

Islamic Republic of Afghanistan
Ministry of Finance
Afghanistan Extractive Industries Transparency Initiative

Standard Terms of Reference for Independent Administrators

This document is a standard Terms of Reference (TOR) for Independent Administrator services in accordance with the EITI Standard, endorsed by the EITI Board on 15 February 2016. The TOR sets out the work to be undertaken by the Independent Administrator hired to produce the EITI Report. It is typically attached to the contract between the Independent Administrator and the government.

The MSG is required to use this standard TOR when hiring an Independent Administrator (Requirement 4.9.b.iii). Should the MSG wish to deviate from the procedures set out in this TOR, the International Secretariat should be consulted as advance approval from the EITI Board might be required (Requirement 8.a). The TOR includes sections [bracketed and highlighted in blue] that should be completed by the multi-stakeholder group (MSG) in order to adapt the TOR to the specific circumstances in the country. The TOR includes comment boxes to guide the MSG in completing each section. It is a requirement that the MSG approve the TOR (Requirement 4.9.b.iii).

The TOR is addressed to the Independent Administrator. A *guidance note on MSG oversight of the EITI reporting cycle*¹ is also available to guide MSGs and national secretariats on the issues that need to be addressed in advance of completing this TOR, and key issues to consider in overseeing the reporting process to ensure compliance with the EITI Standard. Utilisation of the TOR does not guarantee compliance. The MSG needs to ensure that the reporting process is rigorous, comprehensive and reliable.

The Board will review the procedures and the template on a regular basis. Comments on the template should be directed to the EITI International Secretariat (contact: sbartlett@eiti.org).

¹ <https://eiti.org/document/guidance-notes-implementing-countries#GN8>

Terms of Reference

Independent Administrator for the [1395-1396] EITI Report, Afghanistan

Approved by the [MSG] on [date]

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1 Background

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

EITI implementation has two core components:

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

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard². Additional information is available via www.eiti.org.

² <http://eiti.org/document/standard>

It is a requirement that the MSG approves the terms of reference for the Independent Administrator (requirement 4.9.iii), drawing on the objectives and agreed scope of the EITI as set out in the MSG's workplan. The MSG's deliberations on these matters should be in accordance with the MSG's internal governance rules and procedures (see requirement 1.4.b). The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner.

It is a requirement that the Independent Administrator be perceived by the MSG to be credible, trustworthy and technically competent (Requirement 4.9.b.ii). The MSG and Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report prepared by the Independent Administrator will be submitted to the MSG for approval and made publicly available in accordance with Requirement 7.1.

These terms of reference include "agreed-upon procedures" for EITI reporting (see section 4) in accordance with EITI Requirement 4.9.b.iii. The international EITI Board has developed these procedures to promote greater consistency and reliability in EITI reporting. The EITI process should be used to complement, assess, and improve existing reporting and auditing systems. The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

EITI Implementation in Afghanistan

Afghanistan announced its intent to implement the EITI in March 2009, and became an EITI Candidate country on 10 Feb, 2010.

In the international EITI board meeting in Oslo in February 2010 The Government of Islamic Republic of Afghanistan (GOIRA) requested the donor community to provide immediate technical and financial support to develop good governance and accountability mechanisms in Extractive Industries Sector via effective EITI implementation process in Afghanistan. For this purpose the AEITI Secretariat was established within the Ministry of Finance in July 2010 to take the lead of EITI implementation in Afghanistan.

In Afghanistan, the extractive sector is expected to contribute a significant and growing proportion of Government revenues for the country's development. In light of this, GOIRA has fully committed to EITI implementation to ensure that all payments and receipts in the extractive industry are made in an effective and transparent manner. So far five EITI Reports have been published by the secretariat which gives an overview of the whole extractive sector of Afghanistan; the publication of these reports is intended to give public access to the information about the extractive industry and the revenue generated each year from the extractive industry by the Government of Afghanistan.

