Chapter 2: Requirements for EITI implementing countries

How to read this chapter

This chapter sets out the requirements that must be adhered to by countries implementing the EITI. The process for applying for EITI Candidate status is explained in section 2.1 below. The detailed provisions a government intending to implement the EITI has to follow is then set out in section 2.2, requirement 1.

There are two groups of implementing countries: Candidate and Compliant countries. EITI candidacy is a temporary state which is intended to lead, in a timely fashion, to compliance with the EITI Standard. In order to become EITI Compliant, implementing countries must demonstrate through Validation that they have met the implementation requirements set out in section 2.2 of this chapter. The implementation requirements are summarised in Table 2.

The requirements set out here are minimum requirements and implementing countries are encouraged to go beyond them where stakeholders agree that this is appropriate. Stakeholders are encouraged to consult additional guidance materials on how to best ensure that the requirements are met, available via www.eiti.org.

Table 1 – Sign-up steps

1. The government is required to issue an unequivocal public statement of its intention to implement the EITI.
2. The government is required to appoint a senior individual to lead on the implementation of the EITI.
3. The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI.
4. The multi-stakeholder group must maintain a current workplan, fully costed and aligned with the deadlines established by the EITI Board.

Each of these requirements are set out in full in section 2.2. below.

Table 2 – Implementation requirements

The EITI Requires:
1. Effective oversight by the multi-stakeholder group (incorporating the sign-up steps detailed in Table 1 above).
2. Timely publication of EITI Reports.
3. EITI Reports that include contextual information providing an overview of the extractive sector.
4. EITI Reports that are comprehensive, including full government disclosure of extractive industry revenues, and disclosure of all material payments to government by oil, gas and mining companies.
5. EITI requires a credible assurance process applying international standards.
6. That EITI reports are comprehensible and publically accessible, and contribute to public debate.
7. That the multi-stakeholder group takes steps to act on lessons learned and review the outcomes and impact of EITI implementation.

Each of these requirements are set out in full in section 2.2. below.
2.1 Sign-up

A government intending to implement the EITI is required to undertake a number of steps before applying to become an EITI Candidate (see implementation requirement 1 below). When the country has completed these steps and wishes to be recognised as an EITI Candidate country, the government should lodge a Candidate Application in writing to the EITI Board (see Box 1).

Box 1 – Applying to become an EITI Candidate

When the country has completed the sign-up steps and wishes to be recognised as an EITI Candidate country, the government, with the support of the multi-stakeholder group (MSG), should lodge a Candidate Application, using the standard application form. The application should describe the activities undertaken to date and provide evidence demonstrating that each of the sign-up steps have been completed. The application should include contact details for government, civil society and private sector stakeholders involved in the EITI.

The EITI Board will review the application and assess whether the sign-up steps have been completed. The International Secretariat will contact stakeholders at the national level to ascertain their views on the sign-up process, and seek comments from supporting governments, international civil society groups, supporting companies and supporting organisations and investors. The Secretariat will work closely with the senior individual appointed to lead on EITI implementation in order to clarify any outstanding issues. The Board’s Outreach and Candidacy Committee will make a recommendation to the EITI Board on whether a country’s application should be accepted. The EITI Board will make the final decision.

The EITI Board has stated a preference to make decisions on admitting a Candidate country at the regular EITI Board Meetings. Where there is a long period between meetings, the EITI Board will consider making a decision via Board Circular.

When the EITI Board admits a Candidate, it also establishes deadlines for publishing the first EITI Report and submitting a final Validation Report endorsed by the MSG to the EITI Board. An implementing country’s first EITI Report must be published within 18 months from the date that the country was admitted as a Candidate. The Validation Report must be submitted within three years from the date that the country was admitted as a Candidate. Further information on deadline policies is available in section 1.4 below.

1 Available from the International Secretariat.
2.2 Implementation requirements

**EITI implementation requirement 1**
The EITI requires effective oversight by the multi-stakeholder group

**Overview** - The EITI requires effective multi-stakeholder oversight including a functioning multi-stakeholder group (MSG) involving companies and the full, independent, active, and effective participation of civil society. This requirement addresses the key elements, including: (1.1) government commitment, (1.2) government oversight, (1.3) the establishment of a multi-stakeholder group, and (1.4) agreeing a workplan with clear objectives for EITI implementation, and a timetable that is aligned with the deadlines established by the EITI Board (1.6-1.8).

1.1 **The government is required to issue a public statement of its intention to implement the EITI**

   It is required that the statement is made by the head of state or government, or an appropriately delegated government representative.

1.2 **The government is required to appoint a senior individual to lead on the implementation of the EITI**

   The appointee should have the confidence of all stakeholders, the authority and freedom to coordinate action on EITI across relevant ministries and agencies, and be able to mobilize resources for EITI implementation.

1.3 **The government is required to work with civil society and companies, and establish a multi-stakeholder group (MSG) to oversee the implementation of the EITI**

   a) **The government is required to ensure** it is required that the government, companies and civil society are fully, independently, actively and effectively engaged in the process. It is required that there is an enabling environment with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI. Any obstacles to civil society or company participation must be removed. Stakeholders, including but not limited to members of the multi-stakeholder group:

      i. must refrain from actions which result in narrowing or restricting public debate in relation to implementation of EITI;

      ii. should be able to speak freely on transparency and natural resource governance issues;

      iii. must be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate;

      iv. have the right to communicate and cooperate with each other; and

      v. must be able to operate freely without restraint or coercion.

   b) In establishing the multi-stakeholder group, the government should:

      i. ensure that the invitation to participate in the group was open and transparent;

      ii. ensure that stakeholders are adequately represented (this does not mean that they need to be equally represented). The multi-stakeholder group must comprise appropriate
stakeholders, including, but not limited to, the private sector, civil society and relevant government ministries. Each stakeholder group has the right to appoint their own representatives, bearing in mind the desirability of pluralistic and diverse representation;

iii. ensure that senior government officials are represented on the multi-stakeholder group;

iv. ensure that there is a process for changing group members which does not include any suggestion of coercion or attempts to include members who will not challenge the status quo; and

v. consider establishing the legal basis for the group.

c) It is required that the multi-stakeholder group agrees clear public terms of reference (TORs). The TORs should at a minimum include provisions on:

The role, responsibilities and rights of the multi-stakeholder group

i. It is required that the members of the multi-stakeholder group have the capacity to carry out their duties. Due consideration should be paid to addressing potential capacity constraints affecting civil society and company participation, including through access to capacity building or resources.

ii. Civil society groups involved in EITI as members of the multi-stakeholder group must be operationally, and in policy terms, independent of government and/or companies.

iii. The multi-stakeholder group should undertake effective outreach activities, including through communication (e.g., media, website, letters, etc.) with citizens, civil society groups and companies, informing them of the government’s commitment to implement EITI, and the central role of companies and civil society, as well as widely disseminating the public information that results from the EITI process (e.g., the national EITI report); and

iv. The fundamental rights of civil society and company representatives substantively engaged in EITI - including but not restricted to members of the multi-stakeholder group - must be respected.

Approval of workplans, EITI Reports and annual activity reports

v. It is required that the multi-stakeholder group approves annual workplans, EITI reports and annual activity reports.

vi. The multi-stakeholder group should oversee the EITI reporting process and validation in accordance with chapter 3.

Internal governance rules and procedures

vii. EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner. The MSG should agree procedures for nominating MSG representatives, decision-making, length of tenure and frequency of meetings.

viii. There should be sufficient advance notice of meetings and timely circulation of documents prior to their debate and proposed adoption.

ix. The multi-stakeholder group must keep written records of their discussions and decisions.

1.4 The multi-stakeholder group must have maintain a current workplan, fully costed and aligned with the deadlines established by the EITI Board.
The workplan must:

a) Set objectives that are linked to the EITI principles and reflect national priorities for the extractive industries. This may include areas beyond revenue transparency, such as contracts and licensing or revenue allocations. MSGs are encouraged 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 multi-stakeholder group is required to agree the objectives in consultation with key stakeholders, and endorse the workplan.

b) Include measurable and time bound activities to achieve the agreed objectives. The scope of EITI implementation should be tailored to contribute to the desired outcomes and impact that have been identified during the consultation process. The workplan should:
   i. address any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation;
   ii. address the scope of EITI reporting, including consideration of how to deal with technical reporting issues, such as comprehensiveness and data reliability (see requirements 4 and 5); and
   iii. identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation.

c) Identify domestic and external sources of funding and technical assistance where appropriate in order to ensure timely implementation of the agreed workplan.

d) Be made widely available to the public, for example published on the national EITI website and/or other relevant ministries and agencies websites, in print media or in places that are easily accessible to the public.

e) Be reviewed annually in the annual activity report as per requirement 7.2.

f) Include a timetable for implementation that is aligned with the reporting and validation deadlines established by the EITI Board (see 1.6, below).

