

Validation of the Netherlands:

Final assessment of progress in implementing the EITI Standard

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Acronyms

GDP	Gross Domestic Product
CBS	Statistics Netherlands
EBN	Energie Beheer Nederland
EITI	Extractive Industries Transparency Initiative
EU	European Union
EZK	Ministry of Economic Affairs and Climate Policy (Ministerie van Economische Zaken en Klimaat)
GDP	Gross Domestic Product
IA	Independent Administrator
MFA	Ministry of Foreign Affairs
MEACP	Ministry of Economic Affairs and Climate Policy
MSG	Multi-Stakeholder Group
NAM	Nederlandse Aardolie Maatschappij B.V.
NL-EITI	Netherlands Extractive Industries Transparency Initiative
NOGEPa	Netherlands Oil and Natural gas Exploration and Production Association
NTCA	Netherlands Tax and Customs Administration
RVO	Netherlands Enterprise Agency
SOE	State-Owned Enterprise
ToR	Terms of Reference
UBO	Ultimate Beneficial Owner

Executive summary

This draft Validation report presents the findings of the International Secretariat's Validation of the Netherlands, which commenced on 1 July 2021. The draft report was finalised for review by the multi-stakeholder group (MSG) on 24 September. Following comments from the MSG on 21 October, the Validation report was finalised for consideration by the EITI Board. The Secretariat's assessment suggests that the Netherlands has exceeded one EITI Requirement, fully met six, mostly met 20 and partly met five requirements.

Key achievements

- The NL-EITI has established a platform for multi-stakeholder dialogue on the governance of the extractive industries through the MSG, which has the potential to focus on broader issues of extractive sector governance in a transition to a net-zero emissions economy. The governance tool established by NL-EITI provides an infrastructure that could support reforms of policy, procedural and practical reforms by government and extractive companies.
- The Netherlands' EITI reporting has demonstrated that most extractive industry information including production, export and licensing data is systematically disclosed both for oil and gas as well as salt by the Dutch Oil and Gas Portal (NLOG). These systems provide a strong basis for NL-EITI's use as an annual diagnostic of government and company disclosure systems.
- A robust EITI reconciliation process has been built to reconcile company payments with government revenues, even if the resulting data appears of little public interest. The lack of discrepancies in reconciliation has given comfort to government and industry stakeholders on the MSG.

Areas for development

- Stakeholders consulted were broadly frank and critical in their self-assessment of progress in implementing the EITI Standard. While an initial set of narrow objectives for EITI implementation partly explains the modest impacts so far, many stakeholders' views appear to signal an appetite for expanding the focus to other areas. Waning stakeholder engagement and weaknesses in the outcomes and impact can be tied to the lack of public interest given a focus on reconciling financial flows in the Dutch extractive industries that were already largely considered accurate, according to many stakeholders. The Netherlands' objectives of setting a good example internationally will be best accomplished if it expands its focus beyond compliance to other areas of national interest.
- Data disclosures that appear to be of greatest public interest, from the terms of cooperation agreements between the oil and gas SOE, EBN, and license-holders, to the environmental impacts of the extractive industries, are aspects of the EITI Standard that

have not yet been addressed by the MSG. Further disclosures of contracts, environmental management and forward-looking fiscal projection could ensure closer alignment between the supply of NL-EITI data and public demands for information.

- Given the limited added value of reconciliation, the Netherlands is encouraged to consider alternative approaches to EITI reporting, for example through risk-based diagnostics of government and company systems. Mandatory payments to government reports provide a robust foundation for further developing systematic disclosures of EITI information. This could reduce the resources allocated to reconciliation over medium term and allow the MSG to focus on issues of greater public interest.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

There are weaknesses in the three constituencies’ engagement in EITI implementation, partly linked to the limited aspirations set for NL-EITI to date with outputs and outcomes that have not yet led to tangible impact. Government engagement in EITI, particularly at a senior level, appears to have declined since the initial membership of EITI in 2018, which has had knock-on effects on the other two constituencies’ engagement and interest. While the MSG fulfils its basic functions of facilitating multi-stakeholder oversight of implementation, many of its processes, including MSG nominations, are conducted on an informal basis given the international focus of Dutch civil society organizations working on extractives and the limited scope of EITI implementation.

Transparency

Much of the non-financial data required by the EITI Standard is routinely disclosed on government and company websites, systems that predate EITI implementation. Data on reserves, exploration, production, exports and licensing is routinely disclosed by the government. The EITI does not appear to have added any value to these pre-existing disclosures, besides bringing the sources together in one place through the EITI Report. EITI reporting is, however, the only source of disaggregated government revenues from the extractive industries, as legal taxpayer confidentiality provisions and the fiscal unity of the majority of extractive group of companies hinder the commensurate level of systematic transparency. Although extractive companies making payments to government above EUR 100,000 are required to publish annual reports on their payments to government by project (if not revenue stream) in accordance with the Netherlands’ implementation of the EU’s Accounting and Transparency Directives, there has been no attempt at designing an EITI reporting process that builds on these statutory disclosure requirements. Despite frequent parliamentary debate on the issue of confidentiality of cooperation agreements between EBN and oil and gas license-holders, NL-EITI has only recently begun to make progress in working with stakeholders including EBN and industry to plan a transition to the full disclosure of such contracts. A public beneficial ownership register has been established and registration of companies is ongoing until March 2022 and covers all 1.6m companies registered in the Netherlands.

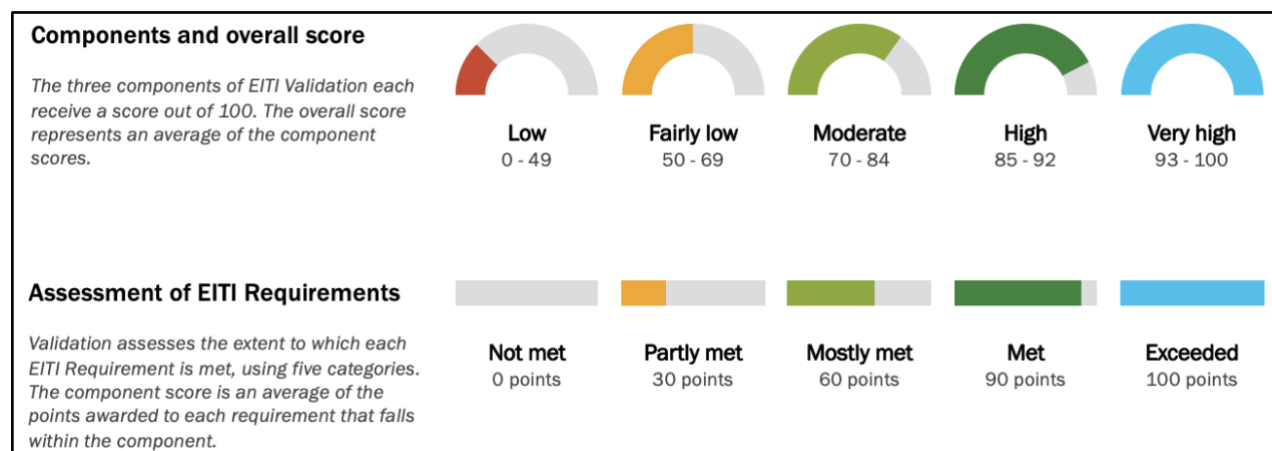
Outcomes and impact

The Netherlands' objectives for EITI implementation have been narrowly focused on disclosing the minimum information required by the EITI Standard rather than specifically addressing priorities of national reforms and public debate. Weaknesses in the work plan have impacted dissemination and outreach as well as follow-up on EITI recommendations, but also the level of interest and engagement by the government, industry and civil society constituencies. While the Covid-19 pandemic has had a significant impact on plans for limited communications activities since 2020, the MSG has only belatedly turned its attention to outreach and dissemination. There was consensus among stakeholders consulted that the greatest weakness of the NL-EITI process was dissemination and outreach, although several MSG members highlighted plans to focus the MSG's efforts on these aspects of implementation, which is reflected in the development of a new website to be launched in late 2021. There is a fundamental need to reassess the objectives of NL-EITI implementation and to design a comprehensive outreach and dissemination strategy that delivers information to meet stakeholders' needs.

Figure 1 Scorecard: Summary of progress in the Validation of the Netherlands

EITI Requirements			Assessment	
Validation of the Netherlands: final assessment per EITI Requirement			Level of progress	Score
Component	Module	Requirements		
Outcomes and impact	Extra points	Effectiveness and sustainability indicators		0
	Outcomes and impact	Work plan (#1.5)	Partly met	30
		Public debate (#7.1)	Partly met	30
		Data accessibility and open data (#7.2)	Mostly met	60
		Recommendations from EITI (#7.3)	Mostly met	60
	Outcomes & impact (#7.4)	Mostly met	60	
Stakeholder engagement	Multi-stakeholder oversight	Government engagement (#1.1)	Mostly met	60
		Industry engagement (#1.2)	Mostly met	60
		Civil society engagement (#1.3)	Mostly met	60
		MSG governance (#1.4)	Partly met	30
Transparency	Overview of the extractive industries	Exploration data (#3.1)	Exceeded	100
		Economic contribution (#6.3)	Mostly met	60
	Legal and fiscal framework	Legal framework (#2.1)	Fully met	90
		Contracts (#2.4)	Partly met	30
		Environmental impact (#6.4)	Not assessed	-
	Licenses	Contract and license allocations (#2.2)	Mostly met	60
		License register (#2.3)	Mostly met	60
	Ownership	Beneficial ownership (#2.5)	Mostly met	60
	State participation	State participation (#2.6)	Fully met	90
		In-kind revenues (#4.2)	Mostly met	60
		SOE transactions (#4.5)	Fully met	90
		SOE quasi-fiscal expenditures (#6.2)	Not applicable	-
	Production and exports	Production data (#3.2)	Mostly met	60
		Export data (#3.3)	Fully met	90
	Revenue collection	Comprehensiveness (#4.1)	Mostly met	60
		Barter agreements (#4.3)	Mostly met	60
		Transportation revenues (#4.4)	Mostly met	60
		Disaggregation (#4.7)	Mostly met	60
		Data timeliness (#4.8)	Fully met	90
		Data quality (#4.9)	Mostly met	60
	Revenue management	Distribution of revenues (#5.1)	Fully met	90
		Revenue management & expenditures (#5.3)	Not assessed	-
	Subnational contributions	Direct subnational payments (#4.6)	Partly met	30
Subnational transfers (#5.2)		Not applicable	-	
Social and environmental expenditures (#6.1)		Mostly met	60	

How EITI Validation scores work



The overall score (out of 100) represents an average of the scores of each component.

Each requirement will be assessed following the scale below and assigned corresponding points:

- **Exceeded** (100 points): All aspects of the requirement, including ‘expected’, ‘encouraged’ and ‘recommended’ aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed**: Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable**: The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in the Netherlands addresses nationally relevant extractive sector challenges and risks. The objective for the Netherlands' EITI implementation to lead by example internationally in the extractive industries by sharing best practice with other countries, were originally developed as part of the country's candidature application. The latest two work plans (covering 2020 and 2021) set the main objective as contributing to fact-based public debate on the extractive industries.

However, consultations highlighted that there is little alignment between the outcomes of EITI implementation and public demands for information on the energy sector, which appear more related to the environmental and social impacts of the extractive industries (such as the earthquakes caused by the Groningen gas project) and the energy transition. The MSG has focused primarily on compliance with the minimum requirements of the EITI Standard such as reconciliation of payments and revenues since the start of implementation, with a consensus on the MSG that implementation should focus on establishing the process before expanding it to issues of national debate. In its comments on the draft assessment, the MSG confirmed that its initial ambitions for implementation consist of fully meeting the requirements of the EITI Standard, and that NL-EITI has yet to define its role in the energy transition debate.

The MSG discussed other issues related to extractive sector governance such as the energy transition (reports included dedicated chapters to the government's and companies' plans to a lower carbon economy), systematic disclosures and open data. The MSG has not yet defined the role the EITI can play actively in the debate. During consultations civil society stakeholders consulted expressed frustration at the narrow scope of implementation while industry stakeholders considered that demands to expand beyond extractive revenue transparency represented 'mission creep'. Parliamentary proceedings related to the Groningen gas field have brought more transparency to the sector than EITI implementation according to stakeholders consulted, in leading to the disclosure of key documents necessary for the public understanding of the economics of the project. In developing EITI implementation in a narrow sense, somewhat removed from the broader context of extractive industry governance, the Netherlands' EITI has not led to tangible outcomes and impact. Many MSG members consulted from government and civil society considered that it was critical for the EITI to start contributing to public debate on issues of national importance if it was to remain viable for the country to continue implementing the EITI.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

1.2 Systematic disclosures of extractive industry data

Much data in the scope of the EITI Standard is routinely disclosed through government and company reporting, rather than EITI reporting. Data on the legal environment, licensing, production and export data, as well as revenue management and expenditures were systematically disclosed on government portals prior to EITI implementation, particularly the Dutch Oil & Gas Portal (NLOG), Statistics Netherlands (CBS) and the general government website. Extractive companies domiciled in the Netherlands making more than EUR 100,000 in aggregate payments to government are required to provide public reports on their payments to government for each of the extractive projects in which they participate, disaggregated by project if not by revenue stream in accordance with the national implementation of the EU's Accounting and Transparency Directives.

