



VALIDATION FACT SHEET

NOVEMBER 2009

Validation is an essential feature of the EITI methodology

Validation is EITI's quality assurance mechanism and an essential feature of the EITI methodology. Validation has two critical functions. First, it promotes dialogue and learning at the country level. Second, it safeguards the EITI brand by holding all EITI implementing countries to the same global standard.

Validation is not an audit. It does not repeat the disclosure and reconciliation work that is carried out to produce EITI reports. Validation has broader objectives: it evaluates EITI implementation in consultation with stakeholders, it verifies achievements with reference to the EITI global standard, and it identifies opportunities to strengthen the EITI process going forward. The EITI Board uses Validation reports to determine a country's candidate or compliant status.

Validation Deadlines

Implementing countries must complete a Validation within two years of joining the EITI. Countries that demonstrate their compliance with EITI (or demonstrate substantive progress toward achieving this goal) receive international recognition for their efforts and achievements. If Validation is not completed, or if the validation shows that there has been no meaningful progress toward achieving EITI Compliance, the EITI Board will revoke that country's Candidate status. There are currently 28 Candidate Countries (see Validation deadlines below). Two countries, Azerbaijan and Liberia, have completed Validation and have been designated as EITI Compliant.

Deadline of 9 March 2010: Cameroon, Democratic Republic of Congo, Equatorial Guinea, Gabon, Ghana, Guinea, Kazakhstan, Kyrgyzstan, Madagascar, Mali, Mauritania, Mongolia, Niger, Nigeria, Peru, Republic of the Congo, São Tomé e Príncipe, Sierra Leone, Timor-Leste, Yemen. Deadline of 11 May 2010: Côte d'Ivoire. Deadline of 20 Nov 2010: Central African Republic. Deadline of 10 Feb 2011: Norway. Deadline of 15 Feb 2011: Tanzania. Deadline of 14 May 2011: Albania, Burkina Faso, Mozambique, Zambia.

A National Process

The Validation Process is carried out at the national level and is overseen by the national multi-stakeholder group. The cost is met by implementing countries. The basis for the assessment is the Validation Grid (see pages 2 and 3).

The Validation Grid

Consult the EITI Rules for more information, including the Indicator Assessment Tools (IATs).

EITI Implementation

SIGN UP

1. Has the government issued an unequivocal public statement of its intention to implement EITI?

2. Has the government committed to work with civil society and companies on EITI implementation?

3. Has the government appointed a senior individual to lead on EITI implementation?

4. Has a fully costed workplan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (gov., private sector and civil society)?

See Indicator Assessment Tool (IAT)

PREPARATION

5. Has the government established a multi-stakeholder group to oversee EITI implementation?

See IAT

6. Is civil society engaged in the process?

See IAT

7. Are companies engaged in the process?

See IAT

8. Did the government remove any obstacles to EITI implementation?

See IAT

9. Have reporting templates been agreed?

See IAT

10. Is the multistakeholder committee content with the organisation appointed to reconcile figures?

See IAT

11. Has the government ensured all companies will report?

See IAT

12. Has the government ensured that company reports are based on audited accounts to international standards?

See IAT

13. Has the government ensured that gov. reports are based on audited accounts to international standards?

See IAT

DISCLOSURE

14. Were all material oil, gas and mining payments by companies to government ("payments") disclosed to the organisation contracted to reconcile figures and produce the EITI report?

15. Were all material oil, gas and mining revenues received by the government ("revenues") disclosed to the organisation contracted to reconcile figures and produce the EITI report?

16. Was the multistakeholder group content that the organisation contracted to reconcile the company and government figures did so satisfactorily?

17. Did the EITI report identify discrepancies and make recommendations for actions to be taken?

How have oil, gas and mining companies supported EITI implementation?

See IAT

DISSEMINATION

18. Was the EITI report made publicly available in a way that was:
– publicly accessible,
– comprehensive, and
– comprehensible?

See IAT

What steps have been taken to act on lessons learnt, address discrepancies and ensure EITI implementation is sustainable?