1.5 Adapted implementation

In some circumstances, the Board may grant implementing countries exemptions from the implementation requirements.

Should the MSG wish to deviate from the implementation requirements it may seek EITI Board approval. The exemption request must be endorsed by the MSG and clearly outline the rationale for seeking an exemption.

In considering such requests, the Board will place a priority on the need for comparable treatment between countries and ensuring that the EITI Principles are upheld. In particular, the Board will have regard as to whether the EITI process is sufficiently inclusive, and whether the EITI Reports will be sufficiently comprehensive and reliable.

Should the MSG wish to deviate from the implementation requirements it may in its candidacy application or at any other time seek EITI Board approval. It is required that the MSG sets out in a request to the Board its reasoning for seeking to adapt the scope of its EITI implementation on constitutional, material, financial, or practical grounds. The request should be made in the country’s candidacy application and/or well in advance of its EITI reporting cycle with reference to the annual workplan.

Comment [DR33]: Draws on current requirements 5, 20 and 21, where the MSGs “are encouraged 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.”

Comment [DR36]: Current requirement 21.d.

Comment [DR37]: Current requirement 5.b.ii, with some modifications.

Comment [DR38]: Current requirement 5.b.ii, with some modifications.

Comment [DR39]: Current requirement 5.d, with some modifications.

Comment [DR40]: Current requirement 5.c, with some modifications.

Comment [DR41]: Current requirement 5.b.i with some modifications.

Comment [DR42]: New provision, drawing on current requirement 5.f.

Comment [DR43]: New provisions, as per proposal 32 in Building on achievements.

Comment [DR44]: Formalises an established ad hoc process (e.g., Nigeria initially excluding mining, Iraq covering export sales, etc).
1.6 Reporting and validation deadlines

a) EITI reporting deadlines

The EITI requires timely publication of EITI Reports (see requirement 2). Failure to meet this requirement may result in temporary suspension or delisting.  

If the EITI Report is not published by the deadline, the country will be temporarily suspended. The suspension would be lifted if the International Secretariat confirms that the outstanding EITI Report is published within 6 months of the deadline. If the outstanding reports are not published within 6 months of the deadline, the suspension would remain in force until the International Secretariat confirms that the country has met requirement 2. If the suspension is not lifted within one year the Board would consider delisting.

In the event that EITI reporting is significantly delayed, the multi-stakeholder group should take steps to ensure that EITI reports are issued for the intervening reporting periods so that every year in the series is subject to reporting.

b) EITI validation deadlines

Candidate countries are required to undergo Validation within two and a half years of becoming a Candidate. A country may hold candidacy status for no more than 3 years and six months of becoming a Candidate.  

EITI Compliance: Where Validation verifies that a country has met all of the requirements the Board will designate that country as EITI Compliant. Compliant countries will be required to undertake Validation every three years thereafter.

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Comment [SB46]: In line with Board decision on Yemen and Mauritania

Comment [DR45]: The following provisions reflect the current rules, as found in Policy Note 3 and Policy Note 5.

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The time it takes for the country to undergo Validation is not counted as part of the maximum candidacy period.
Where a country has become EITI Compliant, but valid concerns are raised about whether its implementation of the EITI has subsequently fallen below the required standard, the Board reserves the right to require the country to undergo a new Validation or a Secretariat Review to undertake Validation EITI Compliance:

- If a Candidate country has made meaningful progress toward achieving EITI Compliant status but has not yet met all of the requirements, the country will retain its Candidate status for a period equivalent to the maximum candidacy period less the time it has already spent as a Candidate (not including the time taken for the Board to assess the validation report). Country to undertake Validation.

**Meaningful progress:** Where the first Validation verifies that a Candidate country has made meaningful progress toward achieving EITI Compliant status but has not yet met all of the requirements, the Board will consider whether to require an earlier validation or secretariat review. Subject to findings of that assessment, the Board will determine the country’s status. The Board reserves the right to designate a country as a Candidate (specifying corrective actions), or to consider suspension or delisting.

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;
2. The status and quality of EITI reporting, including progress in meeting the requirements for timely reporting as per requirement 2 and efforts to address recommendations for improving EITI implementation.

Where Validation or a Secretariat Review concludes that there has been no meaningful progress, the Board will de-list the country.

In cases where candidacy is renewed, the Board will set out the remedial actions needed to achieve compliance to be assessed through a second Validation. Where the remedial actions necessary for achieving compliance can be assessed quickly and objectively, the Board will commission a Secretariat Review. This procedure will also apply in cases where a Candidate country does not meet all the requirements in a subsequent validation.

Where a second Validation verifies that the Candidate country has made meaningful progress but has not achieved compliance, the EITI Board will temporarily suspend the country. The Board will set out the remedial actions needed to achieve compliance. The suspension will be lifted if a secretariat review verifies that the remedial actions have been completed. If the suspension is in effect for more than twelve months, the EITI Board will consider whether to delist the country.

Candidate countries are required to undergo Validation within two and a half years of becoming a Candidate. A country may hold candidacy status for no more than 3 years and six months of becoming a Candidate.

**EITI Compliance:** Where Validation verifies that a Candidate country has met all of the requirements the Board will designate that country as EITI Compliant. Compliant countries will be required to undertake Validation every three years thereafter.

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**Comments:**
- [SB49]: Refines the existing text of meaningful progress to take into account progress in addressing weaknesses in EITI implementation that have previously been identified.
- [SB48]: Defines the existing regulatory to take into account progress in addressing weaknesses in EITI implementation that have previously been identified.

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Meaningful progress: Where Validation verifies that a country has made meaningful progress toward achieving EITI Compliant status, the country will retain its Candidate status for a period equivalent to the maximum candidacy period less the time it has already spent as a Candidate. 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; (2) The status and quality of EITI reporting, including progress in meeting the requirements for timely reporting as per requirement 2 and efforts to address the independent administrator’s recommendations for improving EITI reporting. The Board will set out the remedial actions needed to achieve compliance. The MSG must agree and publish a work plan with the timetable for the implementation of the remedial actions, including a second Validation (Secretariat Review) which must be undertaken following completion of the remedial actions.

If the second Validation (Secretariat Review) verifies that the Candidate country has met all of the requirements, the Board will designate that country as EITI Compliant. Where the second Validation (Secretariat Review) verifies that the Candidate country has made meaningful progress but has not achieved compliance, the EITI Board will suspend the country for a period of twelve months. The Board will set out the remedial actions needed to achieve compliance. The suspension will be lifted if a Secretariat Review verifies that the remedial actions recommended to achieve compliance have been completed. If the suspension is in effect for more than twelve months, the EITI Board will consider delisting the country.

Limited progress: Where Validation or a Secretariat Review shows that no meaningful progress has been made toward achieving EITI Compliant status, and that there is little evidence of a sincere intention to implement EITI in line with the Principles, 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; (2) The status and quality of EITI reporting, and progress in meeting the requirements for regular and timely reporting as per requirement 2.

If a Candidate country has undertaken Validation within two and a half years, but the Validation shows that no meaningful progress has been made toward achieving EITI Compliant status, and that there is little evidence of a sincere intention to implement EITI in line with the Principles, 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; (2) The status and quality of EITI reporting, and progress in meeting the requirements for regular and timely reporting as per requirement 2.

If the Candidate country has made meaningful progress but does not achieve compliance, the Board will set out the remedial actions needed to achieve compliance.

The MSG may request a waiver of the requirement to undergo Validation if the remedial actions necessary for achieving compliance are not complex and can be quickly undertaken. If the Board deems that a Validation is not necessary, the Board will waive the requirement for a Validation, and empower the EITI International Secretariat to prepare an assessment for the Board. The waiver request must be submitted well in advance of the end of a Validation deadline, and the country must be prepared to undertake a Validation in the event that the waiver is denied. The Board does not envisage granting a waiver unless it is confident that the International Secretariat’s assessment can be undertaken quickly and objectively.

Based on an assessment and recommendation by the International Secretariat, the Board may conclude that all requirements have been met and designate the country as EITI Compliant.