Afghanistan till yet remains an EITI candidate country and has forgone 3 validations since its implementation, the recent of which was in February 2018 and the result of which is expected by June 2018. Nevertheless AEITI has made great progress and has made several achievements including reforms within the extractive industry. AEITI is currently working on implementing the recommendations of the previous reports which will pave the way for major reforms within the Extractive Industry and especially Ministry of Mines and Petroleum of the country contributing to the transparent and effective management of the revenues of the sector. AEITI will publish EITI reports on annual basis and the EITI will be used as a diagnostic tool to identify gaps and/or weaknesses in the government's management of the sector across the value chain and provide recommendations for reform. EITI reports and communication activities can also be used to show-case the sector reform projects currently underway in Afghanistan which will improve

the Government's ability to manage the sector in a more transparent and equitable way. Training and capacity building can also be provided to MSG members and wider EITI stakeholders on issues related to sector management. Afghanistan is endowed with significant mineral resource potential; however there is a misperception among some stakeholders that the extractive sector, and a number of high-profile large-scale projects, will provide a solution to Afghanistan's revenue shortfalls over the short to medium term. The EITI can play a valuable role in highlighting the current financial contribution provided by the sector to the national economy and the prospects for future growth. . Information on natural resource contracts, license information, rules, regulations, and policies, as well as supporting documents such as bidding documents, list of pre-qualified companies, successful and unsuccessful bids, technical information, and social and environmental impact assessment and mitigation plans are currently not readily available for expert and broader audiences. Easy accessibility of license and contract information, and supporting documentation and information is a key measure to achieve transparency and foster accountability in the extractive resource sector. Unless genuinely overriding imperatives of confidentiality or national security exist easy availability of such information should be the default *modus operandi*. Afghanistan EITI also aims to improve understanding of natural resources management among the AEITI partners/stakeholders and public, to create opportunities for dialogue & productive engagement in natural resource management in order to build trust and awareness among the stakeholders. Achieving reconciliation of financial flows between the extractive industries and the state including tax and non-tax payments, and to make quality and productive MSG in place for better monitoring and make quality decisions are also part of the objectives of the EITI in Afghanistan. All these objectives have been elaborated in the AEITI Work Plan. (More information about Country Work Plan is available on www.aeiti.af)

2 Objectives of the assignment

On behalf of the government of [Afghanistan](#) and [\[MSG\]](#), the [\[contracting party\]](#) seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard. The objective of the assignment is to:

[\[- Produce an EITI Report for \[1395-1396/s\] in accordance with the EITI Standard and section 3, below.](#)

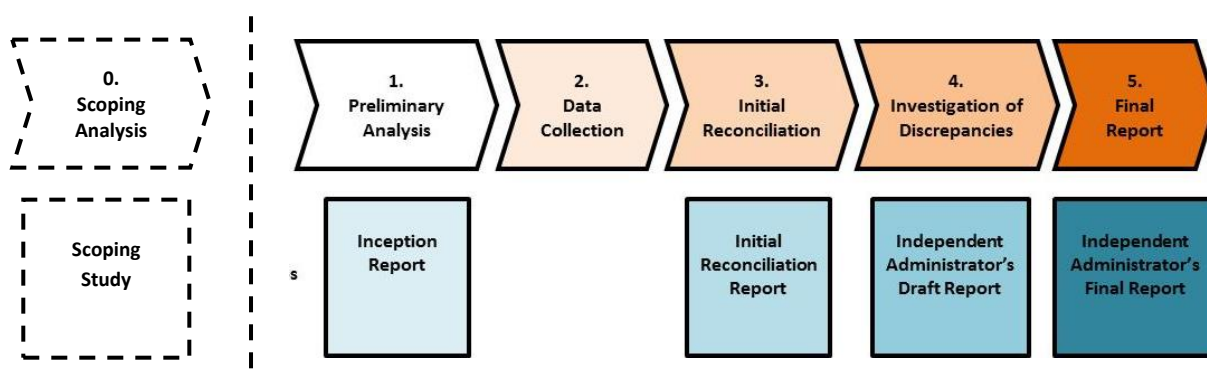
3 [\[- Summarise any additional objectives and work to be undertaken by the Independent Administrator\].Scope of services, tasks and expected deliverables](#)

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

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

Figure 1 – Overview of the EITI Reporting process and deliverables

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Phase 0 – Limited Scoping

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

For the purpose of this report, the Independent Administrator is expected to review [past scoping studies \(attached\)](#) and [AEITI reports and provide updated information for the year under review that will help the MSG fill in Annex 1 of these terms of reference](#). Besides the above mentioned tasks, the limited scoping study shall cover the following three tasks along with the above mentioned. These include:

1. The IA to do an overview of the sector and provide options for MSG to choose threshold and sample and number of companies to be covered and to investigate which revenue streams could be investigated and reconciled and present the information before the MSG to help them make a decision.
2. Conduct a study regarding the status of earlier AEITI reports' recommendations i.e. have the recommendations been met or if not where they stand
3. Prepare a brief on illegal mining as stipulated in this ToR in table 1.

