

EITI policy and methodology are guided by the [EITI Principles](#) and [EITI Criteria](#), and are outlined in detail in the [EITI Sourcebook](#) and [EITI Validation Guide](#). The EITI Board has also issued a number of clarifications and guidance notes to implementing countries. These are published as EITI Policy Notes. Questions regarding EITI policy and methodologies may be directed to the EITI International Secretariat, which will refer questions to the EITI Board for decision where necessary.

## EITI POLICY NOTE #2

# GUIDANCE NOTE FOR IMPLEMENTING COUNTRIES ON PROCURING AN EITI VALIDATOR

Approved by the EITI Board on 22 February, 2008<sup>1</sup>

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### **Preface**

On behalf of the EITI Board, the International EITI Secretariat issues the following guidance to EITI Implementing Countries on the process for selecting an EITI Validator. This guidance note has been developed with a view to strengthening the quality, consistency and sustainability of the Validation process. A key objective has been to reinforce country ownership of the validation process, while ensuring that the EITI Board, with the support of the International EITI Secretariat, exercises its mandate as the custodian of the EITI principles, criteria and Validation methodology. These procedures will be updated as lessons are learned through the first round of country validation.

### **Background**

Validation is an essential element of the EITI process, and central to the initiative's status as an international standard. The objective of Validation is to provide an independent assessment of the progress achieved by Implementing Countries on their progress on EITI and what measures they may need to take to make better and faster progress. For Candidate Countries<sup>2</sup>, Validation should measure progress in EITI implementation. For countries that have fully implemented EITI (Compliant Countries<sup>3</sup>), Validation will serve to provide an assessment of their ongoing fulfilment of all the EITI Criteria. In 2006, the International Advisory Group (IAG) recommended as follows:

Validation will be done by a Validator selected by the multi stakeholder group in the country being validated, from a list of suitable organizations or individuals pre approved by the International EITI Secretariat and the EITI Board. Validation will be paid for by the country being validated<sup>4</sup>.

The EITI Validation Guide<sup>5</sup> states that "the first step is the appointment of a Validator by the multi stakeholder group". This Guidance Note provides more detailed advice to Implementing Countries on the process for

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<sup>1</sup> This Guidance note was approved at the 4th Meeting of the EITI Board in Accra, Ghana on 22nd February, 2008

<sup>2</sup> Candidate countries are those who have signed up to implement EITI and met all four indicators in the sign up stage of the Validation Grid: (1) committing to implement EITI; (2) committing to work with civil society and the private sector; (3) appointing an individual to lead implementation; and (4) producing a Work Plan that has been agreed with stakeholders

<sup>3</sup> Compliant countries have fully implemented EITI. They have met all the indicators in the Validation grid, including the publication and distribution of an EITI Report

<sup>4</sup> [http://www.eitransparency.org/files/document/eiti\\_iag\\_report\\_english.pdf](http://www.eitransparency.org/files/document/eiti_iag_report_english.pdf) Page 6

<sup>5</sup> See <http://www.eitransparency.org/document/validationguide> Page 3

procuring and contracting an EITI Validator. It sets out the key steps in the process, and the roles and responsibilities of the Implementing Countries, the Validator and the EITI Board and EITI Secretariat.

### Overview of Key Steps

The implementing country will contract the Validator, through a procurement process overseen by the International EITI Secretariat. The following table presents the key steps in the process. The following sections provide additional guidance.