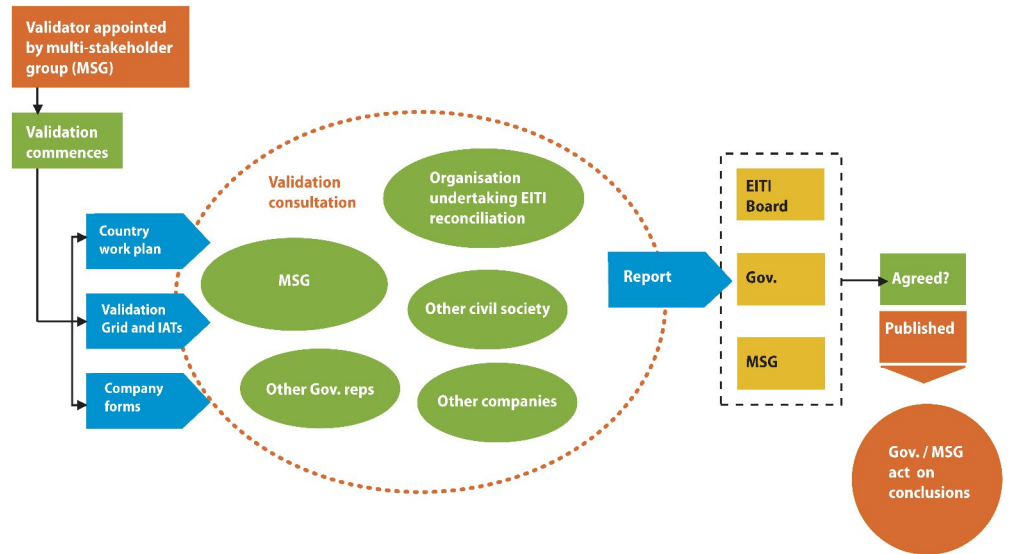
See IAT

Appointing a Validator

Validation is carried out by a Validator appointed by the National multi-stakeholder group. The EITI Board has approved a list of accredited EITI Validators, and has issued guidance to implementing countries on how to procure a Validator.

A Consultative Process

Validation is a consultative process. The Validator meets with the multi-stakeholder group, the organisation contracted to reconcile the figures disclosed by companies and the government and other key stakeholders (including companies and civil society not on the multi-stakeholder group).



Planning Ahead

Candidate Countries must complete Validation ahead of the 2 year deadlines established by the EITI Board. Candidates are encouraged to begin planning for Validation now. The EITI International Secretariat can provide support and technical assistance in this process.

Want to Know More?

For Further information on Validation, please consult the EITI Rules, or contact Sam Bartlett at the EITI Secretariat.

Website <http://www.eiti.org/validation>

Email sbartlett@eiti.org



VALIDATION DEADLINES

Approved by the EITI Board on 27 May 2008

Introduction

Validation is an essential feature of the EITI process. It serves two critical functions. First, it promotes dialogue and learning at the country level. Second, it safeguards the EITI brand by holding all EITI implementing countries to the same global standard. Candidate Countries must complete a Validation within two years. The EITI Board has established the deadlines for all Candidate Countries, and has agreed the rules for assessing a country's EITI status at these deadlines.⁹ A summary is presented in Figure 1, below. In all decisions on Validation, the Board will place a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand.

Figure 1. Validation Deadline Scenarios

Status at Validation Deadline:	Implications:
1. Validation not started	Delisted*
2. Validation started, not completed	Delisted*
3. Validation completed	
a) No meaningful progress	Delisted
b) Meaningful progress, but not yet compliant	Candidature can be renewed via MSG Application**
c) Close to Compliance	Compliant status following EITI Secretariat Review
d) Verifies Compliance	Compliant status granted for 5 years***

* Except in "exceptional and unforeseeable circumstances"
 ** Application to Board requires new agreed work plan, before 2 year deadline
 *** Stakeholders or the EITI Board can request another Validation before the 5 year deadline

EITI Board Decisions on Determining the Status of Implementing Countries following the 2-year Validation Deadline

Treatment of EITI Candidates with Incomplete Validations at the 2 year deadline

The Board has resolved that Candidate Countries must complete a Validation process within 2 years. For the first 22 Candidate countries, the deadline has been set at 9 March 2010. In accordance with the EITI Principles, and in order to protect the integrity of the EITI brand, the Board will delist Candidate Countries that have not completed a Validation within the two year period. A "complete Validation" is defined as follows:

1. The Validation report is agreed and endorsed by the multi-stakeholder group, the government and the EITI Board
2. The report has been published and is publicly available;
3. Payment of the Validator has been completed.

The Board will only consider extending the deadline for completing the Validation process in exceptional and unforeseeable circumstances (where constraints arise that are beyond the control of the EITI Candidate country). An extension will only be considered where an application, endorsed by the multi-stakeholder group, is presented to the Board in advance of the deadline. The Board requests that the EITI Secretariat maintains its work to publicise the central importance of Validation within the EITI methodology, including further outreach work in implementing countries, and, where necessary, to provide technical assistance to ensure that Validation is completed ahead of the 2 year deadline. The Board requests regular updates from the Secretariat on the status of Validation in implementing countries.