The country's implementation of the EITI does not appear to have led to any changes in government or company disclosure practices. While the MSG has sought to reference existing sources of data in its EITI reporting, primarily from government rather than company sources, it does not appear to have considered re-engineering its EITI reporting process to build on existing disclosures with a view to improving systematic government and company transparency related to the governance of the extractive industries. There do not appear to be concrete medium-term plans for integrating the EITI in government and company systems beyond the development of a new NL-EITI website in 2021. There is however ample scope for integrating parts of the EITI reporting process into existing government and company systems. For instance, the MSG could work with relevant government agencies and companies to align mandatory payments to government disclosures by companies with disclosure requirements of the EITI Standard. There is also scope for building the regular diagnostic role the EITI is meant to play into government and company systems as well as parliamentary proceedings.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities. The legislative and regulatory environment for the extractive industries supports the participation of citizens in decision-making about how extractive resources are governed. Public hearings and consultations are held in relation to the award of extractive licenses and in the preparation of environmental impact assessments. The MSG's documentation for this Validation confirms that affected parties are consulted in the decision to grant or reject mining production licenses, with appeal rounds throughout the process of minerals extraction. However, there is no evidence that the MSG has reviewed these policies and practices, nor contributed to strengthening citizen participation in the governance of the extractive industries. Minutes of MSG meetings indicate a focus on compliance with EITI disclosure requirements.

While a narrow segment of civil society is engaged in EITI implementation, there appear to be significant time and resource constraints that lead to insufficient technical and financial capacity being allocated to EITI that are likely to prevent stakeholders from engaging in the EITI in the

longer term, linked to a lack of interest in the narrow scope and objectives of EITI implementation to date. There was consensus among stakeholders consulted, including from civil society, that there was a lack of interest in EITI among most CSOs in the Netherlands, which hindered the constituency's capacity to proactively engage in all aspects of EITI implementation. There was also consensus that EITI implementation had not had an effect on communities in regions with extractive activities to date, given that the lack of interest from community-based CSOs in NL-EITI and the focus of EITI reporting to date on national-level payments and benefits. There is therefore no evidence in either documentation provided for this Validation or stakeholder consultations that the EITI contributed to changes in civic space related to extractives governance.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research, and advocacy. Much of the extractive industry data required by the EITI Standard is disclosed systematically through routine government websites, with open data publications on the Statistics Netherlands (CBS) website through API interfaces but not consistently on the Dutch Oil & Gas Portal (NLOG). Beyond reviewing existing systematic disclosures of extractive data however, there is no evidence that NL-EITI has made efforts to ensure that data is accessible and responds to stakeholders' needs, beyond publishing the EITI Reports online. Many stakeholders consulted considered that data required under a narrow interpretation of the EITI Standard (focusing on the strictly required aspects of EITI Requirements) was not of particular interest to stakeholders in the Netherlands, particularly communities hosting extractive activities and CSOs, who were said to be more interested in information on the environmental impacts of oil and gas as well as the energy transition. **In its comments on the draft assessment, the MSG noted that the 2018 NL-EITI report makes more data from more companies available and more data accessible on a project level than the 2017 NL-EITI Report. It also highlighted plans to publish EITI data "often in an open format" on the new NL-EITI website starting at the end of 2021.**

Publicly available extractive sector data referenced in NL-EITI reporting does not appear to be particularly used for analysis by civil society. While there have been sporadic outreach and dissemination events, primarily the annual launch of the NL-EITI Reports and ad hoc meetings of civil society, there is little publicly accessible evidence of use of data published in NL-EITI reports. Better alignment of NL-EITI implementation objectives with issues of importance for public debate and national reforms could drive more use of the resulting data.

Going forward, the Netherlands could consider making information about the environmental impacts of extractive activities more accessible and consider forward-looking disclosures related to, for example, the impact of energy transition. Improving the availability of all extractive sector data in open format in a timely manner could also facilitate data analysis.

The Secretariat proposes that 0 additional point be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices. The Outcomes and impact file submitted for Validation and stakeholder consultations do not suggest that EITI data is used by government or Parliament in developing and implementing reforms related to the extractive industries. Stakeholder consultations indicated that EITI implementation has not resulted in government agencies or companies changing any of their practices. There is no documented evidence of improvements in government and company systems, procedures, policies and practices as a result of EITI implementation.

The Secretariat proposes that 0 additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Work plan (Requirement #1.5)	Like its predecessors, the NL-EITI 2021 work plan does not reflect national priorities or sectoral objectives for implementation, aside of a general “contribution to public debate”. Recommendations from reporting are not reflected. Different stakeholder needs do not seem to be reflected, and there is no evidence of consultations with the broader government, industry, and civil society constituencies. The work plan is not costed and doesn't give an indication on the cost of implementation. No obstacles to implementation, nor ways to overcome them, are mentioned. Activities listed are mainly concerned with delivering the report, work plan and impact review, and steps to continue exploring mainstreaming.	Partly met
Public debate (Requirement #7.1)	The two EITI Reports produced to date are available online. The report launch event for the 2017 Report in 2020 was cancelled due to Covid. There was no event carried out to promote the 2018 Report in 2021. There has been some outreach on the Report besides publishing the Report online. MSG members have contributed to disseminating the Report via their channels, primarily publishing press releases the EITI Report releases. Most stakeholders consulted were frank in their assessment that the objective of active communication of relevant data to key stakeholders in ways that are accessible and reflect stakeholders' needs was not being fulfilled. Despite constraints from the Covid-19 pandemic, there is little evidence on stakeholders' proactive dissemination of EITI findings and data.	Partly met
Data accessibility and open data (Requirement #7.2)	The NL-EITI MSG has submitted the summary data templates for 2017 and 2018. An open data policy was recently adopted (June 2021). There is no evidence of efforts beyond plans to launch a new website by the end of 2021 to promote the data in the EITI Reports in open format.	Mostly met
Recommendations from EITI implementation (Requirement #7.3)	Besides the table in the EITI Report with the status overview of previous recommendations, there is little evidence of the MSG following up on lessons learned from reporting beyond the inclusion of the IA's list of recommendations from the latest report in the annual EITI progress report. There is no evidence of steps	Mostly met

	<p>identified to follow-up on information gaps. The work plan does not refer to any activities that result from recommendations from the latest report. Stakeholders consulted explained that the process for follow-up on recommendations consisted of the National Coordinator following up with the MSG Chair, without a clear MSG mechanism for consistent follow-up on recommendations aside from ad hoc MSG discussions based on follow-up by the National Secretariat. However, the MSG's comments on the draft assessment explained that the MSG discusses lessons learned each year, in particular when the annual progress report and the work plan for the new year are on the MSG's agenda. The MSG points to the development of the new NL-EITI website and open data efforts as evidence of the MSG's efforts to address information gaps. The MSG notes that it has focused on realistic targets given the limited resources available for implementation.</p>	
<p>Review the outcomes and impact of EITI implementation (Requirement #7.4)</p>	<p>The NL-EITI published an annual progress report, which closely follows the template provided in EITI guidance. While most technical parts of Requirement 7.4 are addressed, there is no evidence of the MSG's consultation with the three broader constituencies in the annual review of outcomes and impact nor efforts to strengthen impacts of implementation other than the planned launch of a new website by the end of 2021. Stakeholders consulted did not express any strong views about whether the objective of ensuring regular public monitoring and evaluation of implementation, including evaluation of whether the EITI is delivering on its objectives, with a view to ensuring the EITI's own public accountability was being fulfilled.</p>	<p>Mostly met</p>
<p>New corrective actions and recommendations</p>		
<ul style="list-style-type: none"> • In accordance with Requirement 1.5.a, the Netherlands should set EITI implementation objectives that are linked to national priorities for the extractive industries. The MSG should address the steps needed to mainstream EITI implementation in company and government systems. The MSG is encouraged to explore innovative approaches to extending EITI implementation to inform public debate about natural resource governance and encourage high standards of transparency and accountability in public life, government operations and in business. In accordance with Requirement 1.5.b, the EITI work plan should reflect the results of consultations with key stakeholders. In accordance with Requirement 1.5.c.iv, the work plan should outline the MSG's plans for implementing the recommendations from EITI implementation and Validation. In accordance with Requirement 1.5.d, the work plan should identify domestic and external sources of funding and technical assistance where appropriate in order to ensure timely implementation of the agreed work plan. • In accordance with Requirement 7.1.a.i, all constituencies engaged in EITI in the Netherlands should ensure that EITI information is widely accessible and distributed and could consider breaking this down into thematic reports. In accordance with Requirement 7.1.a.iii, the Netherlands should ensure that EITI-related outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about governance of extractive resources, building on EITI disclosures across the country in a socially inclusive manner. 		

- In accordance with Requirement 7.2, the Netherlands could ensure that government agencies and companies publish EITI data under an open license, and to make users aware that information can be reused without prior consent. The Netherlands should ensure that the data required by the EITI Standard is published in an open data format online and publicise its availability. The Netherlands could consider making systematically disclosed data machine readable and inter-operable, and to code or tag EITI disclosures and other data files so that the information can be compared with other publicly available data.
- In accordance with Requirement 7.3, the Netherlands is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any information gaps and discrepancies; and to consider the recommendations resulting from EITI implementation. Where appropriate, the Netherlands is encouraged to follow up on such recommendations.
- In accordance with Requirement 7.4.a, the Netherlands is required to document the annual EITI review of impact and outcomes of EITI implementation in an annual progress report or through other means agreed by the MSG, including a narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders. In accordance with Requirement 7.4.b, all stakeholders should be able to participate in reviewing the impact of EITI implementation.

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
<p>Government engagement (Requirement #1.1)</p>	<p>There is little publicly available evidence of senior government officials making public expressions of support for the EITI since the government's initial commitment to join the EITI in late 2015 and its acceptance as an EITI member in 2018. The NL-EITI MSG Chair until October 2018, Dirk-Jan Koch, made public statements of commitment to EITI (such as in 2018), but evidence of high-level government commitment to EITI since then has been limited to a government brief from Minister of Economic Affairs and Climate B. van 't Wout in January 2021 and a letter to Parliament by his immediate predecessor Eric Wiebes also in January 2021. The Ministries of Economic Affairs and Climate and of Foreign Affairs have issued regular decisions to establish the institutional framework for EITI and confirming the appointments to the MSG (most recently in 2019). One MSG member consulted noted that senior government officials did not appear aware of the Netherlands' implementation of the EITI, although this was considered commensurate with the limited ambitions for the Netherlands' EITI implementation.</p> <p>Two senior government officials, initially from the Ministry of Foreign Affairs and subsequently from the Ministry of Economic Affairs and Climate Policy, led EITI implementation as successive MSG Chairs from April 2017 to May 2019. Since then, an independent consultant with a background in government was appointed as MSG Chair in June 2019. Stakeholders consulted considered that the MSG Chairs had sufficient authority to overcome potential barriers to implementation and that the current MSG Chair, while independent from government, received sufficient access and resources from government. The national secretariat is hosted by the Ministry of Economic Affairs and Climate Policy, which provides funding that is considered adequate to support implementation in its current format according to stakeholders consulted. Government representatives considered that additional funds could be requested from the Ministry to support specific additional activities, as had been the case in 2021 with the recruitment of a full-time communications specialist for the secretariat. The secretariat has limited capacity to support implementation given the one part-time (60%) national coordinator.</p>	<p>Mostly met</p>

	<p>Relevant government departments are represented on the MSG and appear to participate regularly, with engagement primarily driven by the Ministry of Economic Affairs and Climate Policy, the Netherlands Tax and Customs Administration and the Ministry of Foreign Affairs. Stakeholders consulted however considered that government engagement was limited to the provision of data for EITI reporting rather than proactive engagement in all aspects of implementation. There is no institutional mechanism for intra-government consultations on EITI beyond quarterly MSG meetings. The MSG's documentation in the 'Stakeholder engagement' template notes that consultations are held 'if deemed necessary', primarily through sharing of EITI developments to relevant Ministry of Foreign Affairs country desks and embassies. No evidence was provided of outreach to the broader constituency in the development of the annual work plan or reviews of outcomes and impact. The only examples of government participation in EITI outreach and dissemination provided were limited to government participation in a NL-EITI national event in March 2018. A government representative consulted considered that government commitment to EITI had declined since 2018, which had led to lower engagement from the other two constituencies given that government had driven the initial commitment to EITI.</p> <p>There was consensus among stakeholders consulted that the objective of ensuring a full, active and effective government lead for EITI implementation, both at high level and operationally, was not yet fulfilled, although most stakeholders considered that this was partly explained by the limited ambition of the NL-EITI work plan objective. In the context of a small relative contribution of the extractive industries to the economy set to decline over the medium term, the government's limited engagement has nonetheless been sufficient to facilitate most aspects of EITI implementation given the narrow objectives. The Secretariat's assessment is that the Netherlands has mostly met Requirement 1.1.</p>	
<p>Industry engagement (Requirement #1.2)</p>	<p>The extractive industries are represented through three full seats and one alternate on the NL-EITI MSG through the industry association, the Netherlands Oil and Gas Exploration and Production Association (NOGEP), and three oil and gas company member of the association. There is no representation within NL-EITI for non-NOGEP member oil and gas companies nor salt mining companies, despite the fact that the first two NL-EITI Reports have included material non-member oil and gas companies and provided non-financial information on the salt mining sector. The oil and gas SOE, Energie Beheer Nederland (EBN), is not a member of the MSG but was appointed as an observer in January 2020. NOGEP includes 13 (of the 39) of the largest oil and gas companies operating in the Netherlands as members, and several companies considered material in the first two NL-EITI Reports are not members. The lack of MSG representation for salt mining companies could become problematic given the MSG's decision to include the largest salt mining companies in the scope of reporting for the third (2019-2020) EITI Report. Several government representatives</p>	<p>Mostly met</p>