Step	Responsible Party	Comment
1. Initiation of Validation Process	Multi-stakeholder Group	Candidate countries must complete a Validation process every 2 years.
2. Inform the International EITI Secretariat	Lead Agency for EITI	
3. International EITI Secretariat Assesses Indicator #5	International EITI Secretariat	
4. Establishment of procurement process, including preparation of ToR and Contract.	Lead Agency for EITI. The Multi-Stakeholder Group should endorse the procurement process, the ToR and the Contract.	The International EITI Secretariat will provide guidance and technical assistance where required, include template ToRs and Contracts.
5. Procurement and Contracting of the Validator	Lead Agency for EITI.	The Multi-Stakeholder Group should be represented in this process and must endorse the selected candidate
a) Send Request for Proposals to Accredited Validators	Lead Agency for EITI.	
b) Receive proposals from Accredited Validators	Lead Agency for EITI.	
c) Assess technical and Financial Proposals	Lead Agency for EITI.	
d) Contract Negotiation with Selected Candidate	Lead Agency for EITI.	
6. Quality Assurance by the EITI Board	Coordinated by the International EITI Secretariat	
Send the final ToR and Contract to the International EITI Secretariat for Review	Lead Agency for EITI.	The review will typically take no more than 10 working days.
International EITI Secretariat Issues "No objection", or recommends changes	EITI International Secretariat	
Initiation of the Validation.	Lead Agency for EITI.	A copy of the signed Contract should be sent to the International EITI Secretariat
7. Oversight of the Validation Process	National Oversight by the Multi-stakeholder Group and Lead Agency. International Oversight by the EITI Secretariat and EITI Board	

**1. Initiation of Validation Process.** The EITI Validation Guide states that “the first step is the appointment of a Validator by the multi stakeholder group”. The multi stakeholder group should formally approve the decision to initiate the validation process. This could involve establishing a sub committee to oversee the process of selecting and contracting a Validator.

**2. Informing the International EITI Secretariat at the initiation of the Validation process.** Implementing Countries wishing to initiate the Validation process should inform the International EITI Secretariat in writing<sup>6</sup> via their designated lead on EITI implementation. This letter should briefly outline:

- a. An indicative timetable for the completion of the Validation process
- b. The proposed procedure for procuring and contracting an approved Validator, including:
  - i. The lead agency and contact person for the procurement process;
  - ii. The proposed procurement procedure including the proposed selection criteria and weighting for assessing proposals;
  - iii. The proposed contracting authority that will enter into the contract on behalf of the Implementing Country
  - iv. The role of the Multi Stakeholder Group in the procurement process
- c. The arrangements for financing the Validation process
- d. Any requests for technical assistance from the International EITI Secretariat.

The International EITI Secretariat will acknowledge receipt of this letter upon arrival, and respond within ten (10) working days, highlighting any issues with respect to the proposed process. The International EITI Secretariat will also respond to requests for technical assistance, and provide available guidance notes and templates. The International EITI Secretariat will provide the lead agency and contact point for the procurement with the latest list of accredited Validators.

**3. Assessing Indicator 5.** Indicator 5 in the Validation Grid on the establishment of the Multi Stakeholder Group will be assessed by the EITI Secretariat, and must have been met, in order to proceed with Validation.

**4. Implementing Countries to Draft Terms of Reference.** The Terms of Reference (ToR) for the validation process shall be developed by the implementing country, approved by the multi stakeholder group. The International EITI Secretariat will provide Implementing Countries with a template ToR, drawing on international best practice. The methodology and indicator assessment tools as set out in the Validation Guide must be adhered to. However, Implementing Countries may wish to adapt the ToR to accommodate local variations in EITI implementation. Variations to the template Terms of Reference will be assessed by the International EITI Secretariat (see section 5). Stakeholders wishing to raise concerns regarding the terms of reference may contact the International EITI Secretariat, which will refer complaints to the EITI Board as warranted (see section 6).

It is in the interests of the all parties that the Terms of Reference provide a clear and unambiguous outline of the scope of the EITI validation exercise as it applies in the country. This should include background information on the country's participation in the EITI (including the initiation of the process, and key milestones), details on the participating agencies, companies and stakeholders, and commentary on recent events and developments of relevance to the Validation process. The ToR should also include the EITI workplan as an attachment, and an update on the status of company reporting, disclosure and auditing.

The Terms of Reference should clearly specify the timeline for the validation process, the deliverables, and the process for reviewing and commenting of the draft validation report. The ToR should empower the Validator to document lessons learned, as well as any concerns people have expressed, and recommendations for future implementation of EITI.