It is to be noted that among the above mentioned tasks, the second and third could be carried out simultaneously while preparing the report to save time. Meanwhile it is necessary to complete the first task before work on the report kicks off.

Phase 1 – Preliminary analysis and inception report

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

The MSG's proposal for the scope of the EITI Report, to be revised and confirmed with the Independent Administrator during the inception period, is set out in annex 1.

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

- 1.1 Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary inception report, and the conclusions and recommendations from previous EITI Reports and Validations. (A list of relevant documentation is provided as Annex 2).**
- 1.2 The Independent Administrator should review the scope proposed by the MSG in annex 1 with a particular focus on the following:**
 - 1.2.1 Reviewing the comprehensiveness of the payments and revenues (Central and Provincial) to be covered in the EITI Report as proposed by the MSG in Annex 1 and in accordance with EITI Requirement 4.
 - 1.2.2 Reviewing the comprehensiveness of the companies and government entities that are required to report as defined by the MSG in Annex 1 and in accordance with EITI Requirement 4.1
 - 1.2.3 Supporting the MSG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, central and provincial contracts of the companies and any reforms that are planned or underway, and whether these procedures are in line with international standards. It is recommended that the EITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere.
 - 1.2.4 Developing draft reporting templates and providing advice to the MSG on **the reporting templates based on the agreed benefit streams to be reported and the reporting entities (1.1.1– 1.1.2 above)**. Sample templates are available from the International Secretariat. It is recommended that the templates include a provision requiring companies to report “any other material payments to government entities” above an agreed threshold. [
- 1.3 On the basis of 1.1 and 1.2 as applicable, produce an inception report that:**
 - 1.3.1 Includes a statement of materiality (annex 1) confirming the MSG's decisions on the payments and revenues to be covered in the EITI Report, including:**

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(b).
- The sale of the state's share of production or other revenues collected in-kind in accordance with Requirement 4.2.
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3.
- The coverage of social expenditure in accordance with Requirement 6.1.
- The coverage of transportation revenues in accordance with Requirement 4.4.
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.6.
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.5.
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2.
- The level and type of disaggregation of the EITI Report in accordance with Requirement 4.7.
- [\[Any other aspects as agreed by the MSG\].](#)

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

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

1.3.3 Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.3 above), **confirms what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9.**

The Independent Administrator should exercise judgement and apply appropriate international professional standards³ in developing a procedure that provide a sufficient

³ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his /her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include:

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

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

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

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

Non-revenue information to be provided in the EITI Report	Work to be undertaken by the Independent Administrator	Work to be undertaken by the MSG/others
Review legal framework and fiscal regime in accordance with EITI Requirement 2.1.	To prepare a draft review of legal framework and fiscal regime	Approval of the draft review
To provide an overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	To provide an overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	MSG to help (in any) and give its approval on the information in the process with regard to exploration activities in sector
Collect Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.	The IA to collect information about the contribution of the extractive industries to the economy in the accordance with EITI requirement 6.3 but this will be subject to the MSG	MSG to assist IA if the later needs any assistance

	decision to publish or not in the report	
To Collect Production and export data in accordance with EITI Requirement 3.2 and 3.3	IA to collect all information on production and export data available within the relevant government departments in accordance with EITI requirement 3.2	The data to be crossed checked with MSG and the IA to address the concerns (if any) of the MSG over the sources the data has been collected from
To collect Information regarding state participation in the extractive industries in accordance with EITI Requirement 2.6 and 6.2. ⁴	IA to collect Information regarding state participation in the extractive industries in accordance with EITI Requirement 2.6 and 6.2. ⁵	The MSG to decide on whether the collected data is acceptable or not
To collect Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	IA to collect information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	MSG to review and decide on the information
To collect any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	IA to collect any relevant information requested by the MSG during the duration of the development of the report which can add quality to the report on revenue management and expenditures in accordance with EITI requirement 5.3	MSG to analyse the information and data and to approve of the collected information
To collect Information about license holders in accordance with EITI Requirement 2.3 ⁶ , and the allocation of licenses in accordance with EITI Requirement 2.2. ⁷	IA to review all contracts available within the MoMP and to collect information about the license holders and lincense allocation in accordance with EITI requirement 2.3 and 2.2 respectively	MSG to decide on whether all the contracts information have been reviewed by the IA and also to give its approval on the information collected on the license holders and license allocation
To collect any information requested by the MSG on beneficial ownership (BO) in accordance with EITI Requirement 2.5	For the purpose of this report, the Independent Administrator should: <ul style="list-style-type: none"> • Explore Beneficial owners of the above threshold companies covered by the sixth EITI report • Propose the details to be disclosed about the identity of the beneficial owners.⁸ This should include whether the beneficial 	For the purpose of this report, the MSG will: <ul style="list-style-type: none"> • Consider and agree the recommendations by the IA with regards to the definition of BO, the details to be disclosed about the identity of the BO, and the approach for BO data assurance.

