

Terms of Reference

**for preparation of the 4th National Report “On Implementation of the Extractive Industries
Transparency Initiative in the Republic of Tajikistan” for 2019-2021**

Table of Contents

1. Background 3

2. Objective 5

3. Scope of services, tasks and expected deliverables 5

4. Reporting requirements and time schedule for deliverables 20

5. Client’s input and counterpart personnel 21

Annex 1 – Statement of materiality 22

Annex 2 – Supporting Documentation 33

1. Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

The EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.
- **Accountability:** a Multi-Stakeholder Group (MSG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard¹. Additional information is available via www.eiti.org.

The EITI process should be used to complement, assess, and improve existing reporting and auditing systems. The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. The expectation is that government and company disclosures as per Requirement 4 are subject to credible, independent audit, applying international auditing standards. The expectation is that disclosures as per Requirement 4 will include an explanation of the underlying audit and assurance procedures that the data has been subject to, with public access to the supporting documentation.

The Financial Services Volunteer Corps (FSVC – also referred to as “the contracting party” in this document), with funding from the U.S. Embassy in Tajikistan, is implementing a technical assistance program “Improving Fiscal Transparency in Tajikistan – Phase II” to help Tajik government institutions implement the EITI standard. As part of this program, FSVC is publishing a Request for Proposals (RfP) to identify a firm to prepare and publish the EITI report for the 2019, 2020 and 2021 fiscal years. This report should be developed in line with the EITI standards outlined in this ToR, and in line with the timeline outlined in this ToR. The selected firm will be expected to report on progress to FSVC on a bi-weekly basis at minimum through virtual meetings, and to provide written updates as requested by the FSVC team. The selected firm will also be expected to raise concerns, challenges and difficulties to

¹ <http://eiti.org/document/standard>

FSVC in a timely manner, and to propose a course of action to remedy the situation.

EITI Implementation in Tajikistan

The goal of the EITI for the country is to ensure transparency in the management of the country's natural resources and disclosure of government revenues from the extractive sector. The mechanism of the standard is that mining companies publish information about payments, and the government publishes what they received. Data are collated on an annual basis in the National EITI Report and are accompanied by international peer review. The process is controlled by the National Council (NC). To implement the EITI in 2022, the NC agreed a work plan for 2022-2023, which is published on the EITI web portal (www.pbo.eiti.tj). The work plan contains two strategic goals for the implementation of the EITI in 2022-2023, which are markedly linked to national priorities:

1. Attracting high-quality investments in the extractive industries by improving the legal framework to achieve sustainable economic development and social growth.
2. Raise awareness of activities in the extractive industry by providing the public with free access to information to involve society in the process of improving the management of the extractive industries.

The Republic of Tajikistan began the process of joining to the Initiative in June 2011. In August 2012, the Government of Tajikistan committed itself to the implementation of the EITI in accordance with the Decree of the Government of the Republic of Tajikistan No. 449 of August 31, 2012, about implementation EITI. Based on this decree, the National EITI Council was established in 2012, and in February 2013 the country was admitted as an EITI Candidate country. In April 2015, Tajikistan was suspended of its status as it failed to release its first EITI Report on the 26 February 2015 deadline.

In subsequent years, the country released three National Reports on the implementation of the EITI in Tajikistan for 2014, 2015-2016 and 2017-2018 years respectively. These reports are posted on the website of the National EITI Secretariat of Tajikistan. (pbo.eiti.tj).

In 2016, the first EITI Validation took place in Tajikistan. In making its validation decision on March 8, 2017, the EITI International Board decided that Tajikistan had not made satisfactory progress in meeting some of requirements for the implementation of the 2016 EITI Standard and, in accordance with requirement 8.3.c.iii, decided to suspend the status of Tajikistan.

The EITI International Board recommended corrective actions to further improve the implementation of the initiative in the country. Progress in the implementation of these actions was assessed at the second Validation process, which began on September 8, 2018. The quality and full implementation of the corrective actions recommended by the EITI Board will have an impact on recovering the status of Tajikistan. The country has completed 15 out of 17 corrective actions and has made “meaningful progress” towards compliance. As a result, in February 2020, the country was granted with the compliant status.

As of 1 January 2020, it was required that implementing countries request, and companies publicly disclose, beneficial ownership information. In October 2020, the U.S. Embassy in Tajikistan funded a 24-month program to assist Tajikistan in the country's efforts to strengthen and systematize government reporting on beneficial ownership for implementation of requirement 2.5 of the Extractive Industries Transparency Initiative (EITI) standard. Specifically, program resulted in 1) the launch of a beneficial ownership transparency web-portal; 2) the development of a standard beneficial ownership disclosure form; 3) the submission of legal recommendations on how to make beneficial ownership mandatory; and 4) capacity building of government institutions, private companies, civil society organizations (CSOs) and journalists on beneficial ownership reporting and EITI standards.