	<p>consulted noted that the decision to expand the scope of reporting to the largest salt mining companies had been driven by the industry constituency, given oil and gas companies' desire to broaden the constituency and the fact that salt mining was part of the broader economic sector (of mining and quarrying). The constituency had also advocated to expand the scope of reporting to renewable energies such as wind power.</p> <p>Coordination of the constituency's engagement in EITI has been delegated to a NOGEPa legal counsel that represents the association on the MSG. Issues for the industry's consideration are raised on an ad hoc basis through NOGEPa's Legal, Communications and Executive Committees as well as its Working Group on Fiscal Matters. The Executive Committee decides on MSG representation for the industry constituency at one of its quarterly meetings. Industry participates regularly at MSG meetings, with engagement driven by representatives from NOGEPa, Shell and NAM. However, there is little evidence of industry engagement in all aspects of implementation beyond participation in MSG meetings and provision of data for EITI reporting. Members of the association review drafts of the EITI Report annually prior to publication, but the constituency notes that only 'major issues' in the annual work plan are discussed by the association's various committees. The Executive Committee discussed the 2021 NL-EITI work plan (after publication) for the first time at its June 2021 meeting. Members of NOGEPa attended the March 2018 NL-EITI National Event and the EITI Reports are published on the NOGEPa website, with two companies issuing press releases on the publication of the first (2017) EITI Report in January 2020. There is no evidence of use of EITI data by industry beyond the use of EITI Reports for NOGEPa's internal training purposes.</p> <p>The level of company participation in EITI reporting has gradually improved from 15 companies in 2017 to 17 in 2018. However, given the voluntary-based approach to selecting oil and gas companies that are not NOGEPa members and the lack of statement in either EITI Report concerning the comprehensiveness of the reconciled financial disclosures, it is unclear whether all companies making material payments to government participated (see <i>Requirement 4.1</i>). MSG members consulted noted that Dutch-domiciled companies' mandatory payments to government reports had not been reviewed as a means of ensuring that EITI disclosures were comprehensive of all material payments to government. The MSG has implemented a system of waivers for taxpayer confidentiality provisions (under General Law on State Tax Article 67 - AWR), although oil and gas companies that are not NOGEPa members are given the discretion to decide whether to participate. There is no evidence that the MSG has explored the scope for the government to make EITI reporting mandatory for oil and gas companies. While the industry constituency does not consider that there are any barriers to companies' participation in EITI implementation, there is no evidence of outreach by NOGEPa to oil and gas companies that are not members. Industry stakeholders consulted</p>	
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	<p>considered it the responsibility of the Ministry of Economic Affairs and Climate Policy to coordinate with non-NOGEPA oil and gas companies, as the sector regulator. While the MSG's comments on the draft assessment argued that the reconciliation covered 95% of government extractive revenues in 2018, it appears that extractive companies making material payments to government in 2018 (i.e. above EUR 100,000) were not included in the scope of the reconciliation, and that they did not provide taxpayer confidentiality waivers for the purposes of EITI reporting. Stakeholders consulted did not express any particular views on whether the objective of full, active and effective engagement by extractive companies in the EITI, both in terms of disclosures and participation in the MSG's work, had been fulfilled although they considered that there was an enabling environment for company participation. The Secretariat's assessment is that there are weaknesses in technical aspects of the requirement, including lack of coordination mechanisms with the broader constituency, lack of comprehensive company participation in reporting, a lack of proactive participation in outreach and dissemination as well as insufficient efforts to establish a consistent approach for overcoming taxpayer confidentiality barriers. Balancing these gaps against the limited aspirations for EITI implementation and the industry's engagement in broadening the scope of EITI reporting to renewables as an issue of greater public interest, the Secretariat's assessment is that the objective of Requirement 1.2 has been mostly met.</p>	
<p>Civil society engagement (Requirement #1.3)</p>	<p>Evidence and stakeholder consultations indicate that a narrow group of (three) civil society organisations (CSOs) are involved in EITI implementation (Transparency International Netherlands, the Netherlands Trade Union Federation (FNV) and Open State Foundation). While a group of 12 CSOs were consulted in 2016 and 2019 to canvass interest in establishing a mechanism for constituency coordination, there has never been sufficient interest in NL-EITI objectives to move beyond ad hoc (at most annual) consultations with specific organisations. Stakeholder consultations explained that most of the 12 CSOs consulted have primarily an international focus in their extractives work and did not view domestic extractive industry transparency as a priority. Environmentally focused CSOs such as Greenpeace, MilieuDefensie and Waddenvereniging were said not to identify alignment of the EITI with their priorities within the Netherlands. Ad hoc CSO coordination on EITI issues has been limited to a consultation on the draft of the first (2017) NL-EITI Report via email and at a meeting hosted by Tax Justice Netherlands, as well as CSO participation in the March 2018 National Event organised by the MSG to launch EITI implementation. There is no documented evidence of the civil society MSG members' outreach to the broader constituency to gather input in the development of the annual EITI work plan or review of outcomes and impact, although stakeholder consultations indicated that email outreach by MSG members had not resulted in any input due to the lack of interest in EITI from CSOs not represented on the MSG.</p>	<p>Mostly met</p>

	<p>The three civil society MSG members were nominated in March 2016 in an informal process that resulted in the only three CSOs demonstrating some interest in EITI being selected. Stakeholders consulted from government and civil society explained that it had been a challenge to fill the MSG seats allocated to civil society both in 2016 and in 2019. Civil society members from the constituency participate regularly in MSG meetings. The focus of civil society input to MSG deliberations has been primarily on the issue of project-level reporting, with calls to ensure disaggregation of all payments to government by project regardless of the basis for calculations of taxes and levies (e.g. including for taxes levied at a consolidated company or group level) (see <i>Requirement 4.7</i>). The three CSO MSG members' organisations have issued press releases on the publication of the two NL-EITI Reports to date, although there is scant evidence of civil society's use of EITI data or contribution to outreach and dissemination beyond these limited efforts.</p> <p>There is no evidence of any barriers to civil society participation or input to the EITI process related to freedom of association, expression, operation, or access to public decision-making. There was consensus among stakeholders consulted that there had been no attempt by actors outside civil society to influence the constituency's EITI-related activities, including MSG nominations. Stakeholders consulted did not express any particular views on whether the objective of full, active and effective engagement by civil society in the EITI had been fulfilled although they considered that there was an enabling environment for civil society participation in the EITI. The Secretariat's assessment is that there are weaknesses in technical aspects of the requirement, including lack of coordination mechanisms with the broader constituency and a lack of engagement in all aspects of implementation including outreach and dissemination of EITI findings. Balancing these gaps against the limited MSG aspirations for EITI implementation and civil society's engagement on technical disclosure issues such as project-level reporting, the Secretariat's assessment is that the objective of Requirement 1.3 has been mostly met.</p>	
<p>Multi-stakeholder group (Requirement #1.4)</p>	<p>The MSG was constituted in October 2017 ahead of the Netherlands' EITI candidature application, with renewal of members on an ad hoc basis due to changes in positions. The same organisations have been represented on the MSG since the start. The process for identifying the organisations to be members of the MSG was based on consultations between the Ministries of Foreign Affairs, of Economic Affairs and of Finance, NOGEPa and civil society organisations. There are no codified constituency nomination procedures for MSG seats, with the MSG's ToR (Section 4) simply noting that constituencies' nominations to the MSG must be in accordance with EITI Requirement 1.4.a and confirmed by decision of the Minister for Foreign Trade and Development Cooperation and the Minister of Economic Affairs and Climate Policy. Appointment of MSG members is for a period of three years, renewable once, with ministerial decisions confirming these appointments in October 2017 and July 2019. In practice, the</p>	<p>Partly met</p>

	<p>Ministries of Economic Affairs and Climate Policy, of Foreign Affairs and the Netherlands Tax and Customs Administration (NCTA) appoint their full and alternate MSG members following changes of position. The oil and gas industry association, NOGEP, decides the constituency's three full and one alternate MSG members through its Executive Committee. The civil society constituency originally appointed its members three full and three alternate MSG members in a meeting of 12 CSOs, which were consulted again in 2019 before the same organisations were selected to remain on the MSG. Stakeholders from all constituencies noted the challenges in identifying individuals interested in participating in the MSG and explained that the selected individuals tended to be the ones that did not refuse. Despite the lack of public constituency nominations procedures, the Secretariat's assessment is that MSG members have been appointed on the basis of open, fair and transparent constituency procedures and that the procedural gap is due to insufficient engagement by the three constituencies (see <i>Requirements 1.1-1.3</i>).</p> <p>The MSG appears to be functioning in an equitable manner, in accordance with the MSG's ToR. The ToR, modelled on the UAEITI MSG's, were approved at the NL-EITI MSG's fifth meeting in February 2018 and revised in December 2020 to reflect changes in the 2019 EITI Standard. Meeting minutes indicate that the MSG has approved its own ToR on each occasion. The MSG's ToR are consistent with all aspects of Requirement 1.4.b. While there appear to have been no deviations from the ToR in the 2017-2021 period, with all MSG decisions taken by consensus, electronic consultations with each of the broader constituencies has only elicited limited input (see <i>Requirements 1.1-1.3</i>). Consultations with MSG members from all constituencies indicated a lack of understanding of MSG members' responsibility for liaising with their broader respective constituencies, which is a concern. Attendance of most MSG members is consistent. Minutes of meetings are published on the NL-EITI website (although minutes of meetings prior to the MSG's June 2019 decision to operate under Chatham House rules have been taken down) and meetings are scheduled with sufficient advance notice, with documents circulated sufficiently ahead of time. The MSG establishes temporary working groups to work on specific topics in accordance with its ToR (Section 6), with a total of ten such 'sub-groups' established in the 2018-2020 period, with only two operational in 2021 (on communications and Validation). There is no practice of per diem, as confirmed in the candidature application, the MSG's ToR and stakeholder consultations.</p> <p>Stakeholders consulted did not express any particular opinion on whether the objective of ensuring an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation that balances the three main constituencies' interests in a consensual manner had been achieved. The Secretariat's assessment is that Requirement 1.4 is partly met given the lack of sufficient efforts by MSG members to liaise with their respective</p>	
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	constituencies on EITI-related issues and effective outreach to their respective constituencies.	
New corrective actions and recommendations		
<ul style="list-style-type: none"> • In accordance with Requirement 1.1, the government should ensure that it is fully, actively, and effectively engaged in all aspects of EITI implementation, both in terms of high-level political leadership and operational engagement. The Netherlands may wish to consider the extent to which alignment of NL-EITI objectives with national priorities would demonstrate the use of EITI to government and ensure that adequate resources are devoted to ensuring outcomes and impact in line with government reform priorities for the extractive industries. • In accordance with Requirement 1.2, the industry constituency should ensure that companies are fully, actively, and effectively engaged in all aspects of EITI implementation. The government must ensure that there are no obstacles to company participation in the EITI process, including by developing effective means of overcoming taxpayer confidentiality constraints, potentially by building on mandatory payments to government disclosures by extractive companies domiciled in the Netherlands. The Netherlands may wish to consider the extent to which revisions to the objectives for EITI implementation, potentially building on the legal framework for mandatory payments to government disclosures, could catalyse greater industry interest and participation in EITI implementation. • In accordance with Requirement 1.3, the civil society constituency should ensure that it is fully, actively, and effectively engaged in all aspects of EITI implementation. The Netherlands may wish to consider the extent to which revisions to the objectives for EITI implementation, potentially including issues related to the environmental impact of the extractive industries, oil and gas infrastructure decommissioning and the energy transition, could catalyse greater civil society interest and participation in EITI implementation. • In accordance with Requirement 1.4.b.ii, the Netherlands should ensure that the MSG undertakes effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. The MSG should also widely disseminate the public information that results from the EITI process. In accordance with Requirement 1.4.b.iii, the Netherlands should ensure that members of the MSG should liaise with their constituency groups. To strengthen implementation, the Netherlands is encouraged to ensure that the constituency nominations procedures for MSG membership are publicly codified. Subject to the recommended reassessment of EITI implementation objectives, the MSG may wish to consider whether the inclusion of new stakeholders relevant to these new objectives may be desirable. 		

