
- Mineral/Oil/Gas Prices,
- Project costs,
- International transactions and tax havens

Transparency Requirements
- EITI Reconciliation reports
- Project-by-project reporting
- Beneficial ownership

Big Data Potential
Supporting Revenue Authorities

**Challenges**
- Limited link with transparency issues

**Type of intervention/support**
- Auditor Training enables accurate data to be ascertained
- ICT systems
- Improve Business Processes
- Cross-Government Collaboration

**Value for Money (VfM)**
- Enhances revenue generation and transparency at same time. Maximise impact by equipping them to capture data
Designing Impact Evaluation

**Quantifiable and Observable**
1. Revenue Collection
2. Taxpayer Compliance

**Challenge is linking to transparency**
1. Revenue Reconciliation
2. Project by project reporting
3. Open Modelling of projects
4. Compare revenues to forecasts
5. Beneficial Ownership
Objective: Support the URA to develop a compliance framework and systems for management of upstream activities (i.e. exploration and production) in the oil and gas sector.

Main project outputs:

Revise business processes to manage oil and gas revenue in Uganda

Support efficient and effective procurement of IT system to manage upstream oil and gas taxation

Build capacity of the URA to manage cost recovery audits
## Impact Evaluation Approach

**Impact**

**Exploration phase:** Increased ratio of revenue to income tax deductibles (pending minerals revenue: total gross production value)

**Production phase:** Increased ratio of revenue to production value

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Indicators</th>
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<tbody>
<tr>
<td><strong>Business Processes</strong></td>
<td>» Number of business processes analysed</td>
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<td>Compliance framework and systems for</td>
<td>» Number of business processes designed</td>
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<td>management of upstream activities in</td>
<td>» Customer satisfaction surveys</td>
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<td>the oil and gas sector in Uganda</td>
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<td>developed</td>
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<td><strong>ICT</strong></td>
<td>» Number of cost reviews</td>
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<td><strong>Cost recovery audit</strong></td>
<td>» Number of administrative issues identified</td>
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<td>Increased capacity of URA to optimise</td>
<td>» URA percentage assessment of administrative</td>
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<td>oil and gas revenue as described above</td>
<td>review</td>
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<td></td>
<td>» Percentage of costs adjusted over costs</td>
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<td>» Capacity assessment of NRMU</td>
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Linking with transparency

1. Revise business processes to manage oil and gas revenue in Uganda
   
   Link with transparency  Information sharing and support to EITI

2. Support efficient and effective procurement of IT system to manage upstream oil and gas taxation
   
   Link with transparency - data flows essential to URA functioning but massive benefits for transparency. EITI readable data.

3. Build capacity of the URA to manage cost recovery audits
   
   Link with transparency
Thank You