In this regard, Tajikistan was supposed to prepare the next report for 2019 by December 31, 2021, but the situation related to the pandemic around the world and the lack of funding did not allow the report to be released on time. The Ministry of Finance of the Republic of Tajikistan, as the leading body in EITI implementation, submitted request to the International Secretariat and the International Board for extension of the deadlines, and in July 2022, the International Board decided to suspend the status for the late release of the report and grant a delay in the release of the report for 2019-2021 until June 2023 year, as well as conducting a target assessment of requirement No. 1 in January 2023. Objectives and expectations of the assignment.

2 Objective

The contracting party seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard. The objective of the assignment is to support the MSG in strengthening disclosures in accordance with the EITI Standard, provide an assessment of the comprehensiveness and reliability of the disclosures, and support the MSG in agreeing recommendations for strengthening government systems and natural resource governance.

The Independent Administrator is expected to:

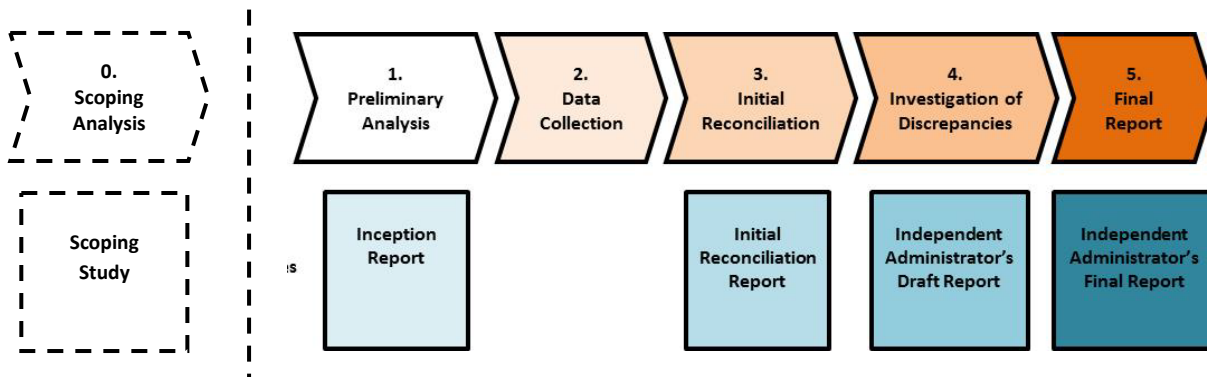
- Produce a scoping study to inform the MSG's decision on the scope of the 2019, 2020 and 2021 EITI Report.
- Produce an EITI Report and associated data files for 2019-2021 in accordance with the EITI Standard, and section 3, below.
- provide advice to accountable government agencies and companies on filling out the necessary forms for information disclosure
- perform any additional tasks and work needed by the National Council as part of this process.

3 Scope of services, tasks and expected deliverables

The work of the Independent Administrator has five conceptual phases (see figure 1). These phases may overlap and there may also be some iteration between the phases. EITI reporting is generally preceded by scoping work which is sometimes undertaken by the Independent Administrator (phase 0 in the figure), and sometimes undertaken by the MSG or other consultants.

The Independent Administrator's responsibilities in each phase are elaborated below.

Figure 1 – Overview of the EITI reporting process and deliverables



Phase 0 - Scoping and scoping study

Objective: Scoping work aims to identify what EITI reporting should cover in order to meet the requirements of the EITI Standard. Scoping sets the basis for producing timely, comprehensive, reliable and comprehensible EITI reporting. It commonly involves looking at issues such as the fiscal period to be reported, the contextual information that should be part of the EITI Report, reviewing the types of assurances that are needed for ensuring that the data disclosed by reporting entities is credible, determining which revenue streams from oil, gas and mining are significant, and consequently which companies and government entities should be required to report. The scoping phase should help identify existing disclosures by government and company reporting entities and help inform recommendations for how to improve systematic disclosures in line with the EITI Standard. It is also an opportunity for the multi-stakeholder group to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements in order to address the objectives outlined in the EITI workplan. Scoping may also investigate likely gaps or issues that may be particularly challenging to include in the EITI Report with a view to identify options, solutions, and recommendations for an appropriate reporting methodology for consideration by the multi-stakeholder group.

The Independent Administrator is expected to undertake the following tasks during the scoping phase:

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- identify the total government revenue from the extractive sector to document a recommended definition of materiality and coverage for the EITI reconciliation (EITI Requirement 4, 4.1.d and 4.1.a);
- suggest the payments and revenues streams to be reported and reconciled, including appropriate materiality thresholds and the levels of disaggregation where applicable (EITI Requirement 4.1.a, 4.1.b and 4.7);
- list the companies, state-owned enterprises and government entities expected to participate in the report according to a suggested materiality (EITI Requirement 4.1.c.);
- identify additional benefit streams from the extractive sector that should be disclosed (EITI Requirements 4.2, 4.3, 4.4, 4.5 and 4.6);
- consider revenue allocations and expenditure that should be disclosed under the EITI (EITI Requirement 5 and 6);
- assess the reliability of available data, including reviewing current auditing practices and the assurances to be provided by the reporting entities (EITI Requirement 4.9);
- identify any barriers to disclosure of the requisite information and propose options for addressing them;
- For the purpose of project-level reporting, propose:

- A definition of the term “project” that is consistent with the definition provided in Requirement 4.7²;
 - Produce an overview of the revenue streams that should be reported by project, classifying the revenue streams that are levied on a license/contract basis and should be reported as such as well as the revenue streams that are levied on a company basis and should be reported as such; and
 - Draft corresponding reporting templates, drawing on the model reporting templates for project level reporting developed by the EITI.³
 - identify the government entities that receive significant payments and should participate in the reporting in accordance with requirement 4.1 (c) of the EITI Standard;
 - provide guidance to the NC on the disclosure and reconciliation of payments from SOEs in accordance with requirement 4.5 of the EITI Standard;
 - Familiarize with the audit and assurance procedures of companies and government agencies involved in the preparation of the EITI Report, in accordance with requirement 4.9(a) of the EITI Standard.
 - Develop EITI reporting templates for NC to review and for approval.
- In undertaking the above the Independent Administrator is expected to consult the EITI’s guidance note on project level reporting, and to make use of the template definitions in the guidance note⁴.

Phase 1 – Preliminary analysis and inception report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and the schedule for publishing the EITI Report. In cases where the Independent Administrator is involved in scoping work, the inception phase will not be extensive. Where the Independent Administrator is not involved in scoping work, some work is required by the Independent Administrator to review prior scoping decisions and considerations taken by the MSG (1.1-1.2 below). The inception report thus ensures that there is a mutual understanding between the MSG and the Independent Administrator of the scope of the EITI Report and the work to be carried out.

The Independent Administrator is expected to undertake the following tasks during the inception phase:

- 1.1 Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work, existing disclosures by governments and companies, and the conclusions and recommendations from previous EITI Reports and Validations. (A list of relevant documentation is provided as Annex 2).**
- 1.2 On the basis of 1.1, produce an inception report that:**
 - 1.2.1 Includes a statement of materiality (annex 1) confirming the MSG’s decisions on the**

² In this context, a project is defined as operational activities that are governed by a single contract, license, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government

³ https://eiti.org/sites/default/files/2022-01/en_eiti_gn_4.7.pdf

⁴ See <https://eiti.org/GN29>

payments and revenues to be covered in the EITI Report, including:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(c).
- The sale of the state's share of production or other revenues collected in-kind in accordance with Requirement 4.2.
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3.
- The coverage of transportation revenues in accordance with Requirement 4.4.
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.5.
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6.
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2.
- The level and type of disaggregation of the EITI Report, by individual project, company, government entity and revenue stream, in accordance with Requirement 4.7.
- The coverage of social expenditure and environmental payments in accordance with Requirement 6.1 and implementation of activities to deal with CO2 and greenhouse gas emissions in accordance with the Strategy for the Development of the Green Economy of the Republic of Tajikistan.
- Coverage and area of mining, oil and gas production

1.2.2 Includes a statement of materiality (annex 1) confirming the MSG's decisions on the companies and government entities that are required to report, including:

- The companies, including SOEs, that make material payments to the state and will be required to report in accordance with Requirement 4.1(d).
- The government entities, including any SOEs and subnational government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(d), 4.5 and 4.6.
- Any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the EITI report, including revenues that fall below agreed materiality thresholds (Requirement 4.1(d)).

1.2.3 Includes a definition of the term 'project' and an overview of the revenue streams to be reported by project, confirming the MSG's decision that the financial data should be disaggregated by project where levied by project.

1.2.4 Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.4 above), confirms what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data.

The Independent Administrator should exercise judgement and apply appropriate

international professional standards⁵ 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. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- Requesting a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.
- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent.

The inception report should document the options considered and the rationale for the assurances to be provided.

1.2.5 **Confirms the procedures for integrating and analysing non-revenue information in the EITI Report.** The inception report should incorporate table 1 below, confirming the division of labour between the Independent Administrator, the MSG or other actors in compiling, quality assuring and analysing this data, and how the information should be sourced and attributed.

Table 1 – Non-revenue information to be provided in the EITI Report

Non-revenue information to be provided in the EITI Report ⁶	Data collection, quality assurances and analysis to be undertaken by the MSG/others	Data collection, quality assurances and analysis to be undertaken by the Independent Administrator
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⁵ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

⁶ In preparing this information, the MSG may wish to use Part 2 of the EITI Summary data template, which contains a disclosure checklist for publicly accessible non-revenue information in line with the EITI Standard.

<p>Legal framework and fiscal regime in accordance with EITI Requirement 2.1.</p>	<p>a) Implementing countries must disclose a description of the legal framework and fiscal regime governing the extractive industries. This information must include a summary description of the fiscal regime, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies.</p> <p>b) Where the government is undertaking reforms, the multi-stakeholder group is encouraged to ensure that these are documented.</p>	<p>...</p>
<p>Information about procedures and practice of allocating licenses in accordance with EITI Requirement 2.2.⁷, and license holders in accordance with EITI Requirement 2.3.⁸</p>	<p>2.3 Register of licenses.</p> <p>a) To maintain a publicly available register or cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report:</p> <ul style="list-style-type: none"> i. License holder(s). ii. Where collated, coordinates of the license area (where coordinates are not collated, to ensure that the size and location of the license area are disclosed in the license register and that the coordinates are publicly available from the relevant government agency without unreasonable fees and restrictions. <p>The EITI Report should include guidance on how to access the coordinates and the cost, if any, of accessing the data. The EITI Report should also document plans and timelines for making this information freely and electronically available through the license register.</p> <ul style="list-style-type: none"> iii. Date of application, date of award and duration of the license. 	