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

Information on the general overview of the extractive industries is systematically disclosed on government websites in the Netherlands, with NL-EITI reporting providing a cursory overview of

existing public sources of information rather than providing new disclosures of information or analysis in accordance with Requirement 3.1. The Dutch Oil and Gas portal ([NLOG](#)), maintained by the Geological Survey of the Netherlands (TNO) part of the Ministry of Economic Affairs and Climate Policy, provides comprehensive information on both the oil and gas sector as well as mining and quarrying. The oil and gas SOE, EBN, operates a [data centre](#) that provides information on oil and gas subsurface activity, facilities, and economics. Recent, on-going, and planned exploration activities are fully explained on these two government portals. The data is presented in a user-friendly interface on the NLOG portal, including both an interactive map and a searchable data centre. Stakeholders consulted did not provide any particular views on the availability of information on extractive activities other than considering that NL-EITI reporting added little value to public-domain government data that pre-dated EITI implementation. Therefore, the Secretariat's assessment is that the Netherlands has exceeded Requirement 3.1.

The Netherlands publishes government data for most aspects of the contribution of the extractive industries to macroeconomic indicators, in particular related to estimates of Gross Value Added of the extractive industries and employment at the national level. Most of this data is available on the Central Statistics Bureau's (CBS) website, disclosed on a regular basis in open formats based on international data standards. Employment data is provided at both national and sectoral levels disaggregated by gender, and the NL-EITI Report explains that extractive employment data is not currently disaggregated by seniority or by company. Additionally, publicly accessible government data on the extractive industries covers investments in the sector, exceeding EITI Requirements. However, data on total government revenues from the extractive industries provided by NL-EITI appears to only encompass revenues from natural gas. The estimates of government natural gas revenues reported by NL-EITI under Requirement 6.3 exceed the total government revenues disclosed as part of the reconciliation of company payments and government revenues. In addition, NL-EITI reporting provides an estimate of extractive exports, but does not clarify the specific extractive sectors covered by this export data. The CBS portal¹ implies an estimate 40% lower² than the estimate of extractive exports provided in the NL-EITI's Validation template, even when including all extractive industries beyond natural gas and salt mining. Stakeholders consulted did not express any views on whether the objective of ensuring a public understanding of the extractive industries' contribution to the national economy and the level of natural resource dependency in the economy had been fulfilled. Thus, the Secretariat's assessment is that Requirement 6.3 is mostly met in light of the unexplained inconsistencies between NL-EITI disclosures and government's systematic disclosures of data on the contribution of the extractive industries to government revenues and exports.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

¹ Central Statistics Bureau (2021), 'Exports of goods and services by origin; National Accounts'. Available at: <https://opendata.cbs.nl/#/CBS/en/dataset/84096ENG/table?ts=1631692258934>

² The Transparency template estimates EUR 8.7bn while CBS estimates for Mining and quarrying (incl petroleum) exports amount to EUR 5.5bn.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Exploration (Requirement #3.1)	The Netherlands has exceeded the requirement's objective of ensuring public access to an overview of the extractive sector in the country through systematic disclosures of information on the extractive sector and its potential, including recent, ongoing, and planned significant exploration activities. The Netherlands systematically discloses all relevant data through the government's Annual Review of Natural Resources and Geothermal Energy report, including data on reserves, exploration and extractive activities for petroleum, coal, rock salt and geothermal sectors. The Netherlands has publicly disclosed through its EITI Reports a comprehensive overview of the extractive industries, including significant exploration activities, which maps out available data systematically disclosed through the NLOG website.	Exceeded
Contribution of the extractive sector to the economy (Requirement #6.3)	The Netherlands has mostly met the objective of ensuring a public understanding of the extractive industries' contribution to the national economy and the level of natural resource dependency in the economy. While most indicators appear readily and timely available through the Central Bureau of Statistic's portal, it appears that some data points do not refer to the extractive sector as a whole, rather focuses solely on natural gas. This appears to be the case for government revenues, and contribution to exports (the latter does not provide a source or explanation of the estimate). Other official estimates by the Central Statistics Bureau appear to be less than the estimate included in the Transparency template, and estimates of government revenues from extractive sectors other than natural gas do not appear to be publicly accessible.	Mostly met
New corrective actions and recommendations		
<ul style="list-style-type: none"> In accordance with Requirement 6.3, the Netherlands should ensure that estimates of the extractive industries' contribution to government revenues and exports are publicly disclosed. Government revenues and exports should encompass the contribution of all subsectors of extractive industries, beyond natural gas and salt mining. Additionally, the Netherlands may wish to use EITI reporting as a means of explaining differences in publicly accessible data on the macroeconomic contribution of the extractive industries, potentially aligning these data disclosures with the International Standard Industrial Classification³ system's category B. on mining and quarrying or equivalent. 		

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

The Netherlands has used its EITI reporting to provide a cursory overview of public sources of information on all aspects of the regulatory framework for the extractive industries, including the

³ United Nations (2007), 'International Standard Industrial Classification of All Economic Activities (ISIC) Revision 4'. Available at: <https://unstats.un.org/unsd/classifications/Family/Detail/27>

legal framework, fiscal regime, roles of government entities and reforms. While information on the legal environment for the extractive industries, including both oil and gas as well as salt mining, is systematically disclosed on government websites such as NLOG [portal](#), the Ministry of Economic Affairs and Climate Policy's [mining portal](#) and the government's central [website](#), EITI reporting has added value by centralising information on the fiscal regime and fiscal devolution related to the extractives. Stakeholders consulted considered the objective of ensuring public understanding of all aspects of the regulatory framework for the extractive industries had already been achieved prior to EITI implementation. Given gaps in systematic disclosures of some information related to the fiscal regime and fiscal devolution related to the extractives in the Netherlands, the Secretariat's assessment is that Requirement 2.1 has been fully met, but not yet exceeded.

The Dutch Government's policy is in favour of full license disclosure, as confirmed in the two NL-EITI Reports published to date. The Netherlands systematically discloses the full text of mining, oil and gas licenses, including annexes and amendments, through the [official gazette](#), although the accessibility of this information is relatively poor given the need to identify the specific gazette number in which each was published. The MSG does not appear to have undertaken a review of all active licenses to confirm the comprehensiveness of license documents available to the public. Stakeholder consultations explained that the contract disclosure sections of the NL-EITI Report had been prepared by the oil and gas SOE, EBN, but that a comprehensive review had not been conducted for the purposes of EITI reporting. Nonetheless, it appears that all licenses awarded both prior to and after 1 January 2021 have been publicly disclosed, including annexes and amendments, covering both exploration and production activities, as confirmed in stakeholder consultations. However, NL-EITI has not published a comprehensive list of all active licenses, indicating which are publicly available and which are not, with clear references or links to the location where each license is published in accordance with Requirement 2.4.c.ii.

While NL-EITI reporting has publicly stated that there are only licenses in the mining, oil and gas sectors, there was a lack of consensus among stakeholders consulted over whether 'cooperation agreements' involving the oil and gas SOE, EBN, constituted forms of contracts in accordance with the definition in Requirement 2.4.d. There do not appear to be any contracts in the mining sector. In the oil and gas sector, Cooperation Agreements between EBN and licence holders are categorised by NL-EITI as 'private agreements' regulating the operational and financial cooperation between the two parties, including designation of the operator, property rights and the method of sale of the hydrocarbons produced. The 2008 Mining Act requires license-holders to conclude such Cooperation Agreements for every license awarded, either as 'exploration agreements' (Sections 87-92) or 'production agreements' (Sections 93-97b) depending on the phase of the project. Requirement 2.4.d.i defines contracts as "*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.*" While several stakeholders consulted considered that Cooperation Agreements did not constitute forms of contracts given that payments to government were regulated by the Mining Act, some civil society and government stakeholders consulted considered that they fit the definition of contract in the EITI Standard. Several MSG members noted that EBN could not legally disclose the full text of Cooperation Agreements without the consent of both parties involved. The specific list of cooperation agreements that have been published to date is not clear from publicly available documents referenced by NL-EITI. For instance, the NL-EITI Reports

only refer to the publication of “a number of agreements” related to the Groningen production licence that together form the basis of the Gasgebouw partnership, without specifying which agreements have been published and providing any links to the published documents. In its comments on the draft assessment, the MSG noted that it did not consider that cooperation agreements provided any terms attached to the exploitation of oil and gas, as the definition in the EITI Standard requires. The MSG conceded that more transparency with respect to the relationship between EBN, the license-holders and the state, for instance through the disclosure of cooperation agreements, would be welcomed by some stakeholders. It noted the argument by Former Minister of Economic Affairs and Climate Policy Eric Derk Wiebes in a parliamentary debate that these agreements should be revised, so they could be made public. It highlighted that both EBN and NOGEPA were assessing the legal possibilities for disclosing the cooperation agreements.

Stakeholders consulted did not express any opinion on whether the objective of ensuring the public accessibility of all licenses and contracts underpinning extractive activities as a basis for the public’s understanding of the contractual rights and obligations of companies operating in the country’s extractive industries had been achieved. Given the lack of a comprehensive list of active licenses in the mining, oil and gas sectors, with specific links to published documents, and the lack of clarity surrounding (unpublished) Cooperation Agreements involving EBN and oil and gas license-holders, the Secretariat’s assessment is that Requirement 2.4 is partly met.

The Netherlands systematically discloses information on the rules and regulations related to environmental management and monitoring of extractive investments in the extractive industries through government websites such as the [NLOG](#) and [Commission on Environmental Impact Assessment](#) websites, as well as some information on actual practices such as the publication of decisions on environmental impact assessments and ongoing/upcoming public consultations. The NL-EITI Reports provide a cursory mapping of this information, albeit without analysis of potential deviations in practice or ongoing and planned reforms. The NL-EITI Reports have not led to disclosures of more information on material extractive companies’ environmental management and remediation practices however, despite significant interest from civil society. There was consensus among stakeholders consulted that NL-EITI reporting had not added to public information on environmental management and remediation policies and practices and there were no particular views on whether the objective of providing a basis for stakeholders to assess the adequacy of the regulatory framework and to assess extractive companies’ adherence to environmental obligations had been fulfilled. The Secretariat’s assessment is that Requirement 6.4 has not been exceeded and thus should remain as ‘not assessed’.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
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Legal framework and fiscal regime (Requirement #2.1)	<p>The NL-EITI Report 2018 describes the legal environment and fiscal regime for mining, oil and gas, including the roles of government entities, the level of fiscal devolution and reforms up to 2018. Government websites provide much of the information required although the fiscal regime and degree of fiscal devolution do not appear to be disclosed systematically on government websites referenced. Aside from the fiscal regime and level of fiscal devolution, all other aspects of the regulatory framework are systematically disclosed and documented in EITI reporting, supporting the assessment that the Netherlands has fully met, but not yet exceeded, the objective of Requirement 2.1.</p>	Fully met
Contracts (Requirement #2.4)	<p>The Netherlands have partly met the objective of this requirement to ensure the public accessibility of all licenses underpinning extractive activities. The full text of oil, gas, and mining licenses is provided through systematic disclosure in publications of the Official Gazette and the EITI Report clarifies government policy in favour of disclosing the full text of all licenses. However, it is unclear whether there are any contracts in the oil and gas sector, given the lack of clarity over whether EBN's "cooperation agreements" constitute contracts governing the exploitation of natural resources in accordance with the definition of "contracts" in Requirement 2.4.d. In addition, there is insufficient guidance from NL-EITI on where to locate the full text of mining, oil and gas licenses awarded since 1 January 2021. There does not appear to be a comprehensive list of all mining, oil and gas licenses (including those awarded prior to 1 January 2021), clearly indicating which ones are publicly accessible in accordance with Requirement 2.4.c.ii.</p>	Partly met
Environmental impact (Requirement #6.4)	<p>The Netherlands systematically discloses information on the legal provisions and administrative rules related to environmental management and monitoring of extractive investments in the country, including on environmental impact assessments and licences granted to oil, gas and mining companies, and on the roles and responsibilities of relevant government agencies. While the Commission on Environmental Impact Assessment website provides information on completed assessments and ongoing consultations, there is little further information on actual practice related to environmental management and monitoring of extractive investments in the country on government websites, such as for instance extractive companies' contributions to environmental remediation. While government websites such as NLOG provide information on environmental impacts of mining, oil and gas and efforts to transition to more environmentally sustainable extractive industries, there does not appear to be comprehensive information on regular environmental monitoring procedures, administrative and sanctioning processes of governments, as well as environmental liabilities, environmental rehabilitation and remediation programmes. The 2018 NL-EITI Report provides only a cursory overview of government agencies' responsibilities for granting of environmental licenses and monitoring the environmental impact of extractive activities.</p>	Not assessed

	Therefore, the Netherlands has not fully met the objective of Requirement 6.4, which remains 'not assessed' given that this requirement is an encouraged aspect of the EITI Standard.	
New corrective actions and recommendations		
<ul style="list-style-type: none"> • To strengthen implementation, the Netherlands is encouraged to work with relevant government entities to improve the accessibility of systematic disclosures related to the fiscal regime governing the extractive industries in accordance with Requirement 2.1, including fiscal incentives designed to support the energy transition to respond to public demand for information on the country's transition to a net-zero emissions economy. • In accordance with Requirement 2.4.c.ii, the Netherlands is required to publish a list of all active contracts and licenses, indicating which are publicly available and which are not, with specific links to each published document. Where there are claims that all contracts under these regimes have standard stipulations as mandated by law and that there are no deviations from such provisions, the onus is on the Netherlands to substantiate such claims. In accordance with Requirement 2.4.c.iii, the Netherlands should publish an explanation for any deviations between disclosure practices and legislative or government policy requirements concerning the disclosure of contracts and licenses. The NL-EITI MSG should document its view of whether Cooperation Agreements involving EBN in the oil and gas sector constitute forms of contracts, in accordance with the definition of contracts provided in Requirement 2.4.d.i, and ensure that any new contracts granted after 1 January 2021 are comprehensively disclosed to the public, including any annexes and amendments, in accordance with Requirement 2.4.a. • To strengthen implementation, the Netherlands could consider using annual EITI reporting to provide information on the government's environmental sanctioning of extractive companies, with a view to addressing public demands for information on the regulatory oversight of companies' environmental impacts. The Netherlands is encouraged to consider the public disclosure of extractive companies' contributions to environmental remediation and offset, given the level of public interest in the environmental impacts of the extractive industries. 		