⁴ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

⁵ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

⁶ Guidance Note 3: Licence Registers, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN3>

⁷ Guidance Note 4: Licence Allocations, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN4>

⁸ <https://drive.google.com/file/d/0B7UljQS1EKz4dEpijQ0VVdzNFcTg/view?usp=sharing>

	<ul style="list-style-type: none"> • owners are politically exposed persons (PEPs), drawing on existing definitions of PEPs and asset declarations if available. • Propose an approach for assuring the BO data assurance for adoption by the MSG⁹. • Reflect the MSG's decisions on the definition of BO, the details to be disclosed about the identity of the beneficial owners, and the data assurance process in the EITI's model BO template¹⁰. • Develop guidelines to reporting companies on how to identify their beneficial owners and complete the reporting template. • Distribute the BO template to the companies included in the scope of the EITI Report, collect data and follow up on any missing or incomplete submissions. • Compile the data in an open data format (xlsx or cvs)¹¹. • Present the findings in the EITI Report, noting for each of the companies in the scope of the report: the name of the BOs of each company, details about their identity, and information about how ownership is exerted. Where legal owners have been disclosed, this should be clearly distinguished from beneficial ownership. • Provide comments on the comprehensiveness and reliability of the BO information, and present recommendations for improving beneficial ownership reporting in the future. 	<ul style="list-style-type: none"> • Provide information on the government's policy and multi-stakeholder group's discussion on disclosure of beneficial ownership.
To collect any information requested by the MSG on	...	

⁹ <https://drive.google.com/open?id=0B7UljQS1EKz4ZVhjX0pKeWF3NVk>

¹⁰ Template beneficial ownership declaration, <https://eiti.org/files/Template-beneficial-ownership-declaration-form.doc>

¹¹ An open data standard for beneficial ownership reporting is being developed. Please be in touch with the EITI International Secretariat for further information.

contracts in accordance with EITI Requirement 2.4 ¹²		
Illegal Mining	Prepare a brief note on illegal mining activities in the sector through key informant interviews, government documents, media and civil society's sources	MSG to assist in providing information to IA on illegal mining

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

Phase 2 – Data collection

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

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

- 2.1 Distribute the reporting templates and collect the completed forms and associated supporting documentation directly from the participating reporting entities, as well as any contextual or other information that the MSG has tasked the Independent Administrator to collect in accordance with 1.3.4 above. [Where an alternative approach is proposed - e.g. where the national EITI secretariat assists with data collection, or where the data is collected through an existing reporting mechanism, there should be consultations with the Independent Administrator to ensure the integrity of the information transmitted to the Independent Administrator].
- 2.2 The most common procedure is that the Independent Administrator is mandated by the MSG to distribute the reporting templates and collect the completed forms and associated supporting documentation, as well as any other contextual or other information requested to be collected by the MSG, directly from the participating reporting entities. The government typically provides contact details for the reporting entities and assists the Independent Administrator in ensuring that all reporting entities participate fully.
- 2.3 At the direction of the MSG, the Independent Administrator may be tasked to provide advice on ensuring that the request for data includes appropriate guidance to the reporting entities, and on where to seek additional information and support.
- 2.4 The Independent Administrator is mandated to contact the reporting entities directly to clarify any information gaps or discrepancies in the reported information.
- 2.5 Independent Administrator should compile a database with the data provided by the reporting entities; the database will be handed over to the EITI Secretariat in Afghanistan along with the final report.