*The time it takes for the country to undergo Validation is not counted as part of the maximum candidacy period.*
c) Annual activity reports

Multi-stakeholder groups are required to publish annual activity reports (see requirement 7.2). The report of the previous year’s activities must be published by 1 July of the following year. The EITI Board will establish appropriate deadlines for new Candidate countries. If the annual activity report is not published within six months of this deadline (i.e. by 31 December the following year), the country will be temporarily suspended until the International Secretariat confirms that the outstanding activity report is published.

d) Extensions

Failure to meet the deadlines set out in section (a), (b) and (c) above may result in suspension or delisting.

An implementing country may apply for an extension if it is unable to meet any of the deadlines specified in sections (a), (b) and (c) above. The Board will apply the following test in assessing any extension requests:

1. The request must be made in advance of the deadline and be endorsed by the MSG;
2. The Board will only grant an extension if the MSG can demonstrate that it has been making meaningful progress towards meeting the deadline and has been delayed due to exceptional circumstances. In assessing “meaningful progress” the Board will have regard to:
   (i) the EITI process – in particular the functioning of the multi-stakeholder group and clear, strong commitment from government; and
   (ii) the status and quality of EITI reporting, including progress in meeting the requirements for timely reporting as per requirement 2 and efforts to address the independent administrator’s recommendations for improving EITI reporting and the status of EITI reporting. The Board will take into account progress in meeting the requirements for regular and timely reporting.

The exceptional circumstance(s) must be explained in the request from the MSG. No extensions will be granted which would increase the maximum candidacy period.

1.7 Suspension and delisting

a) Temporary suspension

Where it is manifestly clear that the EITI Principles and requirements are not in a significant aspect adhered to by an implementing country, the EITI Board may temporarily suspend or delist that country. The EITI Board may also temporarily suspend or delist countries that fail to publish EITI Reports on a regular and timely basis in accordance with requirement 2.

Where the EITI Board is concerned that adherence to the EITI Principles and requirements are compromised, it may task the EITI International Secretariat with gathering information about the situation and submitting a report to the EITI Board.

Suspension of an implementing country is a temporary mechanism. The EITI Board shall set a time limit for the implementing country to address breaches of the EITI Standard. If the EITI Board is satisfied that corrective measures have been undertaken in that period, the suspension will be lifted. If the matter is not resolved to the satisfaction of the EITI Board by the agreed deadline, the country will be de-listed i.e., lose its status as an EITI implementing country.
Temporary suspension will not alter reporting or Validation deadlines, unless the EITI Board agrees that an extension is warranted. The Board will not sanction the commencement of Validation during the suspension period. At all stages in the process, the EITI Board shall ensure its concerns and decisions are clearly communicated to the implementing country.

Suspended countries will be considered a “Candidate country (suspended)” or a “Compliant country (suspended)” for the period of suspension, with their suspended status clearly indicated on the EITI website and elsewhere.

b) Voluntary temporary suspension

Countries that are experiencing exceptional political instability or conflict may apply for voluntary temporary suspension for up to one year. The government should lodge an application for voluntary temporary suspension with the EITI International Secretariat, which will submit the application to the EITI Board for decision. The government’s application should note the views of the EITI multi-stakeholder group.

The government may apply to lift the suspension at any time. The application should document the steps agreed by stakeholders to re-start the EITI implementation and Validation process, and the work plan to achieve compliance. The government should lodge an application to lift a voluntary suspension with the EITI International Secretariat. The Secretariat will submit the application to the EITI Board for decision. The EITI Board will consider setting new reporting and Validation deadlines as appropriate. The Board will not sanction the commencement of Validation during the suspension period. If the suspension is in effect for more than one year, the EITI Board will consider whether to de-list the country.

Voluntarily suspended countries will be considered as a “Candidate country (suspended)” or a “Compliant country (suspended)” for the period of suspension, with their suspended status clearly indicated on the EITI website and elsewhere.

c) De-listing

If an implementing country has been subject to voluntary suspension or temporary suspension, and the matter has not been resolved to the satisfaction of the EITI Board to the effect that such suspension has been lifted, the country will be de-listed, i.e. lose its status as an EITI implementing country. De-listing may also occur if an Validation verifies that an implementing country has not achieved compliance in accordance with the timelines established by the EITI Board (requirement 1.6) does not meet the Validation requirements as set out in chapter 3.6, or the reporting requirements as set out in requirement 2.

A de-listed country may reapply for admission as an EITI Candidate country at any time. The EITI Board will apply the agreed procedures with respect to assessing Candidate applications. It will also assess previous experience in EITI implementation, including previous barriers to effective implementation, and the corrective measures implemented.

1.8 Appeals

In decisions relating to the application of these rules, the Board will place a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI. The implementing country concerned may petition the EITI Board to review its decision regarding temporary suspension, de-listing or the country designation as Candidate or
Compliant following Validation. The EITI Board will consider such petitions with regard to the facts of the case, the need to preserve the integrity of the EITI and the principle of consistent treatment between countries. The Board’s decision is final. The country concerned may, prior to the notice periods under Article 8 of the Articles of Association, appeal a decision of the EITI Board made in accordance with the first paragraph to the next ordinary Members’ Meeting.
EITI implementation requirement 2
The EITI requires timely publication of EITI Reports

Overview - EITI Reports are most useful and relevant when they are published regularly and contain data that is timely. Requirement 2 establishes deadlines for timely EITI Reporting.

2.1 Implementing countries are required to produce their first EITI Report within 18 months of being admitted as a candidate. Thereafter, implementing countries are expected to produce EITI Reports on an annual basis.

2.2 EITI Reports should cover data no older than the second to last complete accounting period (e.g., an EITI Report published in calendar/financial year 2014 should be based on data no later than calendar/financial year 2012). MSGs are encouraged to explore opportunities to publish EITI Reports as soon as practically possible.

EITI implementation requirement 3
The EITI requires that EITI Reports include contextual information that provides an overview of the extractive sector

Overview - In order to be comprehensible and useful to the public, EITI Reports will be required to include contextual information and references to other publicly available information about the extractive industries. This should include: information on: the legal framework and fiscal regime (3.1), the extractive industries contribution to the economy (3.2), production data (3.3), overview of extractive industry projects (3.4), state participation in the extractive industries (3.5), revenue allocations (3.6 - 3.7) licensing (3.8), and contracts (3.9).

3.1 The EITI Report must describe the legal framework and fiscal regime
   a) This must include a summary description of the fiscal regime, including the level of fiscal devolution, an overview of the related laws and regulations, and information on the roles and responsibilities of the relevant government agencies.
   b) Where the government is undertaking reforms, the MSG is encouraged to ensure that the report outlines these developments.

3.2 The EITI Report must disclose, where appropriate and available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report, including:
   This is expected to include:
   a) Size of the extractive industries in absolute terms and as a percentage of GDP, including an estimate of informal sector activity.
   b) Total government fiscal revenues from the extractive industries (including taxes, royalties, bonuses, fees, and other payments) in absolute terms and as a percentage of total fiscal government revenues, total government expenditure, and GDP.
   c) Exports from the extractive industries in absolute terms and as a percentage of total exports of goods and services.
d) Employment in the extractive industries in absolute terms and as a percentage of the workforce, total formal sector employment.

e) Key regions/areas where production is concentrated.

3.3 The EITI Report must disclose production data for the fiscal year covered by the EITI Report, including:

a) Physical Total production and value of production by commodity and, when relevant, by state/region (when relevant).

b) Total Physical exports and value of exports by commodity, and value of exports by commodity and, when relevant, by state/region of origin (when relevant).

3.4 The EITI Report should must provide an overview of significant the key list of key companies in the extractive sector (private and state-owned), a list of existing large extractive industry projects, including and any new significant large projects being developed, that will start production (within the next two years).

3.5 Where state participation in the extractive industries gives rise to material revenue payments, The EITI Report must disclose information on state participation in the extractive industries, including, where relevant include:

a) An explanation of the prevailing rules and practices that govern exchanges between government and state owned enterprises, including how SOEs are financed (i.e. whether the SOE is obligated to transfer all revenue to the state and receives periodic transfers to cover expenditures, whether the SOE retains and reinvests net earnings, etc.).

b) Disclosures from SOEs on their quasi-fiscal expenditures. 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 (Requirement 4).

c) Disclosures from the government and/or state owned enterprises of their level of beneficial ownership in mining, oil and gas companies operating within the country, and any changes in the level of ownership during the reporting period. This should include details regarding free equity, carried interest and other similar arrangements as appropriate. Where there have been changes in the level of government and/or SOE ownership during the reporting period, the government and/or SOEs is expected are [required/encouraged] to disclose the terms of the transaction, including where appropriate details regarding valuation. Where the government and/or SOEs have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed in the EITI Report.