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

The Netherlands systematically discloses information on both the process for awarding and transferring mining, oil and gas licenses as well as on license data, although there are some gaps in the information provided and its accessibility. None of the stakeholders consulted expressed particular interest in licensing information and considered that public disclosures by government had not evolved with EITI implementation. While basic information on licensing is in the public domain, there are insufficient public disclosures to enable public oversight of the efficiency of the mechanisms for licensing in the extractive industries, whether in terms of the MSG's assessment of the strengths and weaknesses of the current mechanism or in terms of license data that would enable such analysis.

The government's NLOG portal systematically discloses information on the award of oil and gas licenses, including the identity of licenses awarded in a particular period, the statutory process for awarding licenses and the technical and financial criteria assessed. This information is also systematically provided for mining licenses, although only technical criteria appear to be

assessed rather than any financial criteria. However, there is less clarity on the identity and process for transferring licenses in the mining, oil and gas sector, without clear indications of the identity of licenses transferred nor public confirmation of whether the same technical and financial criteria applied to transfers as to awards. Nonetheless, government stakeholders consulted confirmed that the same criteria were assessed for license transfers as for awards. There has been little added value of EITI reporting to transparency in the licensing process. There is no indication in either NL-EITI Reports or meeting minutes that the MSG has considered the existence of non-trivial deviations in license awards and transfers either in 2017 or 2018. The MSG's discussions do not appear to have focused on assessing the efficiency of the licensing system beyond stating that information was systematically disclosed through the NLOG portal and data centre. Therefore, the Secretariat's assessment is that the objective of public disclosure of sufficient information to allow stakeholders to identify and address possible weaknesses in the license allocation process has not yet been fulfilled, despite the solid foundation of systematic disclosures that pre-dates EITI implementation. The assessment is thus that Requirement 2.2 is mostly met.

The Netherlands publicly discloses most of the license information listed under Requirement 2.3.b in the mining, oil and gas sectors. The NLOG data centre publishes data for each active license concerning license-holder name, commodity(ies) covered, coordinates, and dates of award, irrespective of the materiality of payments to government associated with each license. However, the lack of dates of application and of expiry in the public domain hinder an assessment of the efficiency of licensing practices and the duration of property rights. Stakeholders consulted did not express any opinion on whether the broader objective of ensuring the public accessibility of comprehensive information on property rights related to extractive deposits and projects had been fulfilled. Given the lack of public accessibility of dates of application and expiry and the insufficient consideration of the issue by the MSG, the Secretariat's assessment is that Requirement 2.3 is mostly met.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Contract and license allocations (Requirement #2.2)	The Netherlands systematically discloses information on the award of mining, oil and gas licenses, including the identity of licenses awarded, the process for awarding and transferring licenses, including technical criteria and financial criteria for oil and gas licenses but only technical (not financial) criteria for mining licenses. However, the identity of licenses transferred in 2018 is unclear, as are the technical and financial criteria assessed in transfers. There is no evidence of the MSG's assessment of non-trivial deviations in mining, oil and gas license awards and transfers in 2018. Mining, oil and gas licenses do not	Mostly Met

	appear to be awards through competitive tender. Therefore, the Netherlands has mostly met this requirement.	
Register of licenses (Requirement #2.3)	The Netherlands systematically discloses information on mining, oil and gas licenses through the NLOG website and data centre, including data on the license holder's name, commodity(ies) covered and coordinates, for all active licenses irrespective of the materiality of payments associated with each license. While the dates of award appear to be provided for all active licenses, it is unclear where the dates of application and expiry are available for all mining, oil and gas licenses. Therefore, the Netherlands has mostly met this requirement.	Mostly Met
New corrective actions and recommendations		
<ul style="list-style-type: none"> • In accordance with Requirement 2.2.a, the Netherlands should ensure that information on mining, oil and gas license transfers is publicly disclosed, including the identity of licenses transferred and the process for transferring licenses, including technical and financial criteria assessed. In accordance with Requirement 2.2.a.iv, the Netherlands is required to ensure public disclosure of its assessment of any material deviations from the applicable legal and regulatory framework governing license transfers and awards in license awards and transfers in the period under review by EITI reporting. • In accordance with Requirement 2.3.b.iii, the Netherlands should ensure that dates of application and of expiry are public disclosed and accessible for each active license in the mining, oil and gas sector. 		

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the framework agreed by the Board in June 2019.⁴ The assessment consists of a technical assessment focusing on initial criteria and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It demonstrates that the Netherlands has established a legal basis for collecting and disclosing beneficial ownership information. It is expected that relevant regulations will be fully implemented by March 2022.

The Netherlands has enacted legislation to establish a publicly accessible ultimate beneficial ownership (UBO) registry covering all companies irrespective of their sector of activity in July 2020: The Implementation Act on registration of ultimate beneficial owners of companies and other legal entities (2020-35,179). The regulation, which came into force on 27 September 2020, provides an 18-month period for implementation before full enforcement from 27 March 2022. It will apply to all companies that apply for or hold a participating interest in exploration or production oil, gas or mining licenses. The register will be maintained by the Netherlands Chamber of Commerce (*Kamer van Koophandel - KVK*).

⁴ <https://eiti.org/document/assessing-implementation-of-eitis-beneficial-ownership-requirement>.

Assessment of effectiveness

Collection of UBO data by the Chamber of Commerce has commenced since September 2020, with disclosure of data collected to date through the [UBO register](#) that has already been launched. A total of 1.6m legal entities domiciled in the Netherlands are required to disclose their UBO, irrespective of their economic activity. Many of the companies holding or applying for mining, oil and gas licenses are publicly listed and already required to disclose shareholder information in filings on the stock exchanges where they are listed. To the International Secretariat's knowledge, there has been no further assessment or/and documentation of gaps or weaknesses in the disclosure of beneficial ownership information related to extractive companies. The MSG has not included UBO disclosure in the scope of EITI reporting given the broader government reforms covering all companies. Government stakeholders consulted explained that the Chamber of Commerce was still in the process of contacting all legal entities in the Netherlands to collect UBO data and could not confirm whether all companies holding or applying for extractive licenses had yet been contacted. Industry stakeholders however considered that extractive companies were being proactive in reporting this information to the Chamber of Commerce and not waiting for the March 2022 deadline. All MSG members consulted confirmed that the MSG had not assessed the comprehensiveness and reliability of UBO disclosures to date.

While the UBO requirements cover only companies with legal entities established in the Netherlands, the International Secretariat's understanding is that companies holding or applying for a mining, oil and gas license are required to establish a legal entity in the Netherlands. The disclosure threshold of 25% of ownership or control is in line with other EU member states' implementation of the Fourth Anti-Money Laundering Directive.

Several civil society stakeholders expressed concern about the accessibility of UBO data through the register, given the requirement to pay EUR 3.5 per individual company information and the ability to only search by company name rather than individual name, which caused confusion in identifying specific companies with similar names. Government officials confirmed the lack of bulk download functions of UBO data for public users through the register and explained that this function was only available to qualified government agencies and for statistical purposes. Civil society stakeholders considered the cost of access to be prohibitive given that researchers required access to thousands of companies' records.

Information on legal ownership of companies is publicly accessible through the Chamber of Commerce's company register, although this covers only private limited companies (*besloten vennootschap* - BV) not public liability companies (*Naamloze vennootschap* - NV). Industry and government stakeholders consulted explained that the majority of the 1.6m companies registered in the Netherlands were BVs, but could not confirm that all companies holding or applying for extractive licenses were BVs.

Consulted stakeholders' opinions on whether the objective of phase 1 of Requirement 2.5 were split, with some considering that the public could now know who ultimately owns and controls the companies operating in the country's extractive industries, while others, particularly within civil society, expressing strong scepticism about progress achieved to date. There was however consensus that the MSG had not yet assessed progress in fulfilling the objective of this requirement and had not yet considered which companies should be considered 'high risk'. In

light of the fact that outreach to extractive companies for UBO disclosure is still ongoing, the lack of a public MSG assessment of progress to date and gaps in the availability of legal ownership information on some companies, the Secretariat's assessment is that phase 1 of Requirement 2.5 is mostly met.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Beneficial ownership (Requirement #2.5)	The Netherlands has enacted legislation to establish a publicly accessible ultimate beneficial ownership (UBO) registry. It will apply to all companies that apply for or hold a participating interest in exploration or production mining, oil and gas licenses. Regulations implementing the act will only come into force in March 2022. The register will be maintained by the Dutch Chamber of Commerce. To date, beneficial ownership information has been requested from some, but not yet all, corporate entities that apply for or hold participating interests in mining, oil and gas exploration or production licenses. Following full enforcement of the UBO regulations in March 2022, it is expected that the requisite information will be available. However, this will need to be verified, including the coverage of legal ownership (available through other sources) and the coverage of politically exposed persons. The MSG has only clarified to date that legal ownership information on only some companies (private limited companies (BVs), not public companies (NVs)) is currently accessible to the public.	Mostly met
New corrective actions and recommendations		
<ul style="list-style-type: none"> In accordance with Requirement 2.5 and to prepare for the second phase of Validation of Requirement 2.5 from January 2022 onwards, the Netherlands is required to ensure that the beneficial ownership of all companies holding or applying for a mining, oil and gas license is comprehensively and reliably disclosed as of January 2022. In the meantime, in accordance with Requirement 2.5.c, the Netherlands is required to ensure that the MSG publishes an assessment of the comprehensiveness and reliability of beneficial ownership disclosures of all companies holding or applying for a mining or oil and gas license to date. Publicly listed companies, including wholly owned subsidiaries of companies listed on stock exchanges, are required to disclose the name of the stock exchange, and include a link to the stock exchange filings where they are listed, in accordance with Requirement 2.5.f.iii. Lastly, the Netherlands is also required to ensure that legal ownership data is available either through NL-EITI reporting or through systematic disclosures, in accordance with Requirement 2.5.g. 		

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

The 2018 EITI Report provides a comprehensive list of companies in which the government and EBN, the oil and gas SOE, holds equity and clarifies that state participation in EBN gives rise to

material revenues, through dividends to the state. The report clarifies the actual practice of financial relations between EBN and the state and summarizes the statutory rules governing the financial relations between EBN and the government. The 2018 EITI Report provides information on the level of EBN's participating interests in each oil and gas project in Appendix 5, a total of 188 participations and states that EBN is responsible for covering its share of costs in line with its participating interests in each block. While the cooperation agreements between EBN and oil and gas companies are not publicly available, including the specific terms attached to EBN's participating interests in each extractive project, there was consensus among stakeholders consulted and in the MSG comments on the draft assessment that EBN's participating interests in all oil and gas block were on a full-paid basis, i.e. with EBN covering its share of costs in line with its participating interests. Several civil society and government representatives consulted expressed concerns over the level of transparency in the operations of EBN and called for the publication of cooperation agreements (see *Requirement 2.4*). The report states that there were no changes in state participation in the mining, oil and gas sectors in 2018. The government's and EBN's lack of loans or guarantees to extractive companies in 2018 is confirmed in EITI reporting. The publicly accessible financial statements indicate that EBN is able to raise funds from third parties but it remains unclear from publicly accessible documents whether EBN receives any sovereign guarantee for any of its third-party financing. However, the company's audited financial statements do not highlight the existence of any sovereign guarantee on EBN's financing and there was consensus among stakeholders consulted and in the MSG comments on the draft assessment that EBN did not benefit from any sovereign guarantee. There is some information on EBN's corporate governance as well as its group-level consolidated audited financial statements systematically disclosed on its website, with these disclosures pre-dating EITI implementation. Most stakeholders consulted did not express any views on the fulfilment of the objective. Thus, the Secretariat's assessment is that Requirement 2.6 is fully met in the Netherlands.

