

Validation Committee Paper 77-2

Submitted by: EITI International Secretariat

on: 15 April 2019

Validation of Germany

For decision

For discussion

For information

The Validation Committee recommends that the EITI Board agree that Germany has made *satisfactory progress* in implementing the 2016 EITI Standard and is re-Validated on **<date of Board decision + 3 years>**.

Supporting documentation

Comparison table reviewed by the Validation Committee [[English](#) | [French](#)]

Final Validation Report [[English](#) | [French](#)]

Comments on the draft Validation Report by the MSG: [Annex 1 - Commented initial assessment](#), [Annex 2 - MSG Feedback](#), [Annex 3 - Overview of corrective actions and recommendations](#)

Draft Validation report [[English](#) | [French](#)].

Initial assessment by the International Secretariat [[English](#)].

Has the EITI competence for any proposed actions been considered?

The Articles of Association mandate the Board to classify implementing countries as candidate countries or compliant countries (Article 5(2)(i)(a)). The EITI Standard ([Requirement 8.3](#)) addresses [EITI Validation deadlines and the consequences](#) following Validation.

Financial implications of any actions

The recommendation implies a re-Validation commencing in mid-2022.

Document history

Draft Board Paper reviewed by the Validation Committee	15 April 2019
Validation Committee agreement on a Board Paper	TBC

VALIDATION OF GERMANY

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Proposed Board decision on the Validation of Germany

The Validation Committee recommends that the EITI Board takes the following decision:

The Board agrees that Germany has made satisfactory progress in implementing the 2016 EITI Standard.

EITI implementation in Germany has improved the availability of information and strengthened dialogue between stakeholders. The EITI Board commends Germany's efforts to increase the relevance of EITI implementation by addressing environmental aspects, subsidies and renewable energy. Government, civil society and industry are working together to ensure meaningful implementation proportionate to economic importance of the domestic extractive industries.

The Board recognises Germany's efforts to overcome challenges to implementation posed by the federal system and legal constraints relating to tax confidentiality. The coordination between the federal and state-level governments is commendable. The Board encourages Germany to ensure that the minor gaps in publicly available licensing information are addressed, and that further efforts are made to ensure that licensing information is made available online.

The Board encourages the MSG to undertake further efforts to consider a mainstreamed approach to implementation and to ensure that implementation is proportionate considering the size of the sector and stakeholder interest.

Germany may wish to seek further synergies between mandatory company disclosures and EITI implementation. The government is encouraged to regularly monitor compliance with the mandatory disclosure regime and disclose results.

There is potential for the EITI to contribute to ensuring that mandatory payment reports and beneficial ownership data are accessible and user-friendly. Germany is required to ensure that beneficial ownership data is made publicly available by 1 January 2020.

The Board has determined that Germany will be re-Validated in three years.

Background

Germany became an EITI Candidate in February 2016 and has published one EITI Report, covering the year 2016. The report was published in August 2017 and updated in October 2018. On 4 September 2018, the Board approved Germany's request for early Validation. The Validation process commenced on 1 November 2018. In accordance with the Validation procedures, an initial assessment [[English](#)] was prepared by the International Secretariat. The MSG submitted comments to the initial assessment and the draft Validation report [[English](#) | [French](#)] on 14 February. The Validation report was subsequently finalised by the Validator [[English](#) | [French](#)]. The Validation report did not take into account information disclosed subsequent to the commencement of Validation. In February and April 2019, the MSG published information addressing proposed corrective actions related to license allocations (2.2), license register (2.3), comprehensiveness (4.1) and transactions related to state-owned enterprises (4.5). The International Secretariat prepared a comparison table on the four requirements [[English](#) | [French](#)].

The Validation Committee reviewed the case on 10 April 2019. Based on the findings above, the Validation Committee agreed to recommend the assessment card and corrective actions outlined below.

The Committee agreed to recommend an overall assessment of "satisfactory progress" in implementing the 2016 EITI Standard. Requirement 8.3.b. of the EITI Standard states that:

ii. Overall assessments. Pursuant to the Validation Process, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard.

...

iv. Where Validation verifies that a country has made satisfactory progress on all of the requirements, the EITI Board will designate that country as EITI compliant.

EITI compliant countries must maintain adherence to the EITI Principles and Requirements in order to retain Compliant status..

Assessment card

The Validation Committee recommends the following assessment:

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Work plan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1.)					
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)					
Outcomes and impact	Public debate (#7.1)					
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)					
	Outcomes and impact of implementation (#7.4)					

Legend to the assessment card

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.