3.6 The EITI Report must describe the distribution of revenues from the extractive industries, cash and in-kind.

a) MSGs are encouraged to reference the national revenue classification, and international standards such as the IMF Government Finance Statistics Manual;

b) Where the government revenues, cash and in-kind, are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as appropriate of e.g. sovereign wealth/development funds, sub-national governments, state-owned companies, and other extra-budgetary entities.

b) MSGs are encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual;
3.7 The multi-stakeholder group is encouraged to include further information on revenue management and expenditures in the EITI Report, for example:

a) Where extractive revenues are earmarked for specific programmes or geographic regions, the report may describe these special allocations and detail the methods for ensuring accountability and efficiency in their use.

b) A reconciliation of data in EITI Reports to data recorded in government budgets and accounts.

c) A description of the country's budget process and any linkages between the budget process and the EITI Reports, including links to the publicly available information records on budgeting and expenditures.

d) Timely information that will further public understanding and debate around issues of revenue sustainability and resource dependence, for example, the volatile and finite nature of extractive industry revenues, including production, price and revenue forecasts, current and projected non-resource revenues, and the non-resource fiscal balance, and promote public debate around issues of revenue sustainability and resource dependence.

e) A description of the linkages between EITI and the country's annual budget and public financial management processes. These could include: establishing mechanisms for EITI Reports to feed into and draw from the annual budget process and the preparation of budget documents; jointly address the recommendations from EITI Reports with the appropriate public sector authority (auditor general, tax authority, parliament); adding external measures of budget transparency (e.g. Open Budget Index) and public expenditure efficiency (e.g. PEFA scores) to the reconciliation report.

3.8 Licenses

a) Implementing countries are required to maintain a publicly available register or cadaster system/s with timely and comprehensive information regarding the exploration rights or titles that govern the exploration and exploitation of oil, gas and minerals.

b) The term ‘license’ in this context refers to any license, lease, title, permit, or concession by which the government confers to a company(ies) rights to explore or exploit oil, gas and/or mineral resources. The MSG should agree an appropriate definition and include it in the EITI Report.

c) Implementing countries are required to publicly disclose the following information regarding each of the exploration rights or titles pertaining to companies covered in the EITI report:

   i. license holder(s);
   ii. coordinates of the license area; and
   iii. date of application, granting, duration of the license.

Implementing countries are expected to make publicly available information regarding exploration rights pertaining to companies that are not participating in the EITI Report (i.e., where there are no payments fall below agreed materiality thresholds), unless there are significant legal or practical barriers to such disclosures.

d) Implementing countries are required to publicly disclose the following information regarding each of the production rights or titles pertaining to companies covered in the EITI report, including:
3.10 Beneficial ownership

a) It is recommended that implementing countries address the beneficial ownership of companies involved in the exploration and exploitation of oil, gas and minerals. Where this information is already publically available, the EITI Report should include provide guidance on how to access this information.

b) The term ‘beneficial owner’ means the natural person(s) who ultimately own or control more than 10% of the corporate vehicle. Publicly listed companies are not required to disclose information on their beneficial owner(s).

c) A practical approach might be that the government requests that companies participating in the EITI process disclose their beneficial owners, or provide a link to where this information is publically available (e.g., through filing to corporate regulators and stock exchanges).
3.11 Contracts

a) Implementing countries are encouraged to publicly disclose any contracts, agreements, or other documents that provide the terms attached to the exploitation of oil, gas and minerals.

b) The term ‘contract’ means:

- the full text of any contract, license, concession or agreement granted by or entered into by the government regulating rights to explore or/and exploit oil gas and mineral resources;
- the full text of any annex, addendum or rider that establishes details relevant to the exploration and exploitation rights mentioned above or its execution; and
- the full text of any alteration to the terms of the original contract.

Where implementing countries address this issue, the MSG should agree an appropriate definition and include it in the EITI Report.

c) Where implementing countries address this issue, the EITI Report should provide an overview of the contracts that are available, and include a reference (or link) to the location where the contracts are published.

3.8 Licenses

License holders

Implementing countries are required to publicly disclose information regarding each of the licenses of companies covered in the EITI Report, including:

- license holder(s);
- license type, and coordinates of the license area;
- date of application, granting, duration of the license; and
- information about any transfers of licenses during the accounting period of the EITI Report.

The EITI Report must contain a reference (link) to the publicly available registry or sources containing such license information.

Implementing countries are [required/encouraged to require] licensees to disclose who their beneficial owners are, meaning the natural person(s) who ultimately own or control the licensee, and to make this information publicly available.

License allocations

Implementing countries are [required] to publicly disclose information regarding each license allocation made during the accounting period covered by the EITI Report, including:

- names of applicants and names of the recipient(s) of the awarded license (including all members of an applicant or recipient consortium, if applicable);
- the bid criteria, and the terms of the awarded license;
Summary of technical and financial capabilities of the license recipient(s), including compliance with technical and financial criteria; and any deviations from the applicable legal and regulatory framework.

The EITI Report must contain a reference (link) to the publicly available sources of information on license allocations.

Definitions

The term license implies disclosure of licenses, titles or permits by which the government confers to a company(ies) rights to explore or exploit oil, gas and/or mineral resources; where such licenses, titles or permits are supplemented or supplanted by agreements that provide the terms attached to the grant and exercise of the right to explore and/or exploit:

- the full text of any such agreement (which could include concessions, service contracts, joint venture agreements or other agreements attached);
- the full text of any annexed information that modifies or directly impacts the agreement mentioned above or its execution, which could include provisions on financial terms, work program, the geographic perimeter of the license, accounting rules, the duration of the contract, social or environment obligations of the company, and stabilization clauses;
- the full text of any alteration to the terms of the original agreement or any amendment regarding the sorts of provisions noted above.

Where there are concerns about disclosure of exploration agreements, the MSG may agree to redact information about the commodity being explored.

Exceptions from licensing disclosure [requirement] for significant barriers

Where sub-national entities issue licenses there can be significant practical barriers to the disclosures set out in sections (a) and (d) above. If this is the case, it is required that the multi-stakeholder group agrees an approach for engaging and phasing in disclosure of license information by these entities. Any significant barriers preventing disclosure of license information by sub-national entities should be documented by the multi-stakeholder group and be clearly indicated in the workplan (ref. 1.5 on adapted implementation).

3.9 Contracts

[Option 1 — disclosure of all contracts required]

The government is required to publicly disclose any contracts that establish the terms related to the exploration or exploitation of oil, gas and minerals.

The contracts must be publicly available on a single government website or another easily accessible location. The EITI Report must provide an overview of the contracts and a reference to the location where the contracts are published.

The term ‘disclosure of contracts’ implies disclosure of:
The full text of any agreement regulating rights to explore or/and exploit oil, gas and mineral resources (including but not limited to production sharing agreements, risk agreements and Joint Venture Agreements); and
The full text of any annex, addendum or rider that establishes details relevant to the agreement mentioned above or its execution; and
The full text of any alteration to the terms of the original agreement.

Option 2—disclosure of future contracts required, with some exemptions
The government is required to publicly disclose any future contracts that establish the terms related to the exploration or exploitation of oil, gas and minerals, unless the MSG seeks an exemption with specific reasoning.
Same as option 1.
Same as option 1.
The government is encouraged to disclose any existing contracts that establish the terms related to the exploration or exploitation of oil, gas and minerals.

Option 3—disclosure of contracts encouraged
The government is encouraged to publicly disclose any contracts that establish the terms related to the exploration or exploitation of oil, gas and minerals.
The contracts should be publicly available on a single government website or another easily accessible location. The EITI Report should provide an overview of the contracts that are available and a reference to the location where the contracts are published.
Same as option 1.

Option 4—discretionary closure of contracts
The government may wish to publicly disclose any contracts that establish the terms related to the exploration or exploitation of oil, gas and minerals.
The government may wish to make the contracts publicly available on a single government website or another easily accessible location. The multi-stakeholder group may wish to include in the EITI Report an overview of the contracts that are available and a reference to the location where the contracts are published.
Same as option 1.