⁷ Guidance Note 4: Licence Allocations, <https://eiti.org/guide/license-allocations>

⁸ Guidance Note 3: Licence Registers, <https://eiti.org/guide/license-registers>

	<p>iv. In the case of production licenses, the commodity being produced. It is expected that the license register or cadastre includes information about licenses held by all entities, including companies and individuals or groups that are not included in the EITI Report, i.e. where their payments fall below the agreed materiality threshold.</p> <p>Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.</p> <p>Where companies covered in the EITI Report hold licenses that were allocated prior to the accounting period of the EITI Report, implementing countries are encouraged, if feasible, to disclose the information set out in 2.2(a) for these licenses.</p> <p>b) Where the information set out in 2.3 (a) above is already available to the public, to include reference or link in the EITI report.</p> <p>Where such registers or cadastres do not exist, the EITI Report should disclose any gaps in the publicly available information and document efforts to strengthen these systems.</p> <p>2.2 License allocations.</p> <p>a) Disclose the following information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report during the accounting period covered by the EITI Report:</p> <ul style="list-style-type: none"> i. a description of the process for transferring or awarding the license; ii. the technical and financial criteria used; iii. information about the recipient(s) of the license that has been transferred or awarded, including 	
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	<p>consortium members where applicable;</p> <p>iv. any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards. It is required that the information set out above is disclosed for all license awards and transfers taking place during the accounting year covered by the EITI Report, including license allocations pertaining to companies that are not included in the EITI Report.</p> <p>Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.</p> <p>b) Disclose the information set out above for the companies licenses, covered in the EITI report, received prior to the reporting period of the EITI Report (that is 2022).</p> <p>c) Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is required to disclose the list of applicants and the bid criteria.</p> <p>d) Where the requisite information set out above is already publicly available, to include a reference or link in the EITI Report.</p> <p>e) The multi-stakeholder group may wish to include additional information on the allocation of licenses in the EITI Report, including commentary on the efficiency and effectiveness of licensing procedures.</p>	
<p>Any information requested by the MSG on contracts in</p>	<p>a) To check if any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals are publicly disclosed.</p> <p>b) The EITI Report documents the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil,</p>	<p>...</p>

<p>accordance with EITI Requirement 2.4 ⁹</p>	<p>gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway. Where applicable, the EITI Report should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published.</p>	
<p>Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5 ¹⁰</p>	<p>The EITI Report documents the government’s policy and multi-stakeholder group’s discussion on disclosure of beneficial ownership. This should include details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to beneficial ownership disclosure.</p> <p>Check whether companies publish information about their beneficial owners in the public domain starting from January 2020.</p>	<p>...</p>
<p>Information regarding state participation in the extractive industries, state-owned enterprises and any quasi-fiscal expenditures in accordance with EITI Requirement 2.6 and 6.2.¹¹</p>	<p>Where state participation in the extractive industries gives rise to material revenue payments, implementing countries must disclose:</p> <p>a) An explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing. For the purpose of EITI reporting, a SOE is a wholly or majority government owned company that is engaged in extractive activities on behalf of the government. Based on this, the multi-stakeholder group is encouraged to discuss and document its definition of SOEs taking into</p>	<p>...</p>

⁹ Guidance Note 7: Contract Transparency, <https://eiti.org/guide/contracts>

¹⁰ Template beneficial ownership declaration, <https://eiti.org/document/tools-to-include-beneficial-ownership-information-in-eiti-reporting>

¹¹ Guidance Note 18: SOE participation in EITI Reporting, <https://eiti.org/GN18>

	<p>account national laws and government structures.</p> <p>b) Disclosures from the government and/or SOE(s) of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g., full-paid equity, free equity, carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government and SOE(s) have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed.</p> <p>Quasi-fiscal expenditures.</p> <p>Where state participation in the extractive industries gives rise to material revenue payments, implementing countries must include disclosures from SOE(s) on their quasi-fiscal expenditures. Quasi-fiscal expenditures include arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, labor force employment, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.</p>	
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<p>An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.</p>	<p>Implementing countries should disclose an overview of the extractive industries, including any significant exploration activities.</p>	<p>...</p>
<p>Production and export data in accordance with EITI Requirement 3.2 and 3.3.</p>	<p>Disclose production data for the fiscal year covered by the EITI Report, including total production volumes and the value of production by commodity, and, when relevant, by state/region. This could include sources of the production data and information on how the production volumes and values disclosed in the EITI Report have been calculated.</p> <p>Disclose information on the volume of production for the financial year covered by the EITI Report, including total gross volume and value of exports by product and, where appropriate, by state / region of origin. This could include a discussion of possible sources of data on the volume and value of exports, as well as information on how to calculate the volume and value of exports, disclosed in the EITI Report.</p> <p>Disclose export data for the fiscal year covered by the EITI Report, including total export volumes and the value of exports by commodity, and, when relevant, by state/region of origin. This could include sources of the export data and information on how the export volumes and values disclosed in the EITI Report have been calculated.</p>	<p>...</p>
<p>Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.</p>	<p>Disclose a description of the distribution of revenues from the extractive industries.</p> <p>a) Implementing countries should indicate which extractive industry revenues, whether cash or in kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable (e.g., for sovereign wealth and development funds, subnational governments,</p>	<p>...</p>

