



Improving revenue systems to unlock extractives transparency

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

Steve Macey
Senior Manager Revenue and Extractives
Adam Smith International

DFID Extractives Hub

The screenshot shows the homepage of the Extractives Hub BETA website. At the top left is the logo, a gear with three stars, and the text "Extractives Hub BETA". To the right are "Register" and "Log in" buttons. Below the header is a navigation menu with links: Home, Topics, Library, External libraries, Country information, Support for you, Our contributors, and About us. A large blue banner reads "NEW TO THE HUB? CLICK TO GET STARTED" with a "Get Started" button. Below this are four circular icons: a hammer and pickaxe (Explore a Topic), a magnifying glass over a document (Search the Library), a globe (Country Information), and the gear logo (Support for You). The footer contains copyright information, a "Get Involved" section with a link to submit resources, and a link to register.

Extractives Hub
BETA

This is a new service - Your feedback will help us improve it

[Home](#) [Topics](#) [Library](#) [External libraries](#) [Country information](#) [Support for you](#) [Our contributors](#) [About us](#) »

NEW TO THE HUB? CLICK TO GET STARTED

[Get Started](#)

EXPLORE A TOPIC

SEARCH THE LIBRARY

COUNTRY INFORMATION

SUPPORT FOR YOU

© Extractives Hub 2017
[Terms and Conditions](#) [Privacy and Cookies](#)

Get Involved
Submit a resource for review and publication or apply to join the experts panel.

[Register to get involved or contribute](#)

Structure of Presentation

1. Improving revenue systems essential for transparency
2. Improving impact evaluation
3. Uganda Oil Tax Audits Case Study

Revenue key pillar of extractives transparency

How the EITI works



The EITI provides a Forum for dialogue and a Platform for broader reforms

**Non-renewable
Resources**



**Sustainable
Development**

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

P

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

Case Study: Uganda Oil Tax Audits, 2013-2015

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

Outcome

Indicators

Business Processes

Compliance framework and systems for management of upstream activities in the oil and gas sector in Uganda developed

- » Number of business processes analysed
- » Number of business processes designed
- » Customer satisfaction surveys

ICT

Cost recovery audit

Increased capacity of URA to optimise oil and gas revenue as described above.

- » Number of cost reviews
- » Number of administrative issues identified
- » URA percentage assessment of administrative review
- » Percentage of costs adjusted over costs reviewed
- » Capacity assessment of NRMU

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

P



Thank You