There appear to be in-kind revenues accruing to the government from the extractive industries in the Netherlands, in the form of natural gas revenues received by EBN in-kind from smaller gas fields other than the Groningen field. In the oil and gas sector, all gas produced in the Groningen field is commercialised by GasTerra, including the state's statutory in-kind revenue entitlements. The situation is different in the smaller gas fields, where the state's share is collected in-kind by EBN, which then sells this natural gas to GasTerra in a mechanism described in the 2018 EITI Report. However, the 2018 EITI Report does not provide the volumes of in-kind natural gas collected by EBN and the volumes sold by EBN to GasTerra, although the value of proceeds from those sales transferred to the state are provided. No in-kind company payments to government exist in the mining sector. Thus, the Secretariat's assessment is that Requirement 4.2 is mostly met in the Netherlands.

The Netherlands has used its EITI reporting to comprehensively disclose oil and gas companies' payments to EBN and EBN's payments to government, albeit in aggregate terms only, not disaggregated by revenue stream (see *Requirement 4.7*). The 2018 EITI Report provides comprehensive and reliable information on the revenues collected by the SOE in the oil and gas sector. The report confirms that EBN does not receive any subsidy or other contributions from the government for its participation in oil and gas production and comprehensively discloses dividends paid to the state in 2018. Stakeholders consulted did not express any particular views on whether the objective of ensuring the traceability of payments and transfers involving SOEs

and strengthening public understanding of whether revenues accruable to the state are effectively transferred to the state and of the level of state financial support for SOEs had been fulfilled. Civil society's concerns over the transparency of EBN's financial management related to the SOE's financial relations with the state in practice rather than specific concerns over the comprehensiveness and reliability of SOE transactions disclosed in the NL-EITI Reports. Thus, the Secretariat's assessment is that Requirement 4.5 is fully met, given that the lack of disaggregation of reconciled SOE transactions is covered under Requirement 4.7.

While there is no public evidence of any quasi-fiscal expenditures undertaken by the oil and gas SOE, EBN, in publicly accessible documents, there is insufficient information in NL-EITI documents to explain the basis of the MSG's assessment that there are no quasi-fiscal expenditures related to extractive revenues in 2018. The 2018 EITI Report states that there are currently no quasi-fiscal expenditures in the extractive sector, without justifications or details of the documents reviewed to reach this conclusion. No evidence of such expenditures was found in the audited financial statements of EBN for the year under review. Stakeholders consulted did not express any particular views on whether EBN undertook any quasi-fiscal expenditures in the period under review, aside from several civil society representatives expressing concern over the SOE's management of revenues from the oil and gas industry that it retains. However, in its comments on the draft assessment, the MSG confirmed the lack of quasi-fiscal expenditures by EBN with reference to the SOE's annual report, which is based on audited financial statements audited to international standards. Thus, the Secretariat's assessment is that Requirement 6.2 is not applicable in the Netherlands in the period under review.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
State participation (Requirement #2.6)	The 2018 EITI Report adequately explains the role of the sole SOE in the extractive sector, EBN, including how EBN operates in a contractual collaboration without being a license holder or operator. The report also describes the rules and practices governing retained earnings, reinvestment, fund transfers (including dividends), and third-party financing. Concerning fund transfers between the state and the SOE and third-party financing, the EITI Report does not clarify whether government transfers to EBN are applicable for exploration, drilling, and transportation phases of the oil and gas value chain, or only for production, and whether sovereign guarantees are granted to loans contracted by EBN. In its comments on the draft assessment, the MSG clarified that EBN was not entitled to receive any government transfers for exploration, drilling and transportation phases nor for production, and that it does not benefit from a sovereign guarantee for any of its debt. The 2018 EITI Report explains that the SOE does not hold equity in other extractive companies and confirms the lack of loans from EBN to extractive companies. EBN's group-	Fully Met

	<p>level audited financial statements are publicly disclosed. While the cooperation agreements between EBN and the oil and gas companies are not publicly available, the 2018 EITI Report specifies that the participating interests of EBN in oil and gas projects may vary between 40 and 50% and Appendix 5 lists each oil and gas project in which EBN participates, including the level of participation for each of them and the terms attached to EBN's participating interest in each project. The EITI Report explains in general terms that costs of exploration and production are covered by the co-licence holders and that EBN covers its share of expenditures in line with its participating interest, which EBN finances through borrowings from external lenders. A stakeholder consulted confirmed that EBN always covered its share of costs in line with its participating interest in each project. The report confirms that EBN does not receive any subsidy or other contributions from the government for its participation in oil and gas projects.</p>	
Sale of the state's in-kind revenues (Requirement #4.2)	<p>The MSG references the ToR IA and the minutes of particular MSG meetings to validate their assessment that Requirement 4.2 is not applicable. However, in its comments on the draft assessment, the MSG confirmed that EBN receives gas produced from the smaller fields in kind and sells this to GasTerra, referencing the relevant sections of the 2018 EITI Report (pp.39-40). While the 2018 EITI Report provides disclosures of the proceeds of EBN's sales of natural gas to GasTerra that are transferred to the state, it does not provide the volumes of in-kind natural gas collected by EBN and the volumes sold by EBN to GasTerra.</p>	Mostly met
Transactions related to state-owned enterprises (Requirement #4.5)	<p>The MSG does well to lay out the relationship between the sole SOE, EBN, and the State as well as describing the interaction between EBN and independent extractive companies operating in the country. Although the 2018 EITI Report details the payments from extractive companies to EBN (hydrocarbons sales, pipeline fees and gas storage fees) they are disaggregated only by companies, not by revenue streams. In terms of revenues received by the government from EBN, both 2018 EITI Report and the 2018 annual report of EBN disclose the dividends payment for the year under review (although there are discrepancies between the two sources).</p>	Fully met
Quasi-fiscal expenditures (Requirement #6.2)	<p>The 2018 EITI Report indicates that no quasi-fiscal expenditures outside the national budget are incurred by the SOE, albeit without any justification of the basis of the MSG's assessment. There is no evidence in MSG meeting minutes on the topic of quasi-fiscal expenditures, nor in the scoping study for the Netherlands' EITI reporting. Given some consulted stakeholders' concern over EBN expenditures, the objective of accountability in the management of extractive-funded expenditures by EBN on behalf of the government, if applicable, may not yet be fulfilled. In its comments on the draft assessment however, the MSG confirmed the lack of quasi-fiscal expenditures undertaken by EBN, with reference to the SOE's annual report.</p>	Not applicable
New corrective actions and recommendations		

- To strengthen implementation, the Netherlands could consider using its EITI reporting to compare figures on the financial relations between EBN and the state in different public documents such as the EITI Report and EBN's audited financial statements with a view to explaining and contextualising any differences identified. The Netherlands is encouraged to describe the rules and practices related to EBN's procurement, subcontracting and corporate governance, e.g. composition and appointment of the Board of Directors, Board's mandate and code of conduct.
- In accordance with Requirement 4.2, where the sale of the state's share of production of natural gas collected in kind is material, the Netherlands, including state-owned enterprises such as EBN, is required to disclose the volumes received and sold by the state (or third parties appointed by the state to sell on their behalf), the revenues received from the sale, and the revenues transferred to the state from the proceeds of natural gas sold.
- To strengthen implementation, the Netherlands is encouraged to develop mechanisms for ensuring the systematic disclosure of comprehensive and reliable data on all financial transactions involving the SOE EBN, including revenues collected from oil and gas companies and payments to government.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

The Netherlands' EITI reporting maps out pre-existing systematic disclosures of production and export data that follow national classification systems, which are aligned with international standards.

Production volumes of mining, oil and gas commodities are systematically disclosed through the NLOG data centre and annual review. The oil and gas production volumes are disaggregated by individual project, which means that the disclosed data can be linked to specific regions, companies and individual projects. NL-EITI reporting has merely referenced these statistics, rather than providing any further information such as describing and analysing the methods for calculating production volumes and values. However, there is no public disclosure of extractive commodity production values and NL-EITI reporting has not provided any estimates of production values, for instance based on reference commodity prices. Stakeholders consulted did not express any particular views on NL-EITI reporting of production data, although some civil society stakeholders noting the public availability of disaggregated production data on natural gas production volumes on a monthly basis as a reason for arguing that all government revenues from the extractive industries should be disaggregated on a project basis to provide a full picture to citizens of the benefits in relation to production accruing to government (see Requirement 4.7). Given the lack of MSG deliberations on the public accessibility of production values for all extractive commodities produced in the Netherlands', the Secretariat's assessment is that the Requirement 3.2 is mostly met in the Netherlands.

The Secretariat's understanding, based on the MSG's submissions, NL-EITI Reports and review of third-party sources, is that the only extractive commodity exported (in gross rather than net terms) from the Netherlands in an unrefined form consists of natural gas. There are however significant re-exports of extractive commodities, primarily crude oil, that have been imported from other sources related to the Netherlands' role as a major trading country centred on the Port of Rotterdam. NL-EITI reporting has focused exclusively on exports of extractive commodities produced in the Netherlands to date, i.e., natural gas. Natural gas export volumes and values are

systematically disclosed on a monthly basis by government through the CBS Statline portal. Natural gas export data does not appear to be published disaggregated by region, company or project by project, however. Stakeholders consulted did not express any particular views on whether the objective of ensuring public understanding of extractive commodity export levels and the valuation of extractive commodity exports had been fulfilled. The Secretariat's assessment is that the Requirement 3.3 is fully met in the Netherlands.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Production (Requirement #3.2)	The Netherlands has mostly met the objective of ensuring public understanding of extractive commodity(ies) production levels, as a basis for addressing production-related issues in the extractive industries. Volumes for mining, oil, and gas commodities are systematically disclosed as well as mentioned in the NL-EITI Report. However, NL-EITI has not provided production values for any of the corresponding volumes listed and there does not appear to have been any effort to provide estimates of these production values in the place of actual values. Project-level disclosures of oil and gas production volumes is systematically disclosed through the NLOG annual reviews for the main projects in the country.	Mostly met
Exports (Requirement #3.3)	The Netherlands has fully met the objective of ensuring public understanding of extractive commodity(ies) export levels and the valuation of extractive commodity exports. Export data for extractive commodities is systematically disclosed on government websites such as the CBS Statline portal and referenced in the NL-EITI Report. The Secretariat understands that the Netherlands does not export unprocessed salt.	Fully met
New corrective actions and recommendations		
<ul style="list-style-type: none"> • In accordance with Requirement 3.2, the Netherlands should ensure that both production volumes and values are publicly disclosed for each extractive commodity produced in the period under review. To strengthen implementation, the Netherlands' public disclosures related to production data could include sources and the methods for calculating production volumes and values. • To strengthen implementation, the Netherlands could work to ensure that extractive commodity export volumes and values are published disaggregated by region, company, and project. The Netherlands could consider extending the scope of its EITI disclosures to export data involving imported extractive commodities, such as crude oil, that subsequently re-exported as part of the Netherlands' role as a leading global extractive commodities physical trading hub. 		

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

While the Netherlands systematically discloses significant amounts of non-financial information related to the extractive industries, NL-EITI has not referenced routine company and government disclosures of company payments and government revenues in the extractive industries. EITI reporting mentions annual reports and audited financial statements but does not systematically provide an overview of which disclosures relate to the various reporting entities covered in the scope of reconciliation. There is a missed opportunity in the EITI not building on the Netherlands' implementation of the EU's Accounting and Transparency Directives that require payments to government reports to be published by extractive companies.

The Netherlands has successfully established a conventional EITI reconciliation, although it remains unclear whether all companies making material payments to government have been included in the scope of reporting. The 2018 EITI Report describes all revenue streams in the extractive industries and adequately explains the MSG's methodology for selecting companies and revenue streams. However, stakeholder consultations suggest that revenues were not reported in aggregate for all companies that did not waive their right to confidentiality. The value of total government extractive revenues on which materiality decisions were based is unclear, given that government entities reported revenues significantly lower than national estimates of government revenues from the extractives.⁵ There are therefore concerns about the comprehensiveness of reporting on full government disclosures of revenues for all revenues and extractive companies operating in the Netherlands, and thus about the accuracy of figures provided for the reconciliation coverage.