	<p>state-owned enterprises, and other extra-budgetary aims).</p> <p>b) Multi-stakeholder groups are encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual.</p>	
<p>Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.</p>	<p>The multi-stakeholder group is encouraged to disclose further information on revenue management and expenditures, including:</p> <p>a) A description of any extractive revenues earmarked for specific programmes or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use.</p> <p>b) A description of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports.</p> <p>c) Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence, including projected production, commodity prices and revenue forecasts arising from the extractive industries as well as present and future revenues and fiscal balance expected to come from the extractive sector.</p>	...
<p>Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.</p>	<p>Implementing countries must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year 2019-2021 covered by the EITI Report. It is required that this information includes:</p> <p>a) The size of the extractive industries in absolute terms and as a percentage of Gross Domestic Product as well as an estimate of informal sector activity, including but not necessarily limited to artisanal and small scale mining.</p> <p>b) Total government revenues generated by the extractive industries</p>	...

	<p>(including taxes, royalties, bonuses, fees, and other payments) in absolute terms and as a percentage of total government revenues.</p> <p>c) Exports from the extractive industries in absolute terms and as a percentage of total exports.</p> <p>d) Employment in the extractive industries in absolute terms and as a percentage of the total employment.</p> <p>e) Key regions/areas where production is concentrated.</p>	
<p>Any further information requested by the MSG on environmental impact of extractive activities in accordance with EITI Requirement 6.4.</p>	<p>Implementing countries are encouraged to disclose management and monitoring information regarding the environmental impact of the extractive sector. This information includes the following:</p> <p>a) Review of relevant legal and administrative regulations, as well as environmental management practices and monitoring of investments in the extractive sector of the country. This includes information on environmental impact assessment, certification systems, licenses and rights granted to oil, gas and mining companies, as well as information on the roles and responsibilities of the relevant government authorities in the implementation of rules and regulations. This may also include information on any planned or ongoing reforms.</p> <p>b) Information on regular procedures for monitoring the state of the environment, administrative processes and the procedure for imposing state sanctions, as well as environmental obligations, environmental rehabilitation and restoration programs.</p>	

1.2.6 **Confirms the reporting templates based on the agreed benefit streams to be reported, the reporting entities, and the definition of project** (1.2.1 – 1.2.2 and 1.3.3 above). The Independent Administrator in collaboration with the national secretariat will draft the templates for the MSG’s approval. It is recommended that the templates include a provision requiring companies to report “any other material payments to government entities” and payments to non-government entities (including landowner entities) other than for the provision of goods and services (including employment) listed above an agreed threshold. **The Independent Administrator should confirm the key stages of its**

work as well as any procedures or provisions relating to safeguarding confidential information. The Independent Administrator should also develop guidance to the reporting entities on how to complete the reporting templates, and provide training to reporting entities.

- 1.2.7 Part II is an assessment of the EITI disclosure provisions, including the timeliness, completeness and reliability of the data (provisions 2-6).

Phase 2 – Data collection

Objective: The purpose of the second phase of work is to collect the data for the EITI Report in accordance with the scope confirmed in the Inception Report. The MSG and national secretariat will provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully.

The Independent Administrator is expected to undertake the following tasks during the data collection phase:

- 2.1 Distribute the reporting templates and collect the completed forms and associated supporting documentation directly from the participating reporting entities, as well as any contextual or other information that the MSG has tasked the Independent Administrator to collect in accordance with 1.3.4 above.
- 2.2 Contact the reporting entities directly to clarify any information gaps or discrepancies.

Phase 3 – initial reconciliation

Objective: The purpose of this phase is to complete an initial compilation and reconciliation of the contextual information and revenue data with a view to identify any gaps or discrepancies to be further investigated.

- 3.1 The Independent Administrator should compile a database with the payment and revenue data provided by the reporting entities, disaggregated by each individual project, company, government entity and revenue stream in accordance with Requirement 4.7.
- 3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances).
- 3.3 [The Independent Administrator should identify any discrepancies above the agreed margin of error established in agreement with the MSG]

Phase 4 – investigation of discrepancies and draft EITI Report

Objective: The purpose of this phase is to investigate any discrepancies identified in the initial reconciliation, and to produce a draft EITI Report that compiles the contextual information, reconciles financial data and explains any discrepancies above the margin of error determined by the MSG, where applicable.