¹² Guidance Note 7: Contract Transparency, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN7>

- 2.6 Contact the reporting entities directly to clarify any information gaps or discrepancies.
- 3 Note: The local representative of the firm/company must be fully aware of the EITI roles and must have close coordination with the AEITI Secretariat

Phase 3 – initial reconciliation

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

- 3.1 The Independent Administrator should compile a database with the payment and revenue data provided by the reporting entities.
- 3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances).
- 3.3 [The Independent Administrator should identify any discrepancies above the agreed margin of error established in agreement with the MSG]
- 3.4 The Independent Administrator should prepare an initial EITI report based on the reported (unadjusted) data for consideration by the MSG in accordance with the agreed scope.
- 3.5 MSG and the Independent Administrator may fix and agree an acceptable margin of error in determining which, discrepancies should be further identified and investigated. The decision on acceptable margin needs to be recorded in the minute of the MSG meeting and/or Independent Administrator's communications with the MSG.

Phase 4 – investigation of discrepancies and draft EITI Report

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

- 4.1 The Independent Administrator should contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data from the reporting entities concerned.
- 4.2 The Independent Administrator should submit a draft EITI Report to the MSG for comment that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG. The financial data should be disaggregated to the level of detail agreed by the MSG and in accordance with requirement 4.7. The draft EITI Report should:
- a) describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
 - b) include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).

- c) include an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - d) indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
 - e) include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report.
 - f) document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information.
 - g) include non-revenue information as per Requirement 2,3,5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSG.
- 4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures. [\[The Independent Administrator should make recommendations for strengthening the reporting process in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSG in formulating such recommendations.\]](#)
- 4.4 The Independent Administrator is encouraged to make recommendations on strengthening the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard for the attention of the EITI Board.

Phase 5 – final EITI Report

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

- 5.1 The Independent Administrator will submit the EITI Report upon approval to the MSG. The MSG will endorse the report prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.
- 5.2 [\[The final EITI Report must be translated to the following languages: \]](#)
- Pashto
 - Dari
 - [Draft Translated reports to be shared with MGS for quality check and approval](#)

- 5.3 The Independent Administrator should produce electronic data files¹³ that can be published together with the final Report. The Independent Administrator should provide the report in an open data format.
- 5.4 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat¹⁴.
- 5.5 [The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The MSG may wish to request that the report be edited by a professional copy-editor and/or be designed by a professional graphical designer.]
- 5.6 [The MSG may request that the Independent Administrator submit to the national secretariat all data gathered during EITI reporting available, including the contact information of all institutions contacted during the reporting process.]

4 Qualification requirements for Independent Administrators

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards (requirement 4.9). It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent (ibid). Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation / agreed-upon-procedures work in preparing their report.

The Independent Administrator will need to demonstrate:

- Expertise in accounting, auditing and financial analysis in the oil, gas and mining sectors in [Afghanistan] or in any EITI countries.
-
- A track record of 2 years in relevant field. Previous experience in EITI reporting is not required, but would be advantageous.
- Must have knowledge in project evaluation, public and private sector audit and accounting matching to international standards
- Shall have adequate staff and resources to devote to the task in the field or sub-contract a qualified and reliable company for the fieldwork. The sub-contractor shall have full knowledge of EITI, speaks local languages and have strong auditing and accounting background, knowledge and education. The IA shall have the proof of the qualification of the local representative to be shared with the

¹³ The files can be in CSV or Excel format and should contain the tables and figures from the print report. In accordance with requirement 7.1.c, the multi-stakeholder group is required to make the EITI Report available in an open data format (xlsx or csv) online.

¹⁴ The latest version of the summary data template can be found at: <https://eiti.org/document/eiti-summary-data-template>

MSG as requested.