MSG decisions on the scope of reconciliation are publicly available and align with rules of the EU Accounting and Transparency Directives, with a common materiality threshold of EUR 100,000 for selecting material revenues and companies. However, due to confidentiality restrictions in Netherlands related to taxpayer information, the MSG was unable to precisely identify or confirm that all companies paying more than EUR 100,000 to the state were included in the reconciliation. The report does not identify which companies provided the required waivers and which did not, nor whether there are other companies making material payments that did not report. Stakeholder consultations confirmed that there were no successful attempts at collecting third-party information to confirm whether all material companies had been included or not, for instance leveraging the mandatory payments to governments reports of these companies. Reconciliation coverage is limited to 17 companies in the 2018 EITI Report, 13 of which are members of NOGEPa, the oil and gas SOE EBN, two midstream transportation companies, and a single non-NOGEPa member. The report implies that these were *not* selected on the basis of materiality, due to the confidentiality restrictions of Dutch law. Stakeholder consultations confirmed that several companies making material payments to government in 2018 either refused to sign a taxpayer confidentiality waiver or did not report despite signing a waiver, although participation was reported as improving in the 2019-2020 EITI Report currently under development. A cursory review of third-party sources that collate extractive companies Payments

⁵ Data disaggregated by revenue stream amount to EUR 1.9 million, while the estimate for natural gas revenues under Requirement 6.3 estimates more than EUR 2.6m.

to Government reporting under the EU Directives reveals that some companies were not included in the scope of reconciliation even if payments exceeded the materiality thresholds set by NL-EITI. For example, ExxonMobil's payments to government report for 2018⁶ indicates that the company made payments roughly equivalent to USD 31.3m to the Dutch Government for the period under review, of which roughly USD 3.3m were related to royalty payments. While the MSG's comments on the draft assessment argued that the reconciliation covered 95% of government extractive revenues in 2018, this appears to have been a typo given that the 2018 EITI Report provides the reconciliation coverage as 85%. Indeed, it appears that extractive companies making material payments to government in 2018 (i.e. above EUR 100,000) were not included in the scope of the reconciliation, nor did they provide taxpayer confidentiality waivers for the purposes of EITI reporting. Nonetheless, the MSG argues that its reconciliation coverage target for the 2019 EITI Report is 99% of government extractive revenues. The 2019 report has not yet been published. While most stakeholders consulted considered that the objective had been achieved, the lack of public assurances that all material payments to government by extractive companies had been included in the scope of reconciliation supports an assessment that Requirement 4.1 is mostly met.

Although there is no publicly available evidence of the existence of any infrastructure provisions and barter arrangements in the Dutch extractive industries, the MSG's assessment that Requirement 4.3 is not applicable in the period under review is not supported by any evidence of the MSG's documentary review or consultations that supported this assessment. Stakeholders consulted did not express any particular views on whether the objective had been achieved.

The Netherlands has extended the scope of EITI reporting to natural gas transportation since the start. However, the 2018 EITI Report refers to both tax and non-tax payments by private gas transportation companies (minority-owned by the SOE, EBN), as transport revenues despite the fact that Requirement 4.4 defines transportation revenues as dividends or profits from transportation services accruing to government entities or SOEs. This would imply that only EBN's share of proceeds from transportation services, pipeline fees, and dividends received from transportation companies would be categorised as transportation revenues. The EITI Report indicates that EBN receives more than EUR 2.7 billion from various extractive companies but does not specifically provide the share of this revenue related to transportation revenues. Thus, it is not possible to conclude whether transportation revenues exceed the EUR 100,000 materiality threshold even though the inclusion of gas transportation companies in the scope of reconciliation implies that the MSG considers these revenues to be material. Stakeholders consulted did not express any particular views on whether the objective had been achieved. The EITI Report provides only aggregate information on EBN revenues from transportation as well as from oil and gas companies, but the lack of disaggregated financial data combined with a lack of detailed explanation of the transportation arrangements support an assessment that Requirement 4.4 is mostly met.

For other revenue disclosures covered by the 2018 EITI Report, data is disaggregated by government entity and revenue stream. However, revenues collected by EBN from oil and gas

⁶ Natural Resource Governance Institute (2021), 'ResourceProjects.org: ExxonMobil Luxembourg et Cie Report on Payments to Governments in respect of Extractive Activities 2018'. Available at: <https://s3.us-east-2.amazonaws.com/rp-20-sources/mandatory-disclosure-report-d8d6ed4cc267eb497f12baf1aca0df5f>

companies are not disclosed disaggregated by individual revenue stream and company. The EITI Report clarifies that companies can file a single tax return and calculate taxes on a consolidated basis by forming a “fiscal unity”, which means that revenues from more than half the companies included in the scope of reporting were not disaggregated by individual company due to the fact the taxes were levied at a group level. The only issue related to disaggregation of revenues by type of payment relate to revenues received by EBN from E&P and transportation companies for its participation.

Furthermore, the EITI Report disaggregates some data by project and the Netherlands applies the standard definition of the EU Accounting and Transparency Directives, which are aligned with the definition of the EITI Standard.⁷ The EITI Report also disaggregates a substantial amount of revenues by individual project, citing 99.9% coverage of revenues that are levied on a per project basis. However, one of the four revenue streams that the MSG categorises as being levied per project, ‘retribution’ introduced in 2018, is not presented in the 2018 EITI Report disaggregated by project, although stakeholders explained this would be done in the 2019-2020 EITI Report currently under development. In addition, it appears that some substantially interconnected or overarching agreements exist in the Netherlands, in particular related to Nederlandse Aardolie Maatschappij BV (NAM). The report does not clarify whether there are overarching agreements or substantially interconnected ones that would allow NAM (or EBN, as the recipient on behalf of the state) to aggregate payments to “Pre-1965 licenses” and “Post-1965 licenses”. Indeed, it appears that there are four pre-1965 licenses that each are governed by their own royal decrees and legal agreements. This is less clear for post-1965 licenses. Payments made in respect to pre-1965 licenses versus post-1965 licenses appear to be aggregated for state share payments, profit share and state participation. The 2018 EITI Report argues that these payments are made an entity level, although Table 6 that defines revenue streams implies that the rates are levied on the balance of accounts for individual licenses (Profit share), specific concessions (State Share) or through specific contracts between the state and extractive companies (State Participation). Assuming that these revenue streams as well as those received by EBN are levied on a per-project basis, the EITI Report’s disaggregation of government revenues per project would seem to be 84% of revenues levied on a per project basis, lower than the EITI Report’s estimates. Civil society stakeholders consulted called for the project level disaggregation of all government revenues irrespective of the basis on which they are levied, although industry and government representatives explained that this was not feasible for revenues levied on a consolidated company or ‘fiscal unity’ basis. There were thus opposing views as to whether the objective of Requirement 4.7 had been fulfilled. The Secretariat’s assessment is that Requirement 4.7 is mostly met given that all extractive revenues levied on a per project basis have not yet been disclosed on a project level, although this would not be required of revenues levied on a consolidated company or group basis, such as corporate income tax.

Lastly, the 2018 EITI Report and stakeholder consultations have revealed a few procedural yet significant issues in ensuring the reliability of reconciled financial EITI data. While the MSG adhered to the EITI Board’s standard procedures for data reliability, some aspects were not adhered to in practice. The overall objective of the requirement is for EITI data users to effectively

⁷ A project is an operational activity governed by a single contract, lease, license, lease, concession or other legal agreement that gives rise to payment liabilities towards the government. The only exceptions to this definition is in the event that several agreements are *substantially interconnected* or there are overarching legal agreements. For more details see guidance [here](#).

ascertain the reliability and completeness of the financial data of government and extractive companies. Yet the EITI Report does not provide an explicit statement by the IA related to the comprehensiveness or reliability of the reconciled financial data, despite provisions requiring it to do so in the ToR agreed by the MSG for this work. Additionally, the report falls short of providing an overview of which entities undergo independent and credible external audits in practice in the period under review, nor guidance on accessing audited financial statements. While none of the stakeholders consulted questioned the reliability of the 2018 EITI data, the lack of adherence to agreed quality assurances for EITI reporting by one government agency accounting for more than 60% of government extractive revenues raises concerns over the reliability of the reconciled financial data in the 2018 EITI Report. The Secretariat's assessment is thus that Requirement 4.9 is mostly met.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Comprehensive disclosure of taxes and revenues (Requirement #4.1)	The Netherlands has mostly met the objective of ensuring comprehensive disclosures of company payments and government revenues from oil, gas, and mining as the basis for detailed public understanding of the contribution of the extractive industries to government revenues. The MSG has described the existing revenue streams in the extractive industries. Materiality thresholds are well described to ensure a clear methodology for setting the scope of reconciliation. However, legal taxpayer confidentiality constraints prevent government publication of tax revenues from individual companies, which creates a substantial barrier for full government disclosure of extractive revenues. It is not clear whether all extractive companies have fully disclosed payments and revenues, nor whether the government has fully reported all revenues received from all extractive companies by individual revenue stream. Several stakeholders consulted confirmed that several companies making material payments to government in 2018 had either not agreed to sign taxpayer confidentiality waivers (and thus were not even mentioned in the EITI Report) or had not participated in EITI reporting despite signing such waivers. Stakeholders confirmed that there was no ex-post verification of whether any material revenue stream or extractive company was omitted from the reconciliation exercise, nor were such confirmation sought from external sources such as the Payments to Government reports that extractive companies in the Netherlands are subject to in accordance with the country's implementation of the EU Accounting and Transparency Directives. The lack of such publicly documented confirmation of the adequacy of the scope of the reconciliation casts doubt on its comprehensiveness.	Mostly met
Infrastructure provisions and	The Netherlands has mostly met the objective of ensuring public understanding of infrastructure provisions and barter-type arrangements, commensurate with other cash-based company payments and government revenues from oil, gas	Mostly met

barter arrangements (Requirement #4.3)	and mining. The MSG's Validation templates consider that Requirement 4.3 is not applicable in the period under review, with reference to the IA's ToR and MSG meeting minutes. However, review of relevant MSG meeting minutes do not provide sufficient evidence to justify the MSG's conclusion that Requirement 4.3 is not applicable given the lack of description of the MSG's approach to assessing the existence of infrastructure provisions and barter-type arrangements.	
Transportation revenues (Requirement #4.4)	The Netherlands has mostly met the objective of ensuring transparency in government and SOE revenues from the transit of oil, gas and minerals as a basis for promoting greater accountability in extractive commodity transportation arrangements involving the state or SOEs. The EITI Report includes midstream (gas transportation) companies in the scope of reconciliation (see <i>Requirement 4.1</i>). However, the report does not identify EBN's specific share of the proceeds from transportation services provided by companies in which it holds equity interests. The report indicates that EUR 2.74 billion were received for hydrocarbon sales, pipeline fees, and gas storage fees, but the specific value of EBN's share of transportation revenues is not provided. While there is insufficient publicly accessible information on whether transportation revenues were above the materiality EUR 100,000 threshold for selecting revenue streams, the MSG appears to consider these material given that it has included transportation companies in the scope of reconciliation.	Mostly met
Level of disaggregation (Requirement #4.7)	The Netherlands has mostly met the objective of this requirement to ensure disaggregation in public disclosures of company payments and government revenues from oil, gas and mining that enables the public to assess the extent to which the government can monitor its revenue receipts as defined by its legal and fiscal framework. The Netherlands has identified what constitutes a project in the national context, though some outstanding questions remain related to the context of pre-1965 licenses and post 1965-licenses. It is unclear whether these licenses are substantially interconnected or subject to overarching legal agreements between the state and private companies. Additionally, there appears to be contradictory information in the public domain on whether certain payment types are indeed levied on a per project, per company or per fiscal unity basis. The explanations of the 2018 EITI Report (Table 6) suggest that the payments are levied on individual production licenses (profit share), on specific concessions (state share), or on each license in which EBN holds a participating interest (state participation). However, the 2018 EITI Report concludes that all of these payment types are levied at entity or fiscal unit levels. Three of the four revenue streams that the MSG categorises as being levied on a per project basis are disclosed disaggregated by project, while the fourth (a new revenue stream established in 2018, 'retribution') is not, although stakeholders consulted noted that this was being addressed in the 2019-2020 EITI Report. Lastly, receipts of EBN from proceeds of subsidiaries and other revenues collected from affiliated companies do not appear to be disaggregated by individual revenue stream.	Mostly met
Data timeliness (Requirement #4.8)	The Netherlands has fully met the objective of ensuring that public disclosures of company payments and government revenues from oil, gas and mining are sufficiently timely to be relevant to inform public debate and policy making. While data for 2018 was not published ahead of the 31 December 2020	Fully met