- 4.1 The Independent Administrator should contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data from the reporting entities concerned.
- 4.2 The Independent Administrator should submit a draft EITI Report to the MSG for comment that

comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG. The financial data should be disaggregated by each individual project, company, government entity and revenue stream in accordance with Requirement 4.7. The draft EITI Report should:

- a) describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
- b) include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).
- c) include an assessment from the Independent Administrator on the 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.
- d) indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
- e) include 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 of the report.
- f) document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information.
- g) include non-revenue information as per Requirement 2,3,5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSG. Where information is already being systematically disclosed, the Independent Administrator should clearly state where the information is publicly accessible.

4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures. The Independent Administrator should make recommendations for strengthening regular, timely and comprehensive disclosures by government entities and companies in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSG in formulating such recommendations.

Phase 5 – final EITI Report

Objective: The purpose of this phase is to ensure that any comments by the MSG on the draft report have been considered and incorporated in the final EITI Report.

5.1 The Independent Administrator will submit the EITI Report to FSVC for review and approval. Upon FSVC's approval, the Independent Administrator will share the EITI Report with the MSG. The MSG will endorse the report prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.

- 5.2 The Independent Administrator should produce electronic data files¹² that can be published together with the final Report.
- 5.3 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat¹³.
- 5.4 The Independent Administrator must also complete the EITI Data Transparency Excel Template for the MSG (SB) for the forthcoming Tajikistan Validation.
- 5.5 The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The MSG may wish to request that the report be edited by a professional copy-editor and/or be designed by a professional graphical designer.
- 5.6 The MSG may request that the Independent Administrator submit to the national secretariat all data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process.
- 5.7 The report shall be published in Russian. The Executive Summary of the report shall be published in Tajik, Russian and English.

4 Reporting requirements and time schedule for deliverables

The assignment is expected to commence in December,2022, culminating in the finalisation of the EITI Report by May 01,2023. The expected schedule is set out below:

Signing of contract	December 2022
Phase 0: Scoping study	December.2022–January 15,2023
Phase 1: Preliminary analysis	January 1 -15, 2023
Submission of Inception report to FSVC	January 16, 2023
Phase 2: Data collection	January 16 - February 15, 2023
Phase 3: Initial reconciliation	February 15 – March 15,2023
Phase 4: Investigation of discrepancies	March 16 – April 1, 2023
Submission of Draft report to FSVC	April 10, 2023

¹² The files can be in CSV or Excel format and should contain the tables and figures from the print report. In accordance with requirement 7.2.b, the multi-stakeholder group is required to make the EITI Report available in an open data format (xlsx or csv) online.

¹³ The latest version of the summary data template can be found at: <https://eiti.org/document/eiti-summary-data-template>

Phase 5: Final report	April 10 – 20, 2023
Submission of Final report to FSVC	May 1, 2023

5 Client’s input and counterpart personnel

The Independent Administrator will report to FSVC on a bi-weekly basis at minimum. The Independent Administrator will raise obstacles encountered in a timely manner, and propose immediate solutions of the problems.

The EITI Secretariat is a contact point for implementation of the technical procedures for harmonization of the Terms of Reference with all parties concerned, invitations to tender and further steps till concluding the final contract with the winning company. However, the Independent Administrator shall always consult with FSVC prior to contacting the EITI Secretariat, and ensure that FSVC is kept informed of all communication with external partners.

Annex 1 – Statement of materiality

The purpose of this statement of materiality is for the Independent Administrator to understand the scoping work and associated decisions that have already been carried out by the multi-stakeholder group or by other consultants. The Independent Administrator confirms the joint understanding of the scope of the services in the inception report. Annex 2 lists relevant attachments, including any scoping studies undertaken in the past.

1. Taxes and revenues to be covered in the EITI Report (Requirement 4.1)¹⁴

With regards to the revenue streams set out in Requirements 4.1-4.2 and 4.6, the multi-stakeholder group has agreed that the following revenue streams from the extractive sector are material and should be reconciled in the EITI Report:

Table 1 – Material revenues to be reconciled

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient
Income tax deducted from individuals	N/A	Tax Committee under the Government of the Republic of Tajikistan
Social tax deducted from individuals (1%);	N/A	Agency for social tax payments

¹⁴ Guidance Note 13: on defining materiality, reporting thresholds and reporting entities, <https://eiti.org/document/guidance-note-on-defining-materiality-reporting-thresholds-reporting-entities>

Social tax deducted from the employer (25%).	N/A	Social Protection Fund
Advance payment of income tax	N/A	Tax Committee under the Government of the Republic of Tajikistan
Tax for net profit of country office of a foreign legal entity	N/A	Tax Committee under the Government of the Republic of Tajikistan
Tax on dividends	N/A	Tax Committee under the Government of the Republic of Tajikistan
Income tax withhold from non-residents at the source of payment in Tajikistan	N/A	Tax Committee under the Government of the Republic of Tajikistan
Value-added tax for the supply of goods, works and services	N/A	Tax Committee under the Government of the Republic of Tajikistan
Value-added tax on goods imported into the territory of the Republic of Tajikistan	N/A	Tax Committee under the Government of the Republic of Tajikistan