- The assignment is open to all local as well as international firms including joint-ventures

In order to ensure the quality and independence of the exercise, Independent Administrators are required, in their proposal, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

5 Reporting requirements and time schedule for deliverables

The assignment is expected to commence on [\[Beginning of October 2018\]](#) culminating in the finalisation of the EITI Report by [\[End of February 2019\]](#). The proposed schedule is set out below:

Signing of contract	Beginning of October 2018
Phase 0: Limited scoping report	End of October 2018
Phase 1: Inception Report	15 November 2018
Phase 2 : Sharing of draft Inception report with MSG for approval	22 November 2018
Phase 3: Data collection and Initial reconciliation	End of December 2018
Phase 4: Investigation of discrepancies	15 January 2019
=> Draft report and sharing with MSG	End of January 2019
Phase 5: Integration of comments/feedback by stakeholders in the report	15 February 2019
=> Final report	End of February 2019

The schedule of payments shall be as follows:

10 % of the completion of Inception Report

30 % of the completion of data collection

60 % of the completion and approval of the reconciliation report by MSG

6 Client's input and counterpart personnel

Afghanistan Extractive industries Transparency Initiative will assist the Independent Administrator in coordination and facilitation (i.e. letters and official procedures, meetings coordination and training facilitations) with government entities and other reporting stakeholders

[Other comments]

[The MSG may include additional commentary on the assignment not addressed above]

Annex 1 – Statement of materiality

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

1. Taxes and revenues to be covered in the EITI Report (Requirement 4.1)¹⁵

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

Table 1 – Material revenues to be reconciled

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
<list of revenue streams, taking into account common revenue streams set out in Requirement 4.1 >	<value> (<percentage>)
The materiality and inclusion of the state's share of production collected in-kind (Requirement 4.2 ¹⁶ , where applicable			

¹⁵ Guidance Note 13: on defining materiality, reporting thresholds and reporting entities, https://eiti.org/files/Guidance%20note%20on%20defining%20materiality_0.pdf

¹⁶ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

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

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

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
...	<value> (<percentage>)

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

Table 3 – Immaterial revenue streams from the extractive sector to be excluded from the EITI Report

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

2. Additional benefit streams:

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

Table 4 – Additional benefit streams

Benefit stream	Applicable/material?	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of infrastructure and barter arrangements (Requirement 4.3) ¹⁷				
The materiality and inclusion of <u>mandatory</u> social payments (Requirement 6.1(a)) ¹⁸				
The materiality and inclusion of <u>voluntary</u> social payments (Requirement 6.1(b)) ¹⁹				

¹⁷ Guidance note 15: Infrastructure and barter provisions: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN14>

¹⁸ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

¹⁹ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

The materiality and inclusion of transportation revenues (Requirement 4.4) ²⁰				
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3. Reporting companies (Requirement 4.1)

The MSG has agreed that any company making payments [equal to or above [insert threshold]] against the material revenue streams identified in table 1 are required to be included in the EITI Report:

Table 5 – Companies to be included in the EITI Report

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

4. Government - government transactions (Requirement 4)

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

Transactions	Applicable/material?	Financial flow	State-owned company	Government agency	Additional commentary on work to be undertaken by the Independent Administrator as necessary.

²⁰ Guidance note 16: Revenues from transportation of oil, gas and minerals: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN16>

The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.6) ²¹					
Transactions	Applicable/ material?	Financial flow and revenue sharing formula	Government agency executing the transfer	Government agency receiving the transfer	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of mandatory sub-national transfers in accordance with Requirement 5.2 ²²					

²¹ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

²² Guidance Note 10: Sub-national reporting, <https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf>

Annex 2 – Supporting documentation

Documentation on governance arrangements and tax policies in the extractive industries, including but not limited to the following relevant legislation & regulations

- [\[Income tax law\]](#)
- [Customs Law](#)
- [\[Tax manual\]](#)
- [Tax administration law](#)
- [\[Procurement law\]](#)
- [Sub-national Governance law](#)
- [Public revenues and expenditure laws](#)
- [\[Mineral and Hydrocarbon law and regulation\]](#)

EITI workplans & other documents

- [\[AEITI Country Work plan\]](#)

Previous EITI Reports

- [\[AEITI 1st, 2nd, 3rd, 4th & 5th EITI Reports\]](#)

Commentary on previous EITI Reports

- [\[1st & 2nd Resolving discrepancy report\]](#)

Validation Reports

- [\[1st Validation Report\]](#)
- [\[EITI secretariat Review report\]](#)

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

- [\[AEITI Annual Reports\]](#)
- [Minutes of the MSG](#)
- [CSOs and Media Reports on Mining Sector](#)
- [Mineral and Hydrocarbon Policies](#)
- [Extractive Road-map](#)
- [MoMP Reform Strategy](#)
- [Afghanistan National Peace and Development Framework \(ANPDF\)](#)