EITI implementation requirement 4
The EITI requires that EITI Reports are comprehensive, including full government disclosure of extractive industry revenues, and disclosure of all material payments to government by oil, gas and mining companies

Overview - An understanding of company payments and government revenues inform public debate about the governance of the extractive industries. In order to be useful, this data must be comprehensive, i.e., it should cover all material payments by companies and a complete account of government revenues. Section 4.1 addresses the scope of the EITI reporting process, i.e., the types of payments and revenues covered. Section 4.2 addresses the reporting process, ensuring that the EITI Report provides a comprehensive reconciliation of government revenues and company payments. The final section (4.3) addresses the key steps in the preparation of the EITI Report.
4.1 Defining the scope of the EITI Report

In advance of the reporting process, the multi-stakeholder group is required to agree which payments and revenues are material and therefore should be disclosed, including appropriate materiality definitions and thresholds. Payments and revenues are considered material if their omission or misstatement could significantly affect comprehensiveness of the EITI report. A description of each revenue stream and the related definitions and thresholds should be included in the EITI Report. In establishing materiality definitions and thresholds, the MSG should consider the size of the revenues streams relative to total revenues. The MSG should document the options considered and the rationale for establishing the definitions and thresholds.

a) The following revenue streams should be included:
   i. The host government’s production entitlement, e.g. so-called profit oil;
   ii. national state-owned company production entitlement;
   iii. profits taxes;
   iv. royalties;
   v. dividends;
   vi. bonuses (such as signature, discovery, production);
   vii. licence fees, rental fees, entry fees and other considerations for licences and/or concessions;
   viii. any other material benefit to government as agreed by the multi-stakeholder group.

Any revenue streams or benefits should only be excluded where they are not relevant or where the MSG agrees that their omission will not materially affect the final EITI Report.

b) Sale of in-kind revenues: Where the sale of in-kind revenues are a material proportion of extractive industry revenues, the government, including state owned enterprises, are required to disclose the volumes sold and revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (see requirement 4.3(c)). Reporting could also break down disclosures by the type of product, price, market, and sale volume. Where practically feasible, the MSG is encouraged to task the independent administrator with reconciling the volumes sold and revenues received by including the buying companies in the reporting process.

c) Infrastructure provisions and barter arrangements: Where agreements based on infrastructure provisions or other barter-type arrangements play a significant role, the multi-stakeholder group is required to agree a mechanism for incorporating benefit streams under these agreements into its EITI reporting process. To be able to do so, the MSG needs to gain a full understanding of the terms of the contract, the parties involved, the resources which have been pledged by the government, the value of the balancing benefit stream, e.g. infrastructure works, and the materiality of these agreements relative to conventional contracts. Where the multi-stakeholder group concludes that these agreements are material, 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. Where reconciliation of key transactions is not feasible, the multi-stakeholder group should agree an approach for unilateral company and/or government disclosures to be attached to the EITI Report.

d) Social expenditures: It is required that the multi-stakeholder group establish whether social expenditures required by law or the contract with the government that governs the extractive investment are material. Where material, the EITI Report must disclose and, where possible, reconcile these transactions.
   i. Where such benefits are provided in-kind, it is required that the EITI Report discloses the nature and the deemed value of the in-kind transaction.
ii. Where the beneficiary of the social expenditure is a third party (i.e. not a government agency), it is required that the name and function of the beneficiary is disclosed.

iii. Where reconciliation is not feasible, the EITI Report should include unilateral company and government disclosures of these transactions.

iv. Where material social expenditures are made on a discretionary basis, the multi-stakeholder group is encouraged to disclose and, where possible, reconcile these transactions in the EITI Report.

d) Transportation: Where revenues from the transportation of oil, gas and minerals are a material proportion of extractive industry revenues, the government and state owned enterprise/s are required to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (see requirement 4.3(c). The EITI Report could include:

i. a description of the transportation arrangements including: the product; transportation route(s); the companies and government entities, including SOEs, involved in transportation;

ii. definitions of the relevant transportation taxes, tariffs or other relevant payments, and the methodologies used to calculate them;

iii. disclosure of tariff rates and volume of the transported commodities;

iv. disclosure of revenues received by government entities, including SOEs, in relation to transportation of oil, gas and minerals; and

v. where practically feasible, the MSG is encouraged to ask the independent administrator with reconciling material payments and revenues associated with the transportation of oil, gas and minerals.

4.2 Ensuring comprehensive reporting

a) The EITI Report must provide a comprehensive reconciliation of government revenues and company payments, including payments to and from state owned enterprises, in accordance with the agreed scope.

b) The government is required to comprehensively disclose all revenues received from oil, gas and mining companies in accordance with the agreed reporting templates, i.e., the total government revenues for each of the agreed benefit streams. The government must also disclose revenues from companies not considered material.

i. Where applicable state participation in the extractive industries gives rise to material revenues, the multi-stakeholder group must ensure that the reporting process comprehensively addresses the role of state owned enterprises, including payments to government entities (including SOEs), from oil, gas and mining companies, and transfers between SOEs and other government agencies.

ii. It is required that the multi-stakeholder group establish whether direct payments from companies to sub-national government entities are material. Where material, the multi-stakeholder group is required to ensure that company payments to sub-national government entities and the receipt of these payments are disclosed and reconciled in the EITI Report.

iii. Where transfers between national and sub-national government entities that are related to the extractive industries are mandated by a national constitution, statute or other revenue sharing mechanism, the multi-stakeholder group is required to ensure that such transfers, where material, are disclosed in the EITI Reports. The EITI Report should disclose the revenue sharing formula, if any, as well as any discrepancies.
between the transfer amount calculated in accordance with the relevant revenue sharing formula and the amount that was transferred. The multi-stakeholder group is encouraged to reconcile these transfers where feasible. The multi-stakeholder group is encouraged to ensure that any material discretionary or ad-hoc transfers, are disclosed and where possible reconciled in the EITI Report.

iv. Where there are constitutional and/or significant practical barriers to the participation of sub-national government entities, the MSG may wish to seek an exemption from these requirements in accordance with requirement 1.5.

c) All companies making material payments to government are required to comprehensively disclose these payments in accordance with the agreed reporting templates. An entity should only be exempted from reporting if it can be demonstrated that its payments and revenues are not material.

4.3 Preparation of the EITI Report

a) The EITI Report must be prepared by an independent administrator. The independent administrator must be perceived by the multi-stakeholder group to be credible, trustworthy and technically competent.

b) The multi-stakeholder group is required to approve and endorse:

i. the scope of the EITI Report, the definition of “all material payments and revenues” that applies, and the reporting templates (see section 4.1);

ii. the time period to be covered by the EITI Report;

iii. the terms of reference for the independent administrator, including appropriate provisions relating to safeguarding confidential information; and to

iv. the level of disaggregation for the publication of data. It is required that the EITI Report presents the data on company and government revenues by individual company and revenue stream (and by project). It is required that the EITI Report presents the data on company and government revenues by individual company and revenue stream (and by project). It is required that the EITI Report presents the data on company and government revenues by individual company and revenue stream (and by project).

v. the appointment of the independent administrator; and

vi. the final EITI Report prior to publication.

c) The EITI Report must present the data on company payments and government revenues by individual reporting company and by each revenue stream (and by project).

d) The EITI Report must clearly state if any companies or government entities failed to report comprehensively and assess whether this is likely to have had material impact on the stated figures. Based on the government’s disclosure of total revenues as per requirement 4.2(b) the independent administrator should indicate the coverage of the reconciliation exercise.

e) The EITI Report must include an opinion from the independent administrator on whether the EITI data is comprehensive. Where there are weaknesses in the comprehensiveness of the EITI Report, the independent administrator may wish to make recommendations to improve the process.

EITI implementation requirement 5

EITI requires a credible assurance process applying international standards

Overview - Requirement 5 seeks to ensure that there is a credible process that produces data that stakeholder can rely on. The EITI seeks to build on existing audit and assurance systems in government and industry, confirm the reliability of other published data, and to promote international best practice and standards. Section 5.1 encourages MSGs to review the requires that EITI Reports describe the audit and assurance practices in government and industry, and whether they are in line with international standards.
5.1 Review of audit and assurance practices

(a) The MSG, in consultation with the independent administrator, is required to review the audit and assurance procedures undertaken by the companies and government entities participating in the EITI reporting process, including the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. The summary of the MSG is encouraged to include a summary of findings could be included in the EITI Report.

(b) The multi-stakeholder group and the independent administrator are required to agree terms of reference in accordance with the agreed upon procedure for EITI Reports. The MSG is required to agree terms of reference with the MSG and standard terms of reference endorsed by the EITI Board. The Board will establish an "agreed upon procedure" for EITI Reports based on international standards such as ISRS 4400 and ISRS 4410, and standardised terms of reference. The MSG is encouraged to include a summary of findings could be included in the EITI Report.