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<sup>6</sup> The Contact Point at the International EITI Secretariat is: Sam Bartlett, Policy Advisor. Email: sbartlett@eitransparency.org Cell Phone: +47 9026 7530 Address: EITI Secretariat, Ruseløkkveien 26, 0251 Oslo, Norway

**5. Procurement and Contracting of the Validator by Implementing Countries.** Implementing Countries must procure an EITI Validator from a list of accredited organizations and individuals pre approved by the EITI Board, via the Secretariat. Following an international competitive bid process, including through the Official Journal of the European Union (OJEU), the UK Department for International Development (DFID), on behalf of the International EITI Secretariat, and led by a committee of the EITI Board (the Validation Committee<sup>7</sup>), seven companies and partnerships have been accredited to undertake validation. At the discretion of the EITI Board, via the International EITI Secretariat, this list of Validators may be added to and modified, subject to the demand for validation services.

Implementing Countries shall select the most appropriate method for the procurement and contracting of an accredited Validator. The International EITI Secretariat recommends a competitive bidding process open to all accredited Validators. International best practice include a range of procedures, including quality and cost based selection (QCBS), quality based selection (QBS), selection under a fixed budget (FBS), least cost selection (LCS), selection based on Consultants' qualifications (CQS), and single source selection (SSS).

The independence of the Validator is paramount, so the procurement process must include appropriate provisions to address possible conflicts of interests. The procurement process (including the proposed selection criteria and weighting for assessing proposals) should be endorsed by the multi stakeholder group. One option is to establish a sub committee of the multi stakeholder group to oversee the procurement process.

The contract for the Validation process shall be between the Implementing Country (the lead government agency, or the multi stakeholder group) and one of the approved Validators.

**6. Quality Assurance by the EITI Board.** The EITI Board, working through the International EITI Secretariat, must review the procurement process and the Validator's terms of reference and contract prior to initiation of the Validation assignment. In conducting its review, the EITI Board shall have regard to, inter alia:

- a. The overarching quality and transparency of the procurement process;
- b. The involvement of the multi stakeholder group;
- c. The treatment of conflicts of interest;
- d. The adequacy of the terms of reference vis à vis the objective of Validation and the methodology as set out in the Validation Guide;
- e. The coherence of the Validator's technical and financial proposals; and,
- f. The terms of the contract between the Implementing Country and the Validator.

Stakeholders wishing to raise concerns regarding the procurement of the Validator, the terms of reference or the contract may contact the International EITI Secretariat, which will refer complaints to the EITI Board as warranted.

Where the Board, working through the International EITI Secretariat, has concerns regarding the procurement process or the Validator's contract, these will be communicated in writing including recommended remedial actions and modifications. Once these issues have been addressed to the satisfaction of the Board, the International EITI Secretariat will issue a letter of no objection sanctioning the validation exercise. A copy of the signed contract should be forwarded to the International EITI Secretariat.

**7. EITI Oversight of the Validation Process.** The International EITI Secretariat, on behalf of the Board, will oversee the validation process. Building on the Validation Guide, the EITI Secretariat will enter into a Memorandum of Understanding (MoU) with accredited Validators. The MoU will further clarify the Validator's

<sup>7</sup> Comprising: Karina Litvack (F&C), Graham Baxter (BP – replaced by Mike Wilkinson, Shell); Gavin Hayman (Global Witness), John Strongman (WB – replaced by Anwar Ravat, WB); Fidele Ntissi (Government of Gabon)

responsibilities and obligations to the EITI Board and International Secretariat. It will include guidance on, inter alia:

- Ensuring strong communication and efficient information exchange between the EITI Secretariat and the Validator during the validation process;
- Reporting any difficulties or irregularities encountered in the validation process;
- Dispute resolution mechanisms.

For further information regarding these requirements, contact Sam Bartlett at the EITI Secretariat: [sbartlett@eitransparency.org](mailto:sbartlett@eitransparency.org).