

Trinidad & Tobago Validation

Decision reference: 2019-23/BM-42

Table of contents

News	3
The Board's decision	5
Scorecard	6
Corrective actions	8

News

EITI countries progress on path to transparent and accountable extractive sectors

EITI Board assesses implementation in eight countries

The EITI Board assessed the status of eight implementing countries, including [Ethiopia](#), [Ghana](#), [Guinea](#), [Malawi](#), [Mauritania](#), [Nigeria](#), [Norway](#) and [Trinidad and Tobago](#) at its meeting in Kyiv on 27-28 February. The Board agreed that Nigeria and Norway had achieved satisfactory progress overall in implementing the EITI Standard. In the other cases, the Board noted progress and outlined the corrective actions needed to meet this Standard.

Why the EITI Validates countries

The status of an EITI implementing country is determined through [Validation](#), the EITI's quality assurance mechanism. The process assesses the country's performance against the requirements of the [EITI Standard](#) by reviewing documentation and consulting with government, company and civil society stakeholders. A Validation outlines and identifies a country's weaknesses and strengths and prescribes a set of corrective actions that must be addressed within a 12 to 18 month period, after which a country will undergo a second Validation to assess progress. The Validation [scorecard](#) provides an overview of a country's results. The EITI Board makes the final decision on a country's EITI status.

"Over half of all EITI countries have now undergone Validation against the EITI Standard," said EITI chair Fredrik Reinfeldt. "The overall travel of direction is positive and governments, companies and civil society across regions are demonstrating strong commitment to bringing transparency and accountability to the management of their natural resources and using EITI data to instigate reforms. Validation has shown that many EITI countries are going beyond the EITI Standard, with innovative disclosures related to extractives contracts, licensing and sales of the state's share of oil, gas and minerals."

Validations: Mapping the sector, assessing strengths, recognising impact and diagnosing weaknesses

Ethiopia, Guinea, Malawi and Trinidad and Tobago have recently undergone their first Validations and have all achieved meaningful progress against the EITI Standard.

The Board welcomed [Ethiopia's](#) effort to report on issues of national importance such as artisanal and small-scale mining and socio-environmental issues. The Board commended ongoing reforms to shift the mandate of government agencies from control and monitoring, to supporting and enabling civil society to contribute to public debate. Going forward, the EITI can play a key role in improving the relationship between companies and affected local communities. Validation has also shown that work remains to ensure comprehensive disclosures on state participation in the sector and reporting at the subnational levels of government. This will be important as the country embarks on the development phase of oil and gas projects in the Ogaden basin and pursues efforts to formalise the mining sector. In taking this decision, the Board took note of the government's efforts to repeal or amend laws that restrict civil society's freedom of expression, operation and association, which have

had an impact on their ability to engage in the EITI process. Nonetheless, the Board commended the efforts to include civil society groups in ongoing reforms.

[Guinea](#), which has a rapidly developing bauxite sector and is rich in iron ore reserves, made improvements in the comprehensiveness and quality of its EITI reporting. The Board outlined eight corrective actions, including disclosing more information on infrastructure agreements, direct subnational payments and quasi-fiscal expenditures. The Board noted that the EITI should play a role in overseeing the new Local Economic Development Fund (FODEL).

[Malawi](#) has established its multi-stakeholder group as a platform for fact-based debate and allowed its production and export data to be scrutinised through the publication of its second EITI Report. While the country has significant deposits of bauxite, coal, limestone, phosphate and uranium, the extractive sector is still in development, with few large-scale mining operations in place and a petroleum sector in exploration phase. To ensure terms of operations are accessible to the public, Malawi has published all contracts in line with the encouragements in the EITI Standard. These contracts have been used by civil society to create financial models and clarify the precise terms associated with the agreements. More work remains to be done to ensure clarity surrounding Malawi's off-budget petroleum funds, a gap in an otherwise transparent environment. There are also concerns regarding data quality and who receives social contributions.

[Trinidad and Tobago](#) was acknowledged for having built a dynamic platform to collect, publish, and debate information about how the country's natural resources are managed. EITI Reports have identified gaps in revenue collection, production and cost monitoring and cadastre information. Moving forward, there are opportunities to strengthen oversight of mining licence management to ensure that information on beneficial owners are made publicly accessible, and to enhance public trust in official production and export data. Victor Hart, chair of the TTEITI steering committee, said the country will "continue innovating through the EITI by promoting contract transparency, environmental reporting and reaching out to midstream and downstream companies to participate in EITI implementation."