5.2 Reporting methodology

It is a requirement that payments and revenues are reconciled by a credible, independent administrator, applying international auditing and assurance standards. Section 5.3 addresses the assurances that need to be provided by the reporting entities, including auditor certification. Section 5.4 empowers the independent administrator to make an assessment of the comprehensiveness and reliability of the data and to make recommendations for the future.

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4 For companies: the International Standards on Auditing (ISA) issued by the International Auditing and Assurance Standards Board (IAASB). For public entities: the International Standards of Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI).

5 Based international standards such as ISRS 4400 and ISRS 4410.
endorsed by the multi-stakeholder group. In considering such applications, the EITI Board will consult specialist advisors, and have regard to a range of factors including: the number of reporting entities, compliance costs, any constitutional, legislative and contractual constraints, and opportunities to test and strengthen the reporting process over time through successive EITI Reports.

5.3 Assurances to be provided to the independent administrator

There are four options under discussion regarding confirmation letter from company external auditors:

Option 1 encouraged (status quo);
Option 2 required when the MSG/ independent administrator requests it
Option 3 required (but MSGs can seek exemption where independent administrator says it’s not needed)
Option 4 required (but MSGs can seek an exemption)

For illustrative purposes, option 2 is elaborated below:

a) It is required that the terms of reference agreed by the MSG and independent administrator outlines what information should be provided to the independent administrator by the participating companies and government entities to achieve the required level of assurance.

b) Where requested, companies should attach a confirmation letter from their external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. Where the company operates internationally, endorsement by the group external auditor is preferable. The MSG may wish to phase in this procedure so that the confirmation letter could be integrated in their auditor’s normal work program. This requirement would not apply to companies that are not required to have an external auditor at national or international levels. In such cases, it is recommended that a senior company official signs off on the completed company reporting form as a complete and accurate record of tax payments.

c) A senior government official from each participating government entity should certify that the disclosures the independent administrator are complete and accurate. Where relevant and practicable, government reporting entities are encouraged to obtain from their external auditor a certification of the accuracy of the government’s disclosures.

   a) This may require that:

      i. companies attach a confirmation letter from their external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. Where the company operates internationally, endorsement by the group external auditor is preferable. The MSG may wish to phase in this procedure so that the confirmation letter could be integrated in their auditor’s normal work program. This requirement would not apply to companies that are not required to have an external auditor at national or international levels. In such cases, it is recommended that a senior company official signs off on the completed company reporting form as a complete and accurate record of tax payments.

      ii. a senior government official from each participating government entity certifies that the completed government reporting is a complete and accurate record of revenues received.
relevant and practicable, government reporting entities are encouraged to obtain from their external auditor an opinion on the accuracy of the government's disclosures to the independent administrator.

b) A narrative summary of the agreed procedures should be included in the EITI Report.

5.4 Assessment and recommendations from the independent administrator

a) It is required that the EITI Report includes an assessment from the independent administrator on the comprehensiveness and reliability of the EITI Report data on company payments and government revenues, including an informative summary of the work performed and the limitations of the assessment provided, to help intended users understand the nature of the assurance conveyed.

b) It is required that the EITI Report provides an assessment by the independent administrator of whether all companies and government entities within the agreed scope of the reporting process provided the requested information required to achieve the necessary assurance. 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. The independent administrator may wish to make recommendations for modifying the disclosures and assurances required from participating companies and government entities for future reporting cycles.

c) It is required that the EITI Report documents 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. This requirement only applies to the companies and government entities within the agreed scope of the reporting process.

d) It is required that the EITI Report provides an assessment by the independent administrator of whether all companies and government entities within the agreed scope of the reporting process provided the information required to achieve the necessary assurance. 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. The independent administrator may wish to make recommendations for modifying the disclosures required from participating companies and government entities for future reporting cycles.

e) It is required that the EITI report discloses each instance where a discrepancy has been identified. Where possible, the independent administrator should seek to explain those discrepancies, and where necessary make recommendations for remedial actions (as described in requirement 5.1), and reforms needed to bring them into line with international standards. Where previous EITI Reports have recommended corrective actions and reforms, the independent administrator should comment on the progress in implementing those measures.

f) The independent administrator may wish to make recommendations about the prevailing audit practices and assurance procedures (as described in requirement 5.1), and reforms needed to bring them into line with international standards. Where previous EITI Reports have recommended corrective actions and reforms, the independent administrator should comment on the progress in implementing those measures.

EITI implementation requirement 6
The EITI requires that EITI Reports are comprehensible, publicly accessible, and contribute to public debate.
Overview - Regular disclosure of natural resource revenue streams and payments from extractives companies is of little practical use without public awareness and understanding of what the figures mean and public debate about how resource revenues can be put to good use. Requirement 6 aims to engage stakeholders in dialogue about natural resources revenue management.

6.1 The multi-stakeholder group must ensure that the EITI Report is comprehensible, publicly accessible and contribute to public debate. Key audiences should include civil society, companies, the media and parliamentarians. The multi-stakeholder group is required to:
   a) produce paper copies of the EITI Report, and ensure that they are widely distributed;
   b) make the EITI Report available on-line, and publicise its availability;
   c) ensure that the EITI Report is comprehensible, including by ensuring that it is written in a clear, accessible style and in appropriate languages; and
   d) ensure that outreach events – whether organised by government, civil society or companies – are undertaken to spread awareness of and facilitate dialogue about the EITI Report across the country.

6.2 It is required that the EITI data files are published, and that summary data from each EITI Report is submitted electronically to the EITI International Secretariat according to a specified format. MSGs are encouraged to make EITI Reports machine readable, and to code or tag EITI Reports and data files so that the information can be compared with other publicly available data. As per requirement 3.6(a), MSGs are encouraged to reference national revenues classification systems, and international standards such as the IMF Government Finance Statistics Manual.

6.3 The multi-stakeholder group is encouraged to:
   a) produce brief summary reports, with clear and balanced analysis of the information;
   b) summarise and compare the share of each revenue stream to the total amount of revenue that accrues to each respective level of government;
   c) where legally and technically feasible, consider automated on-line disclosure of extractive revenues and payments by governments and companies on a continuous basis (for instance, in cases where extractive revenue data is already published regularly by government or where national taxation systems are trending towards on-line tax assessments and payments). Such continuous government reporting could be viewed as interim reporting, and as an integral feature of the national EITI process which is captured by the reconciled EITI Report issued annually; and
   d) undertake capacity-building efforts, especially with civil society and through civil society organisations, to increase awareness of the process, improve understanding of the information and data from the reports, and encourage use of the information by citizens, the media, and others.

EITI implementation requirement 7
The EITI requires that the multi-stakeholder group takes steps to act on lessons learned and review the outcomes and impact of EITI implementation

Overview: EITI Reports lead towards the fulfilment of the EITI Principles by contributing to wider public debate. It is also vital that lessons learnt during implementation are acted upon, that discrepancies identified in the EITI Report are explained and, if necessary addressed, and that EITI implementation is on a stable, sustainable footing.
7.1 The multi-stakeholder group is required to take steps to act on lessons learned and address discrepancies and recommendations from the independent administrator

7.2 The multi-stakeholder group is required to review the outcomes and impact of EITI implementation

a) The multi-stakeholder group (MSG) is required to publish annual activity reports. The annual activity reports must include:

i. A summary of EITI activities undertaken in the previous year;
ii. An assessment of progress with meeting and maintaining compliance with each EITI requirement;
iii. An overview of the MSG’s responses to the recommendations from reconciliation and validation in accordance with provision 7.1.a. Multi-stakeholder groups are encouraged to list each recommendation and the corresponding activities that have been undertaken to address the recommendations; and
iv. An assessment of progress with achieving the objectives set out in its workplan, including the impact and outcomes of the stated objectives.

b) All stakeholders should be able to participate in the production of the annual activity report and reviewing the impact of EITI implementation. Civil society groups and industry involved in EITI, particularly, but not only those serving on the MSG, should be able to provide feedback on the EITI process and have their views reflected in the annual activity report.

c) The multi-stakeholder group is required to submit a Validation Report in accordance with the deadlines established by the Board (see requirement 1.6).