	<p>deadline, the EITI Board granted the country an extension of the deadline due to the exceptional circumstances of the COVID-19 pandemic. Thus, 2018 EITI reporting is considered sufficiently timely to meet Requirement 4.8. The MSG appears to be exploring ways to improve the timeliness of EITI disclosures, although it has not yet agreed a clear path for improving timeliness of Netherlands' revenues from the extractive sector. The Netherlands, while meeting the requirements of data timeliness, remains the only European EITI implementing country that does not publish data well in advance of its reporting deadlines.</p>	
<p>Data quality and assurance (Requirement #4.9)</p>	<p>The Netherlands has mostly met the objective of ensuring that appropriate measures have been taken to ensure the reliability of disclosures of company payments and government revenues from oil, gas and mining. The aim is for the EITI to contribute to strengthening routine government and company audit and assurance systems and practices and ensure that stakeholders can have confidence in the reliability of the financial data on payments and revenues. The MSG used the standard TOR for IAs to ensure that a consultant, reporting on only EITI Requirements 4.1 to 4.9, was mandated to follow the EITI Board's standard procedures. These procedures appear to have largely been followed in practice, albeit with some important gaps. Firstly, neither the IA nor the MSG has formed an explicit opinion on the comprehensiveness or reliability of financial data included in Netherlands' 2018 EITI Report, which is mandated by the IA's TOR agreed by the MSG. Secondly, there does not appear to be an overview of specific company and government audit practices in 2018 available in the public domain. Lastly, the precise additional assurances demanded from reporting entities were not clearly described in the EITI Report itself (i.e., whether quality assurances for EITI reporting consisted of management attestation or any other element). The lack of provision of the agreed quality assurances by an important government agency (EZK) raises questions over the reliability of reconciled financial data, given that EZK collected more than 60% of government extractive revenues. While no stakeholder consulted implied there were concerns related to data reliability, these form important steps for users of EITI data to ascertain the level of reliability and completeness of financial data.</p>	<p>Mostly met</p>
<p>New corrective actions and recommendations</p>		
<ul style="list-style-type: none"> In accordance with Requirement 4.1.a, the Netherlands should ensure that its materiality decisions related to selecting companies and revenue streams for reconciliation are clearly documented and followed in practice. In accordance with Requirement 4.1.c, the MSG should ensure that the materiality of payments from each non-reporting entity and the nature of discrepancies are clearly assessed to inform an IA's overall assessment of the comprehensiveness of reconciliation. In accordance with Requirement 4.1.d, unless there are significant practical barriers, the government is additionally required to provide full disclosure of material revenues from non-material companies, disaggregated by revenue stream. To further improve the usefulness of EITI implementation in the Netherlands, the MSG may wish to consider cross referencing companies' publication of Payments to Governments Reports mandated by the country's implementation of the EU Accounting and Transparency Directives to provide assurances that all companies making material payments to government have been included in the scope of annual EITI reporting. This step could provide additional value in assessing the degree to which extractive companies in the Netherlands adhere to their legal payments to government reporting obligations. 		

- In accordance with Requirement 4.3, the Netherlands is required to consider whether there are any agreements, or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities. Where the MSG concludes that these agreements are material, the MSG and the Independent Administrator are required to ensure that the EITI Report addresses these agreements, providing a level of detail and transparency commensurate with the disclosure and reconciliation of other payments and revenues streams. Should the MSG conclude that such terms do not exist in any agreement, it should ensure public documentation of the basis for its assessment.
- In accordance with Requirement 4.4, the Netherlands should ensure that the government and SOE publicly disclose the revenues received from the transportation of oil, gas and minerals, where material, to levels in line with the level of disaggregation prescribed under Requirement 4.7.
- In accordance with Requirement 4.7, the Netherlands should ensure that reconciled financial EITI data is disaggregated by each individual project, company, government entity and, for revenue streams levied on a per-project basis, by revenue stream. Disclosures of revenues should be disaggregated to the levels at which the payments are levied. The Netherlands should clarify which agreements are deemed to be substantially interconnected or are unified under a single overarching agreement.
- To strengthen implementation and improve the EITI data's contribution to public debate, the Netherlands is encouraged to improve on the timeliness of EITI data disclosures, by building on existing systematic disclosures by companies and government.
- In accordance with Requirement 4.9.a, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should:
 - examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, and based on this examination, agree what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9. The Independent Administrator should exercise judgement and apply appropriate international professional standards in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his/her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The Independent Administrator's inception report should document the options considered and the rationale for the assurances to be provided.
 - ensure that the Independent Administrator provides an assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

All extractive revenues from the extractive industries aside from municipal taxes and levies are recorded in the national budget in the Netherlands, according to NL-EITI Reports and stakeholder consultations. However, the MSG does not appear to have publicly scoped out the national revenues classifications for extractive revenues accruing to the government, nor whether these are in line with international standards. Thus, the Secretariat's assessment is that Requirement 5.1 is fully met in the Netherlands, but not yet exceeded given the lack of explicit alignment of revenue classifications for EITI disclosures of government revenues with national or international revenue classifications.

The Netherlands' EITI reporting does not appear to have covered the issue of revenue management and expenditures related to the extractive industries. The government's national budget website provides information on the national budget and audit processes, including budgeting, expenditures and audit reports. However, there is no publicly accessible information any extractive revenues earmarked for specific programmes or geographic regions, nor descriptions of the methods for ensuring accountability and efficiency in their use, in public documents by the MSG for this Validation. Timely information from the government that would further public understanding and debate around issues of revenue sustainability and resource dependence, such as assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector, do not appear to be disclosed in documents referenced by the MSG for this Validation or disclosed on the NL-EITI website. The Secretariat's assessment is that Requirement 5.3 has not been exceeded and should remain as 'not assessed'.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Distribution of extractive industry revenues (Requirement #5.1)	The 2018 NL-EITI Report states that all extractive revenues are recorded in the national budget. The MSG has not referenced any public source documenting national revenue classifications of extractive revenues nor assessed the alignment of national and international revenue classifications for such government revenues. Thus, the Secretariat's assessment is that Requirement 5.1 is fully met but not yet exceeded given that encouraged aspects of the requirement have not yet been addressed by NL-EITI.	Fully met
Revenue management and	The Netherlands systematically discloses some information on revenue management and expenditures, including a general overview of the budget and audit processes, but not on any earmarked extractive revenues nor on assumptions and projections underpinning budget planning. Therefore, the	Not assessed

expenditures (Requirement #5.3)	Secretariat's assessment is that the objective of the requirement has not yet been fully met.	
New corrective actions and recommendations		
<ul style="list-style-type: none"> • To strengthen implementation, the Netherlands could consider using EITI reporting to reference national and international revenue classification systems in its public disclosures of government revenues from the extractive industries. • To strengthen implementation, the Netherlands may wish to use EITI reporting to describe any extractive revenues earmarked for specific programmes or geographic regions. The Netherlands may wish to consider using EITI implementation as a means of ensuring timely government disclosures that would further public understanding and debate around issues of revenue sustainability and resource dependence, including the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector. 		

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

There are several types of statutory subnational direct payments by extractive companies in the Netherlands, which are described in Appendix 4 of the NL-EITI Reports. Extractive companies operating onshore are liable to a one-off payment to provincial governments under the Mining Act. Companies are also liable to pay property tax on their immovable property to municipal governments. Therefore, it can be deduced based on NL-EITI reporting that material oil and gas companies are liable to make direct subnational payments of at least property tax, as well as one-off payments where their extractive activities are onshore. There is however no evidence in NL-EITI Reports or meeting minutes of the MSG's assessment of the materiality of these subnational government revenues. Stakeholders consulted explained that the MSG had excluded these payments from the scope of reconciliation on the basis of the IA's views that it had insufficient resources to contact the hundreds of subnational governments in the Netherlands. There had been no attempt at considering the materiality of these subnational payments based on data collection from either subnational government entities or material companies. In its comments on the draft assessment, the MSG argued that direct subnational payments had not been included in the scope of reconciliation because they were not material and due to the "disproportionate burden" disclosure would place on the many provinces and municipalities. The MSG's comments noted that the 2019-2020 EITI Report would include unilateral disclosure by extractive companies of their direct subnational payments. Stakeholders consulted did not express any particular views on whether the objective of strengthening public oversight of subnational governments' management of their internally generated extractive revenues had been fulfilled. While it is possible that the 2019-2020 EITI Report will demonstrate that subnational revenue streams from the extractive industries are not material, the Secretariat's assessment is that the lack of documented MSG assessment of the materiality of direct subnational payments means that Requirement 4.6 is partly met. Nonetheless, NL-EITI has confirmed that there are no transfers of extractive revenues from national to subnational governments in the Netherlands.

There do not appear to be any mandatory social expenditures required of extractive companies by law or contract in the Netherlands in the period under review, as confirmed in NL-EITI reporting. The MSG does not appear to have extended the scope of reporting to voluntary social expenditures by extractive companies. While stakeholders consulted did not express any particular interest in the public disclosure of companies' social contributions, some civil society stakeholders consulted considered that all contributions by extractive companies including social spending should be publicly disclosed at a license level to ensure public understanding of the benefits accruing from each mining, oil and gas project. The MSG has categorised one revenue stream on the consumption and use of natural gas and electricity (the energy tax, inclusive of the Surcharge for Sustainable Energy (*Opslag Duurzame Energie, ODE*)) as an environmental tax, although it has excluded it from the scope of reporting due to it consisting of an indirect tax on the extractive industries, levied on consumption rather than production of extractive commodities. The tax is passed on to consumers and paid by energy suppliers to the NTCA. In the case of upstream oil and gas and salt mining companies, the energy tax on use of self-generated electricity by these companies is paid directly to NTCA. While the values provided for energy tax and the surcharge for renewable energy in the NL-EITI Report (EUR 2,455,173 and EUR 453,733 respectively in 2018) are above the EUR 100,000 materiality threshold for selecting revenue streams to include in the scope of reconciliation, stakeholders consulted explained that the MSG had excluded them on the basis of their being indirect taxes. However, there is another levy on extractive companies that appears to constitute an environmental fee, the pollution levy to the subnational water boards described in Appendix 4 in the section on regional payments. The report references the Water Board Act and information on the fiscal regime for water board taxes, noting that such taxes were paid by a company "depend[ing] on its specific situation" without providing further details on the materiality of payments by extractive companies included in the scope of reporting. The Secretariat's assessment is that Requirement 6.1 is mostly met in the Netherlands given that, despite the absence of mandatory social expenditures, the comprehensiveness of public disclosures of environmental taxes by extractive companies remains unclear.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action	Summary of progress in addressing the EITI Requirement	Assessment
Subnational payments (Requirement #4.6)	The Netherlands does not appear to have made tangible progress in ensuring comprehensive and reliable disclosures of direct subnational payments. Although the MSG considers this requirement 'not applicable' in the Validation template, there is no publicly available evidence of the MSG's consideration of the materiality of direct subnational payments. Nonetheless, Appendix 4 of the 2018 EITI Report describes both payments to provinces and to municipalities that are required of extractive companies, although it is unclear whether these are levied from both mining as well as from oil and gas companies. In its comments on the draft assessment, the MSG argued that it had undertaken some work on direct subnational payments but that they had not been included	Partly met

	in the scope of reconciliation because of the materiality and the “disproportionate burden” this would put on the many provinces, municipalities and water boards. While data on the value of direct subnational payments by extractive companies in 2018 does not appear to be publicly accessible to support the MSG’s assessment that these payments are not material, the MSG’s comments noted that the 2019-2020 EITI Report would include unilateral disclosure by extractive companies of their direct subnational payments, even if this report has not yet been published.	
Subnational transfers (Requirement #5.2)	There are no transfers between national and subnational government entities related to revenues generated by the extractive industries in the Netherlands, as confirmed in NL-EITI reporting. This requirement is therefore not applicable in the Netherlands in the period under review.	Not applicable
Social and environmental expenditures (Requirement #6.1)	The MSG has demonstrated that there are no mandatory social expenditures paid by extractive companies in the Netherlands. While the MSG argues that the only environmental taxes (energy tax and surcharge for renewable energy (ODE)) paid by oil and gas companies on their self-generated electricity is below the materiality threshold for selecting revenue streams, the figures for environmental payments (energy tax and ODE) by extractive companies in the 2018 EITI Report appear to indicate that both of these revenue streams were material in 2018, i.e., above the EUR 100,000 threshold for selecting material revenue streams for reconciliation.	Mostly met
New corrective actions and recommendations		
<ul style="list-style-type: none"> • In accordance with Requirement 4.6, the Netherlands should ensure that extractive company payments to subnational government entities and the receipt of these payments are disclosed, where material. The multi-stakeholder group is required to agree to a procedure to address data quality and assurance of information on subnational payments, in accordance with Requirement 4.9. • In accordance with Requirement 6.1, the Netherlands should ensure public disclosures of all payments by extractive companies to the government related to the environment mandated by law, regulation or contract, where such payments are material. The Netherlands could consider extending its EITI reporting to indirect environmental taxes given the public interest in companies’ contributions related to the environment. 		

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI website for the Netherlands.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI website for the Netherlands.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.⁸ The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) include a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team included Sam Bartlett, while the Validation team was comprised of Alex Gordy, Chris Claussen, Hugo Paret, Christina Berger and Riley Zecca.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page here.

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency.

Timeline of Validation

The Validation of the Netherlands commenced on 1 July 2021. A public call for stakeholder views was issued on 1 June 2021. Stakeholder consultations were held virtually in July and September 2021. The draft Validation report was finalised on 24 September. Following comments from the MSG on 21 October, the Validation report was finalised for consideration by the EITI Board.

⁸ See <https://eiti.org/validation>

Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)