Value-added tax withhold from non-residents	N/A	Tax Committee under the Government of the Republic of Tajikistan
Excise tax on goods, produces in the Republic of Tajikistan	N/A	Tax Committee under the Government of the Republic of Tajikistan
Excise tax on goods, imported to the Republic of Tajikistan	N/A	Tax Committee under the Government of the Republic of Tajikistan
Land tax	N/A	Tax Committee under the Government of the Republic of Tajikistan
Tax on real estate	N/A	Tax Committee under the Government of the Republic of Tajikistan
Road users tax	N/A	Tax Committee under the Government of the Republic of Tajikistan
Tax on vehicles	N/A	Tax Committee under the Government of the Republic of Tajikistan

Signature bonus for geological study of subsurface	N/A	Tax Committee under the Government of the Republic of Tajikistan
Signature bonus for extraction	N/A	Tax Committee under the Government of the Republic of Tajikistan
Commercial discovery bonus	N/A	Tax Committee under the Government of the Republic of Tajikistan
Royalties for mining	N/A	Tax Committee under the Government of the Republic of Tajikistan
Taxes paid by small businesses (under the simplified tax system)	N/A	Tax Committee under the Government of the Republic of Tajikistan
Other taxes, including penalties and interest fine	N/A	Tax Committee under the Government of the Republic of Tajikistan

N/A – Non Applicable, as the consultant for determining the threshold is going to make its calculations based on the total tax and customs duties. There is no information in the context of the above types of payments.

Customs fees	Estimated value and share of total extractive industry revenue	Government recipient
Customs duties	N/A	Customs Committee under the Government of the Republic of Tajikistan
Customs fees	N/A	Customs Committee under the Government of the Republic of Tajikistan
Other material payments	Estimated value and share of total extractive industry revenue	Government recipient
Payments for compulsory types of insurance	N/A	Social Protection Fund
Fee for concession	N/A	Ministry of Finance of the Republic of Tajikistan
Dividends paid for the state-owned shareholding	N/A	State Committee on Investments and State Property Management of the Republic of Tajikistan

Fee for the state share, purchased by the company	N/A	State Committee on Investments and State Property Management of the Republic of Tajikistan
State duties and collection of fee for the issuance of licenses for extraction	N/A	Ministry of Finance of the Republic of Tajikistan, Main Department of Geology, Ministry of Energy and Industry of the Republic of Tajikistan
Fees and charges for registration of land use rights	N/A	State Committee on Land Management and Geodesy of the Republic of Tajikistan
Compensation for loss in the provision of land plot	N/A	N/A
Compensation for loss of agricultural production and losses of crops from damage done by cattle	N/A	State Committee on Land Management and Geodesy of the Republic of Tajikistan
Compensation of losses of forestry production	N/A	Forestry Agency under the Government of the Republic of Tajikistan
Payments for expertise (assessments), permits and approvals of project work (CAP, EIA)	N/A	State committee on land management and geodesy of the Republic of Tajikistan

Fee for environmental pollution and damages caused to the environment	N/A	State Committee for Industrial and Mining Safety Supervision, Environmental Protection Committee, Agency for Construction and Architecture under the Government of the Republic of Tajikistan
Mandatory payments for issuing licenses and other permits	N/A	Environmental Protection Committee
Payments, established under the agreements, concluded with the Government of the Republic of Tajikistan	N/A	State Committee for Industrial and Mining Safety Supervision, Agency for standardization, metrology, certification and trade inspection under the Government of the Republic of Tajikistan (Tojikstandart)

The multi-stakeholder group has agreed that the revenue streams from the extractive sector listed in Table 2 should be unilaterally disclosed by the government in the EITI Report rather than reconciled with company figures. The reasons for unilateral disclosure rather than reconciliation should be documented by the MSG.

NC agreed on the revenue streams from the extractive sector, listed in Table 2, to be disclosed unilaterally by the Company in the EITI Report, instead of their reconciliation against the government data. NC should document the reasons for unilateral disclosure instead of reconciliation.

Table 2 – Material revenues to be unilaterally disclosed by the government

Additional costs for companies	Estimated value and share of total extractive industry revenue
Support for Education	N/A

Support for social infrastructure	N/A
Mineral resources transportation costs	N/A

The multi-stakeholder group has agreed that the following revenue streams from the extractive sector are immaterial and should not be reconciled or unilaterally disclosed by the government in the EITI report:

Table 3 – Immaterial revenue streams from the extractive sector to be unilaterally disclosed and excluded from the scope of reconciliation

Revenue stream	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and rationale for concluding that the revenue stream is immaterial
...	<value> (<percentage>)

Note: *The exclusion of their coverage of reconciliation of data of certain payments will be determined by the decision of the Supervisory Board after determining the materiality threshold*

2. Approach to project level reporting

The MSG should set out its agreed definition of the term “project” and the revenue streams to be reported by project¹⁵:

In Tajikistan, a project is defined as the operational activities that are governed by a single contract, agreement, concession, license, lease, permit, title, etc. and form the basis for payment liabilities with a government.

Where payments are attributed to a specific project - then the total amounts per type of payments shall be disaggregated by project. Where payments are levied at an entity level rather than at a project level – the payments will be disclosed at an entity level rather than at a project level.