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7.1 The multi-stakeholder group is required to take steps to act on lessons learned and address discrepancies and recommendations from the independent administrator

7.2 The multi-stakeholder group is required to review the outcomes and impact of EITI implementation

a) The multi-stakeholder group (MSG) is required to publish annual activity reports. The annual activity reports must include:

i. A summary of EITI activities undertaken in the previous year;
ii. An assessment of progress with meeting and maintaining compliance with each EITI requirement;
iii. An overview of the MSG’s responses to the recommendations from reconciliation and validation in accordance with provision 7.1.a. Multi-stakeholder groups are encouraged to list each recommendation and the corresponding activities that have been undertaken to address the recommendations; and
iv. An assessment of progress with achieving the objectives set out in its workplan, including the impact and outcomes of the stated objectives.

b) All stakeholders should be able to participate in the production of the annual activity report and reviewing the impact of EITI implementation. Civil society groups and industry involved in EITI, particularly, but not only those serving on the MSG, should be able to provide feedback on the EITI process and have their views reflected in the annual activity report.

c) The multi-stakeholder group is required to submit a Validation Report in accordance with the deadlines established by the Board (see requirement 1.6).

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A standard template is available from the Secretariat.
Chapter 3: The Validation Guide

This chapter is concerned with EITI validation. The purpose of validation is to assess compliance with the EITI implementing countries, with reference to the requirements set out outlined in chapter 2. The task of the validator is to assess whether the EITI requirements have been met, in accordance with the validation methodology and the standard terms of reference for validators set out in this chapter.

Chapter 3: The Validation Guide

3.1 An overview of validation
3.2 Steps in the Validation process
3.3 Procurement of the validator
3.4 The Validation methodology

Annex A: Standard terms of reference for validators
Annex B: Standard template for Validation Reports

3.1 An overview of validation

Validation is an essential feature of the EITI process. It serves to assess performance and promotes dialogue and learning at the country level. It also safeguards the integrity of the EITI by holding all EITI implementing countries to the same global standard.

Validation is an external, independent evaluation mechanism, undertaken by a validator procured by the International Secretariat. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the EITI Standard. The Validation report will also should also address the impact of the document EITI impact and lessons learned in EITI implementation, as well as any concerns stakeholders have expressed, and recommendations for future implementation of the EITI.

Given the multi-stakeholder nature of the EITI and the importance of dialogue, the Validation procedure emphasises a stakeholder consultative process. The multi-stakeholder group (MSG) plays a central role in ensuring that the validation process is thorough and comprehensive. EITI stakeholders have an opportunity throughout the validation process to comment on the effectiveness of EITI implementation, to provide opinions on the fulfilment of the EITI’s requirements, and to make suggestions for strengthening the process. In addition to consulting with stakeholders, the validator must carefully analyse the EITI Reports and meet with the reconciliation independent administrator to discuss the strengths and weaknesses of the reporting process. The multi-stakeholder group (MSG) plays a central role in ensuring that the validation process is thorough and comprehensive.

As noted in chapter 2, there are two groups of implementing countries: Candidate and Compliant countries. Candidate status is for a finite period that leads, in a timely fashion, to the achievement of Compliant status. Candidate countries are required to undertake Validation within two and a half years of becoming a Candidate. Where Validation verifies that a country has met all of the EITI requirements, the Board will designate that country as EITI Compliant. Compliant countries will be required to undertake Validation every three years thereafter. If Compliant status is not achieved, the country may in some circumstances retain its status as a Candidate country for an additional period of time.
In all decisions on Validation, the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI. The Board’s Validation Committee reviews and comments on all draft and final Validation Reports. The validation will not be considered complete until the Validation Committee considers that the final report comprehensively addresses the terms of reference and provides sufficient detail so that the Board can make an informed assessment as to whether the requirements have been met, or is required to address these comments in the final report. This process ensures that the EITI Board has sufficient information in order to determine the country’s status following Validation. Further information about Validation deadlines, rules and procedures for determining a country’s status following Validation is available in chapter 2, requirement 1.6-1.7.

3.2 Steps in the Validation process

1. **The International Secretariat informs the multi-stakeholder group about the commencement and schedule for Validation.** The International Secretariat will oversee the process throughout in collaboration with the MSG.

2. **Procurement of a validator.** Section 3.3 sets out the steps and modalities for procurement.

3. **Validation.** The validator assesses the adherence to the EITI Standard by assessing compliance with seven EITI requirements (see section 3.4). Validation is a consultative process. The validator should meet 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 in the MSG. The validator is required to consult available documentation, including:
   - The EITI work plan and other planning documents such as budgets and communication plans;
   - The MSG’s terms of reference, and minutes from MSG meetings;
   - EITI Reports, and supplementary information such as summary reports and scoping studies;
   - Communication materials;
   - Annual activity reports; and
   - Any other information of relevance to validation.

4. **Draft Report.** The validator should produce a draft Validation Report, using the standard template available from the International Secretariat.

5. **The EITI Board’s Validation Committee reviews the draft Validation Report** to ensure that it is comprehensive and provides an adequate basis for establishing the country’s compliance with the EITI requirements.

6. **The validator produces a final Validation Report.**
   - An introduction that addresses:
     - the key features of the extractive industries in the country;
     - overall progress in implementing the EITI work plan;
     - a summary of engagement by civil society organisations; and
     - a summary of engagement by companies.
   - A comprehensive and detailed assessment by the validator of the country’s compliance with each requirement, taking into account stakeholder views. This should include a table summarising the validator’s findings.
   - An overall assessment of the implementation of the EITI and the validator’s judgement on whether the country has satisfied all of the EITI Requirements.
   - A narrative report that addresses:
     - the impact of the EITI in the country;
     - the sustainability of the EITI process.
6. The validators may also wish to comment on opportunities to clarify and strengthen the EITI Rules and Validation procedures.

Validation is considered complete when:

- A final Validation Report, addressing the comments by the Validation Committee, the MSG and other stakeholders, is agreed and endorsed by the multi-stakeholder group and the EITI Board;

- The final Validation Report is publicly available.

7. The EITI Board analyses the final Validation Report and decides on the status of the implementing country (see chapter 2, requirement 1.6 – 1.7). In all decisions on Validation, the EITI Board will place a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI brand. In cases where the evidence provided by the validator does not adequately support the conclusion of whether a requirement is met or unmet, the Validation Committee may call upon the validator for a hearing. In the event that the final Validation Report does not provide sufficiently detailed information regarding compliance with the EITI's requirements, the Board may also task the International Secretariat with providing supplementary information. Any disagreements from the government, the multi-stakeholder group or the EITI Board over the Validation Report should first be dealt with by the validator working with these groups. If the disagreement can be resolved, the validator should make the appropriate amendments in the Validation Report. If a disagreement cannot be resolved, it should be noted in the report. Serious disagreements with regard to the Validation process should be presented to the EITI Board and Chair, who will try to resolve them. The Board and Chair have the authority to reject complaints that they consider to be trivial, vexatious or unfounded (see chapter 2, requirement 1.8).

3.3 Procurement of the validator

The International Secretariat will oversee the procurement of the validator. The following section presents the key steps in the process.

3.3.1 The International Secretariat informs the multi-stakeholder group of the initiation of the Validation process.

The International Secretariat will inform the multi-stakeholder group of the initiation of the Validation process, and prepare terms of reference for Validation. The terms of reference will set out:

a) Validation objectives and deliverables;

b) The Validation process, including procedures for reviewing and commenting on draft and final Validation Reports;

c) The role and responsibilities of the MSG, including

i. an overview of documents to be provided to the validator prior to the commencement of Validation; and

ii. required input to the standard terms of reference for the validator such as

- Background information on the country's participation in the EITI (i.e. the establishment and functioning of the multi-stakeholder group);
- Commentary on recent events and developments of relevance to the Validation process;
- An overview of current and former members of the multi-stakeholder group; and
- Links to the EITI work plans and annual activity reports.

d) An indicative timetable for Validation.

3.3.2 Procurement and contracting of the Validator by the International Secretariat.
The International Secretariat will procure an EITI validator from a list of accredited organisations pre-approved by the EITI Board, pursuing a competitive bidding process that is open to all accredited validators. The EITI Board reserves the right to revise the procurement procedures and the list of accredited validators at any time.

The International Secretariat will assess the technical and financial proposals in accordance with the selection criteria set out in the standard terms of reference for validators. In conducting its review, the International Secretariat shall have regard to, inter alia:

- The treatment of conflicts of interest;
- The adequacy of the proposals vis-à-vis the objective of Validation and the Validation methodology;
- Opportunities for partnership with local firms; and
- The coherence of the validator’s technical and financial proposals.

Based on the results of this assessment, the International Secretariat will develop a shortlist of potential Validation teams and present a recommendation to the MSG. The MSG will be invited to must give their non-objection to the proposed validator. Where the MSG disagrees with the International Secretariat’s recommendation, it must set out its objections. The Secretariat will then consider whether to appoint one of the other shortlisted validators.