Second Validations: deepening transparency and strengthening government systems

"Several EITI countries are now going through their second Validations and have made significant progress in bringing transparency to their oil, gas and mining sectors," said Mark Robinson, executive director of the EITI International Secretariat. *"These second Validations have shown that countries are successfully reforming their sectors and making noteworthy advancements in systematically disclosing EITI data, strengthening government systems."*

Ghana, Mauritania, [Nigeria](#) and Norway have undergone their second Validations and were evaluated based on the prescribed corrective actions.

[Ghana](#) was found to have made meaningful progress and fully addressed six out of the eight corrective actions. Ghana's implementation of EITI recommendations contributed to reforms that have increased the government's revenues from the sector, a priority for the government that wants to [decrease its reliance on foreign aid](#). The country was lauded for publishing all its mining, oil and gas contracts and making these accessible through online portals. Yet work remains to ensure comprehensive disclosure by the country's largest oil and gas companies.

Several large oil and gas projects are being developed in [Mauritania](#), a leading producer of iron ore. The country has achieved meaningful progress against the EITI Standard, having made

improvements in the oversight of EITI implementation by the government, industry and civil society. The Board recognised Mauritania's efforts in using EITI reporting as a diagnostic tool to drive reforms in the management of extractives licences and state participation in the mining sector. A set of corrective actions were assigned to enhance disclosures of licence allocations and the licence register, improve disclosures on state participation in the mining sector, and strengthen the evaluation of the EITI's impact. The Board welcomed ongoing efforts to ensure systematic disclosure of EITI data, which will strengthen government systems and make EITI implementation more meaningful moving forward.

[Norway](#), which has supported the EITI since its inception, has achieved satisfactory progress. Widely lauded as a success story in the management of oil wealth, it was the first OECD country to implement the EITI, publishing eight EITI Reports from 2008 to 2015. In 2017, Norway was the first country to make an application to the EITI Board to mainstream EITI implementation. Timely, comprehensive and reliable information is published through the government's [Norwegian Petroleum website](#) and in companies' country-by-country reports. Accordingly, the EITI Board agreed that standalone EITI Reports were no longer necessary and Norway applied to disband its EITI multi-stakeholder group. Transparency and inclusive governance are safeguarded through a range of forums that industry and civil society are using to promote good governance, including annual stakeholder meetings that address progress with EITI implementation.

Learn more:

- Overview of [Validation decisions](#) and documentation pages
- Validation scorecards:
 - [Ethiopia](#)
 - [Ghana](#)
 - [Guinea](#)
 - [Malawi](#)
 - [Mauritania](#)
 - [Norway](#)
 - [Trinidad and Tobago](#)
- EITI's [Validation process](#)

The Board's decision

On the 27 of February 2019, the Board came to the following decision on Trinidad & Tobago's status:

Following the conclusion of Trinidad and Tobago's Validation of 2018, the EITI Board concludes that Trinidad and Tobago has made **meaningful progress** overall in implementing the EITI Standard.

The Board congratulates Trinidad and Tobago on its efforts to improve transparency and accountability in the extractive industries by providing a trusted source of data to inform public

debate. The Board welcomes the EITI's impact in establishing a mechanism for discussing revenue transparency, including identifying gaps in government systems. Trinidad and Tobago's EITI Reports have identified gaps in revenue collection, production and cost monitoring, cadastre information and other aspects of production-sharing contracts of significant public interest. The reports have made suggestions for improved governance and more efficient revenue collection from the extractive sector. Trinidad and Tobago has also shed light on issues such as environmental impact and has established a user-friendly online portal for communicating extractive industries data.

The Board nonetheless encourages further efforts to strengthen the multi-stakeholder oversight of EITI implementation, with a view to ensuring robust follow-up on EITI recommendations to translate transparency into accountability. Trinidad and Tobago has the opportunity to strengthen oversight of mining license management, ensure the public accessibility of beneficial ownership data in the extractives and enhancing public trust in official production and export data. The Board encourages Trinidad & Tobago to pursue its efforts towards systematic disclosures of EITI data to ensure timelier, cost-effective, EITI reporting and the longer-term sustainability of implementation. Adequate resources for EITI implementation will be key, including seeking opportunities for increased capacity building for stakeholders especially civil society.





















































The Board has determined that Trinidad and Tobago will have 18 months, i.e. until **27 August 2020**, before a second Validation to carry out corrective actions related to MSG governance (1.4), license allocations (2.2), license register(s) (2.3), export data (3.3), data comprehensiveness (4.1), sale of state's in-kind revenues (4.2), transportation revenues (4.4) and data reliability (4.9).















Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Trinidad and Tobago may request an extension of this timeframe, or request that Validation commences earlier than scheduled.








The Board's decision followed a Validation that commenced on 1 September 2018. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the multi-stakeholder group for comment. The multi-stakeholder group's comments on the report were taken into consideration by the Independent Validator in finalising the report, who also responded to the multi-stakeholder group's comments. The final decision was taken by the EITI Board.

Scorecard

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1) 					
	Industry engagement (#1.2) 					
	Civil society engagement (#1.3) 					
	MSG governance (#1.4) 					
	Workplan (#1.5) 					
Licenses and contracts	Legal framework (#2.1) 					
	License allocations (#2.2) 					
	License register (#2.3) 					
	Policy on contract disclosure (#2.4) 					
	Beneficial ownership (#2.5) 					
	State participation (#2.6) 					
Monitoring production	Exploration data (#3.1) 					
	Production data (#3.2) 					
	Export data (#3.3) 					
Revenue collection	Comprehensiveness (#4.1) 					
	In-kind revenues (#4.2) 					
	Barter agreements (#4.3) 					
	Transportation revenues (#4.4) 					
	SOE transactions (#4.5) 					
	Direct subnational payments (#4.6) 					
	Disaggregation (#4.7) 					
	Data timeliness (#4.8) 					
	Data quality (#4.9) 					
Revenue allocation	Distribution of revenues (#5.1) 					
	Subnational transfers (#5.2) 					
	Revenue management and expenditures (#5.3) 					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Socio-economic contribution	Mandatory social expenditures (#6.1) 					
	SOE quasi-fiscal expenditures (#6.2) 					
	Economic contribution (#6.3) 					
Outcomes and impact	Public debate (#7.1) 					
	Data accessibility (#7.2) 					
	Follow up on recommendations (#7.3) 					
	Outcomes and impact of implementation (#7.4) 					
Overall Progress						

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

Corrective actions

The EITI Board agreed the following corrective actions to be undertaken by Trinidad and Tobago. Progress in addressing these corrective actions will be assessed in a second Validation commencing on **27 August 2020**:

1. In accordance with Requirement 1.4.a.ii and considering that the MSGSC agreed rules on August 2018 that allow CSOs to nominate their own representatives to the MSG, it is required that the CSO constituency conduct a process to nominate representatives to the MSG that is open and transparent. Other constituencies are encouraged to conduct a similar process.
2. In accordance with Requirement 2.2.a, Trinidad & Tobago is required to disclose the requisite

information of the oil and gas licenses transferred in the fiscal year covered. This includes: description of the process of transferring the license, technical and financial criteria used, information of the recipient (s) of the license transferred, and any non-trivial deviations from the applicable legal and regulatory framework. For the mining sector, Trinidad and Tobago is required to disclose the above information about mining licenses awarded or transferred to material companies in the period covered by the EITI Report.

3. In accordance with Requirement 2.3.b, the government is required to maintain a publicly available register or cadastre system with the information listed in this requirement for both oil and gas and mining licenses. If the required information is made publicly available through the EITI Report, Trinidad & Tobago must ensure that the information is comprehensive. If any significant legal or practical barriers prevent the disclosure of information regarding licenses pertaining to non-material companies, these should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome them.
4. In accordance with Requirement 3.3, Trinidad & Tobago is required to publish in future reporting, in addition to the volumes, the value of exports by commodity, and, when relevant, by region of origin. It should also state clearly when minerals have not been exported. TTEITI should include in future reports a clear explanation of the methodology followed to calculate export volumes and values.
5. In accordance to Requirement 4.1.d, Trinidad & Tobago is required to include in future reports aggregate information about the amount of total government revenues received from each of the benefits streams agreed in the scope. In accordance with Requirement 4.1.a, TTEITI is required to document the omission of revenues streams, ensuring that the comprehensiveness of the EITI Report is not affected. This includes that the MSGSC should consider the size of the revenue streams relative to total revenues.
6. In accordance with Requirement 4.2, Trinidad & Tobago is required to disclose the volumes and revenues received from the sale of the state's participation in the sector. The published data must be disaggregated by individual buying company.
7. In accordance with Requirement 4.4, Trinidad & Tobago's future reporting should include all the information needed on transportation revenues if considered material such as tariffs, individual companies paying for this service, volumes transported and if practicable reconciling such payments.
8. In accordance with Requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator must ensure that the future report include an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards.

The government and the MSG are encouraged to consider the other recommendations in the Validator's Report and the International Secretariat's initial assessment, and to document the MSG's responses to these recommendations in the next annual progress report.