Determining the Status of Implementing Countries Following Validation.

The Board expects Candidate countries to strive toward achieving EITI Compliant status within 2 years. Where Validation verifies that a Candidate country has fully implemented EITI, and met all of the indicators in the Validation grid, the Board will designate that country as EITI Compliant. Retaining Compliant status requires that the country is revalidated within 5 years.

Stakeholders in the process may call for a new Validation of an EITI Compliant country at any time within that five-year period if they think the process needs reviewing. This request could be mediated (if necessary) through a member of his or her constituency representative(s) on the Board. The Board will review the situation and exercise its discretion as to whether to require the EITI Compliant Country to undergo a new Validation, placing a priority on the need to uphold the integrity of the EITI brand.

Where valid concerns exist that a country has become EITI Compliant, but its implementation of the EITI has subsequently fallen below the standard required for Compliance, then the Board reserves the right to require the country to undergo a new Validation or face delisting from the EITI.

Where an EITI Candidate country has completed Validation within two years, but the Validation shows that no meaningful progress has been made toward achieving EITI Compliance, and that there is little evidence of a sincere intention to implement EITI in line with the Principles and Criteria, the Board will de-list the country from the list of Candidate countries.

In assessing “meaningful progress” the Board will have regard to:

1. The EITI process – in particular the functioning of the Multi-stakeholder Group and clear, strong commitment from Government; and
2. The status of EITI Reporting. Specifically, the Board expects that an EITI Report has been published and made publically available with the first two year period.

An EITI Candidate Country that has completed Validation within two years, and has made meaningful progress in EITI Implementation without achieving Compliant status, may apply to have its Candidate status renewed, subject to a clearly defined and agreed work plan for achieving Compliant status, including a schedule for its next Validation. The application for extending EITI Candidature should be made following the completion of the Validation exercise, and must be endorsed by the multi-stakeholder group.

In circumstances where the Validation shows that a Candidate Country has not only made meaningful process, but can reasonably expect to achieve Compliance within a very short time, then the Board may, at its discretion, waive the requirement for a second Validation and empower the EITI Secretariat to reassess the country's status within a specific period. The Secretariat will submit its assessment to the Board for review. Where the Board is satisfied that remaining requirements have been met, the country will be designated as EITI compliant. In the interim, the country will retain its Candidate status.

In reviewing applications for renewal of Candidate status, the Board will place a priority on the need to preserve the integrity of the EITI brand and for consistency of treatment between Candidate countries. The Board is only likely to grant an application in exceptional cases where a Candidate Country's efforts to reach Compliant status within two years have been hindered by unforeseen difficulties or by constraints beyond its control.

An implementing country – via its Multi-stakeholder group – may petition the EITI Board to review its decision regarding the country designation as a Candidate or Compliant Country at any time. The Board will consider such petitions with regard to the facts of the case, the need to preserve the integrity of the EITI brand and the principle of consistent treatment between countries. The Board's decision is final.

9. The EITI Board agreed its position on *Determining the Status of Implementing Countries Following the 2-year Validation Deadline* at 5th EITI Board Meeting Madrid, 27 May 2008 (Board Paper 5-3)

FINANCING VALIDATION

Approved at the 6th EITI Board Meeting Athens, 29-30 October 2008

Guidance on Financing Validation

The report of the International Advisory Group, agreed at the Oslo International EITI Conference in October 2006 established the principle that “Validation will be paid for by the country being validated” (IAG Report p. 6.) This principle was reaffirmed by the EITI Board at its second meeting, in Berlin in April 2007.

The EITI Board again reiterates the importance of that this principle is adhered to. It is critical to the success of the EITI that implementing countries retain the ownership of the implementation of the EITI. It is also important that the multi-stakeholder nature of the EITI is upheld also in the way the Initiative is funded.

At the same, the EITI Board recognizes that there may be circumstances in which Governments may feel compelled to seek outside financial support. The EITI Board urges anyone considering providing such financial support to take the following into account:

- National ownership of EITI implementation must in no way be undermined.
 - The Board can for example not foresee any circumstances in which it would be acceptable that the contract with the validator is with anyone except the Government (or the National EITI Secretariat).
 - A potential funder of validation should seek and document assurances of Government ownership. Such ownership may for example be demonstrated through a government’s commitment to co-fund the majority of the validation.
- The respect of the EITI principles and criteria must in no way be undermined.
 - A potential funder of validation should seek and document confirmation from the EITI multi-stakeholder group that it is fully supportive of the agreement the government is seeking with potential funders.
- The EITI International Secretariat should be consulted on any proposed arrangements for financial support towards validation.