3. Additional benefit streams:

With regards to the benefit streams set out in Requirements 4, the MSG has agreed the following:

Table 4 – Additional benefit streams

Benefit stream	Applicable/material?	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of infrastructure and barter arrangements (Requirement 4.3)	Applicable/to determine during the reporting	N/A	Non-available	The Independent Administrator should conduct a thorough analysis of the data
The materiality and inclusion of <u>mandatory</u> social payments (Requirement 6.1(a))	Applicable/to determine during the reporting	N/A	Non-available	

¹⁵ In doing so, the MSG is advised to consult Guidance note 29 on project-level reporting: <https://eiti.org/document/guidance-note-29-on-projectlevel-reporting>

The materiality and inclusion of <u>voluntary</u> social payments (Requirement 6.1(b))	Applicable/to determine during the reporting	N/A	Non-available	and check availability of the payments/streams.
The materiality and inclusion of transportation revenues (Requirement 4.4)	Applicable/to determine during the reporting	N/A	Non-available	

4. Reporting companies (Requirement 4.1.d)

The MSG has agreed that any company making payments equal to or above threshold against the material revenue streams identified in table 1 are required to be included in the EITI Report: *(The list of companies will be determined by the Independent Administrator after conducting a scoping study to determine the threshold).*

Table 5 – Companies to be included in the EITI Report

Companies	Sector	Associated projects to be reported	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
...

5. Government - government transactions (Requirement 4)

Table 6 – Government to government transactions included in the scope of the EITI Report

Transactions	Applicable/ material?	Financial flow	State-owned company	Government agency	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.2 (c))	Applicable	Non-available. To be determined during the reconciliation.	Non-available. To be determined during the reconciliation.	Non-available. To be determined during the reconciliation.	The Independent Administrator should conduct a thorough analysis of the data and check availability of the payments/streams.
Transactions	Applicable/ material?	Financial flow and revenue sharing formula	Government agency executing the transfer	Government agency receiving the transfer	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of mandatory sub-national transfers in accordance with Requirement 4.2 (e).d	Applicable	Non-available. To be determined during the reconciliation.	Non-available. To be determined during the reconciliation.	Non-available. To be determined during the reconciliation.	The Independent Administrator should conduct a thorough analysis of the data and check availability of the payments/streams

Annex 2 – Supporting Documentation

Documentation on governance arrangements and tax policies in the extractive industries, including relevant legislation & regulations

List of regulatory legal acts, regulating the subsoil use is as follows:

- Constitution of the Republic of Tajikistan (1994);
- Civil Code of the Republic of Tajikistan (1999);
- Tax Code of the Republic of Tajikistan (2012);
- Customs Code of the Republic of Tajikistan (2004);
- Labour Code of the Republic of Tajikistan (1997);
- Law of the Republic of Tajikistan «On subsoil» (1994);
- Law of the Republic of Tajikistan «On investments» (2007);
- Law of the Republic of Tajikistan «On licensing of certain activities» (2004);
- Law of the Republic of Tajikistan «On production sharing agreements» (2007);
- Law of the Republic of Tajikistan «On concessions» (2011);
- Law of the Republic of Tajikistan «On right to the information access» (2008)
- Law of the Republic of Tajikistan «On Information» (2002)
- Law of the Republic of Tajikistan «On migration» (1999)
- Law of the Republic of Tajikistan «On state secret» (2003)
- Law of the Republic of Tajikistan «On transfer of state secret information» (2001)
- Law of the Republic of Tajikistan «On Registration of legal entities and individual entrepreneurs» (2009);
- Law of the Republic of Tajikistan «On state registration of real estate and rights to this property» (2008);
- Law of the Republic of Tajikistan «On inspection of business entities» (2006);
- Law of the Republic of Tajikistan «On the legal status of foreign citizens» (1996);
- Decree of the President of the Republic of Tajikistan dated January 31, 2012, № 1240 (establishing country-specific quotas for 2012)
- Regulation «On licensing of certain types of activities" (2007);
- Regulation «On the Main Department of Geology under President of RT» (2006);

- Regulation «On State Fund of geological information on subsoil of RT» (1997);
- Regulation «On the Ministry of Energy and Industry of the Republic of Tajikistan» (2006)
- Regulation « On the Main Directorate on State Supervision of Industrial and Mine Safety under the» (2006)
- Regulation «On the State Committee on Investments and State Property Management of the Republic of Tajikistan» (2006).
- Decree of the Government of the Republic of Tajikistan dated October 31, 2008, № 529 “On the Rules for issuing work permits to foreign nationals and stateless persons engaged in labour activities in the Republic of Tajikistan”

EITI workplans & other documents

- Information is available on the EITI Tajikistan web portal:

<http://pbo.eiti.tj>

Findings from preliminary scoping work

- To be determined following a threshold study

Previous EITI Reports

- Information is available on the EITI Tajikistan web portal

- <http://pbo.eiti.tj>

Commentary on previous EITI Reports

- Information is available on the EITI Tajikistan web portal

- <http://pbo.eiti.tj>

Validation Reports

- Information is available on the EITI Tajikistan web portal

Other relevant documentation (e.g. annual activity reports)

- Information is available on the EITI Tajikistan web portal