The Validation contract shall be between the International Secretariat and the approved validator. The contract will further clarify the validator’s responsibilities and obligations to the EITI Board and the International Secretariat. It will include guidance on, inter alia:

- Ensuring strong communication and efficient information exchange between the International Secretariat, the MSG and the validator throughout the Validation process;
- Reporting any difficulties or irregularities encountered in the Validation process; and
- Dispute resolution mechanisms.

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

### 3.4 The Validation methodology

In accordance with the standard terms of reference for validators (see annex A approved by the EITI Board and available from the International Secretariat), and based on an analysis of relevant documents and drawing on feedback from stakeholders, the validator is required to assess a country’s compliance with the seven EITI requirements.

Each requirement should be assessed as “met” or “unmet”. While some of the requirements lend themselves to an objective assessment, others are more complex, inter-linked and may require subjective judgement by the validator. In assessing the requirements, the validator must assign one of the following designations to each requirement:

**Option 1**

- **Requirement met and exceeded**: EITI implementation meets and exceeds the minimum requirement.
- **Requirement met**: EITI implementation meets the required standard (Note: Threshold for compliance).
- **Requirement unmet**: Limited or some progress in EITI implementation, but further action required for the requirement to be considered met.

**Option 2**

- **Requirement met and exceeded**: EITI implementation meets and exceeds the minimum requirement.
- **Requirement met**: EITI implementation meets the required standard (Note: Threshold for compliance).
Requirement unmet with meaningful progress: Some progress in EITI implementation, but further action required for the requirement to be considered met.

Requirement unmet with limited progress: Little evidence of progress toward compliance. Considerable additional actions required for the requirement to be considered met.

Specific guidance on assessing each requirement in accordance with this scale is provided in the standard terms of reference for validators. For each requirement, the rationale underpinning the validator’s assessment should be clearly stated, and the validator should cite key documentary evidence and stakeholder views. Where the country has made meaningful or limited progress but has not fully met the requirements, the validator should make recommendations for achieving compliance. Where the country has met the requirement, the validator should make recommendations for further improving implementation (exceeding the requirement) where appropriate, and taking stakeholder views into account.
Annex A: Standard terms of reference for validators

Validation of the Extractive Industries Transparency Initiative in [Implementing Country]

Terms of reference for the validator

The text [in brackets] provides guidance for completing the terms of reference. This text should not appear in the final draft.

1. Background

[This section will provide general background information and a summary of EITI implementation, including (1) the establishment and functioning of the multi-stakeholder group; (2) status of EITI reporting; (3) a summary of implementation with reference to the EITI work plans and annual activity reports.]

2. Validation Objectives

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. Validation is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the EITI Principles and Criteria. The Validation Report should also document the impact of EITI, lessons learned, as well as any concerns stakeholders have expressed, and recommendations for future implementation of the EITI.

There are two groups of implementing countries: Candidate and Compliant countries. Candidate countries are required to undertake Validation within two and a half years of becoming a Candidate. Where Validation verifies that a country has met all of the EITI requirements, the Board will designate that country as EITI Compliant. Compliant countries will be required to undertake Validation every three years thereafter. If Compliant status is not achieved, the country may in some circumstances retain its status as a Candidate country for an additional period of time. The rules and procedures that are applied by the EITI Board in determining a country’s status following Validation are set out in requirement 1.7.1.8. In all decisions on Validation, the Board places a priority on the need for comparable treatment between countries and the need to protect the integrity of the EITI.

3. Scope of services and Validation methodology

The validator’s task is to assess EITI implementation in accordance with the requirements and methodology set out in the EITI Standard. The validator is required to assess a country’s compliance with the seven EITI requirements set out in Chapter 2. Chapter 3 sets out the main steps in the Validation process, including the methodology that validators are required to follow when assessing compliance with the EITI requirements.
The validator is required to assess each requirement as “met” or “unmet”, in accordance with the assessment tables provided in the standard template for validation reports (annex B). While some of the requirements lend themselves to an objective assessment, others are more complex, inter-linked and may require subjective judgement by the validator. As noted in Chapter 3.4, the validator must assign one of the following designations to each requirement:

- **Requirement met and exceeded**: EITI implementation meets and exceeds the minimum requirement.
- **Requirement met**: EITI implementation meets the required standard. Threshold for compliance.
- **Requirement unmet**: Limited or some progress in EITI implementation, but further action required for the requirement to be considered met.
- **Requirement met and exceeded**: EITI implementation meets and exceeds the minimum requirement.
- **Requirement unmet with meaningful progress**: Some progress in EITI implementation, but further action required for the requirement to be considered met.
- **Requirement unmet with limited progress**: Little evidence of progress toward compliance. Considerable additional actions required for the requirement to be considered met.

For each requirement, the rationale underpinning the validator’s assessment should be clearly stated, and the validator should cite key documentary evidence and stakeholder views. Where the country has made meaningful or limited progress but has not fully met the requirements, the validator should make recommendations for achieving compliance. Where the country has met the requirement, the validator should make recommendations for further improving implementation (exceeding the requirement) where appropriate, and taking stakeholder views into account.

The validator’s findings should be presented in a Validation Report, using the standard template available in Annex B.

**4. Detailed guidance to the validator on assessing compliance with the EITI Requirements**

Detailed guidance to the validator on assessing compliance with the EITI requirements is available in the assessment tables in the standard template for Validation Reports (annex B). In some cases, the validator should ensure that specific evidentiary requirements have been satisfied. In other cases, there are different approaches that a country might take to achieve compliance, and thus the evidentiary requirements are illustrative, and it is not necessary to see each piece of evidence in order to assess the requirement as met.

**5. Preparation of the Validation Report**

The validator’s findings should be presented in a Validation Report, using the standard template available in annex B.
The Validator is required to submit a draft Validation Report for review by the EITI Board’s Validation Committee. The Validation Committee will review the draft Validation Report to ensure that it is comprehensive and provides an adequate basis for establishing the country’s compliance with the EITI requirements.

The Validation Committee’s comments on the draft Validation report, and any comments from other stakeholders, must be addressed in the final version of the Validation Report. The final version of the Validation Report shall be formally endorsed by the multi-stakeholder group. The final Validation Report shall be published and made widely available, including in local official languages.

The EITI Board will review the final report and decide on the status of the country in accordance with the EITI Standard: Chapter 3. Pending a review by the EITI Board, the EITI International Secretariat may seek additional clarification from the validator for a period of four weeks, i.e. until 6. Time schedule

The schedule for the completion of the assignment is set out in the table below. It is expected that the Validation team will conduct their investigations and interviews with stakeholders in <place> in <date>. A draft Validation Report is expected to be completed by <date>. The validator will receive comments from the Validation Committee by <date>. A final Validation Report, endorsed by the multi-stakeholder group, must be submitted by <date> with copies to the EITI International Secretariat and the multi-stakeholder group. Pending a review by the EITI Board, the EITI International Secretariat may seek additional clarification from the validator for a period of four weeks, i.e. until <date>.

| Request for Proposal issued | <date> |
| Deadline for validation proposals | <date> |
| Contract award | <date> |
| Contract signing | <date> |
| Inception period | <date> |
| Filed visits | <date> |
| Submission of draft Validation Report | <date> |
| Comments on the draft by the MSG | <date> |
| Comments on the draft by the Validation Committee | <date> |
| Submission of the final Validation Report | <date> |
7. Data and facilities to be provided by the Client

The multi-stakeholder group is required to make the following documents available to the validator prior to the inception period:

- Terms of reference for multi-stakeholder groups;
- Minutes from multi-stakeholder group meetings;
- Scoping studies;
- EITI Reports;
- Press releases and other communication materials;
- Work plans;
- Annual activity reports; and
- Any other information of relevance to Validation.

The validator will be responsible for logistical arrangements, with assistance from the International Secretariat and/or the implementing country where required.

8. The Role of the EITI International Secretariat

The International Secretariat, on behalf of the Board, will oversee the Validation process. The validator is expected to maintain close contact with the Secretariat throughout the Validation exercise. Where needed, the Secretariat will provide advice and training regarding the application of the Validation methodology. The validator is obliged to report any difficulties or irregularities encountered during the Validation process to the EITI International Secretariat.

9. Conflicts of Interest

In order to ensure the quality and independence of the Validation exercise, validators are required to notify the EITI International Secretariat of any actual or potential conflict of interest, together with recommendations as to how the conflict can be avoided.

10. Schedule of Payments

The schedule of payments shall be as follows:

- ______% upon the Client's receipt of a copy of the Contract signed by the Consultant; and
- ______%
- ______% upon the Client's receipt of the final report, acceptable to the Client.