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## EITI Validation procedure

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These procedures came into force on 31 December 2016 and apply to all Validations commencing on 1 January 2017 and thereafter. The procedures were updated in October 2019.

The Validation procedure in the 2019 EITI Standard (Chapter I, Section 5)<sup>1</sup> is amended as follows:

Given the multi-stakeholder nature of the EITI and the importance of dialogue, the Validation procedure emphasises stakeholder consultation. Validation is carried out in five stages.

1. **Preparation for Validation.** Prior to the commencement of Validation, the multi-stakeholder group (MSG) is encouraged to undertake a self-assessment of adherence to the EITI Standard. The International Secretariat is available to support the MSG in preparing for Validation and throughout the process and will encourage stakeholders both on and outside the MSG to assess progress. The Validation Guide includes a provision that: “where the MSG wishes that Validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG”.

The onus is on implementing countries to demonstrate compliance and provide evidence. The national secretariat should collate the documentation and other sources that demonstrate compliance, including MSG minutes. Stakeholders are also invited to prepare any other documentation they consider relevant. A guidance note on preparing for Validation is available.<sup>2</sup>

2. **Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.** The International Secretariat informs the MSG about the commencement of Validation. The International Secretariat reviews the relevant documentation, visits the country and consults stakeholders. The Board maintains a standardised procedure for data collection, addressing stakeholder consultation and deadlines for the completion of the initial assessment.

Based on a desk review and consultations, the International Secretariat will prepare a report making an initial assessment of progress against requirements in accordance with the Validation Guide. In second and subsequent Validations, the assessment will focus on the corrective actions determined in the preceding Validation, any requirements previously assessed as “satisfactory progress” where there is evidence

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<sup>1</sup> <https://eiti.org/overview-of-validation#validation-procedure>.

<sup>2</sup> <https://eiti.org/document/guidance-note-on-preparing-for-validation>

of back-sliding, and any requirements where there is evidence to support an assessment of “beyond satisfactory progress”.

The Secretariat team should include staff that are familiar with the country (typically the country manager) and staff that have not been extensively involved in supporting implementation. A member of the senior management team should provide quality assurance throughout the process.

The Secretariat’s work will be conducted in three phases:

*2.1. Desk Review.* The Secretariat will conduct a detailed desk review of the available documentation relating to the country’s compliance with the EITI Standard, including but not limited to:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group’s Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports and systematic disclosures of EITI data, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports or other documents documenting the MSG’s assessment of outcomes and impact of implementation; and
- Any other information of relevance to Validation.

This work will include initial consultations with stakeholders, who will be invited to submit any other documentation they consider relevant.

Without prejudice to the ability of the Board to exercise their discretion to consider all available evidence, the Secretariat should not take into account actions undertaken after the commencement of Validation.

*2.2. Stakeholder consultations.* The Secretariat team will visit the country to conduct stakeholder consultations as part of all first Validations and in subsequent Validations as considered necessary. The Secretariat may also consult stakeholders in writing or by telephone.

During country visits, the Secretariat will meet with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group. Where practicable, the Secretariat should interview stakeholders in the regions hosting extractive industry operations to gain a better understanding of the impact of the EITI.

In addition to meeting with the MSG as a group, the Secretariat will meet with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders are able to freely express their views and that requests for confidentiality are respected.

Local interpreters (where needed) should be hired on the basis of trust and competency in order to preserve impartiality as well as accuracy of the statements collected.

The Secretariat should seek and accept written statements and other materials of relevance, again ensuring that requests for confidentiality are respected.

*2.3. Reporting on progress against requirements.* Based on the desk review and consultations, the Secretariat will prepare a report making an initial assessment of progress against requirements in accordance with the Validation Guide. The report will not include an overall assessment of compliance.

In first Validations, the report is submitted to the Independent Validator. The National Coordinator (NC) and the MSG receive a copy. Comments on the facts are welcome but NC and the MSG are encouraged to defer any major commentary until they receive the Validator's draft report. In second and subsequent Validations, the draft Secretariat assessment is submitted directly to the MSG for comments.

3. **Independent Validation.** The EITI Board will appoint an Independent Validator for first Validations through an open, competitive tendering process. As agreed by the EITI Board in May 2016, firms shall not be eligible to act as Validators for consecutive terms. Firms that have acted as an Independent Administrator in any of the countries to be Validated are ineligible to act as Validator. The Validator will report to the Board via the Validation Committee. In second and subsequent Validations, the Board will consider whether independent Validation is required on a case-by-case basis.

In first Validations, the Validator assesses whether the Secretariat's initial assessment has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial assessment of each requirement and a risk-based approach for spot checks. The Board may request that the Validator undertake spot checks on specific requirements and further consultations with stakeholders.

The Validator comments on the Secretariat's initial assessment and prepares a draft Validation report. The MSG is invited to comment on the draft Validation report. Having considered all stakeholder comments submitted within the assigned 3-week period, the Validator compiles a final Validation report. The Validator writes to the MSG to explain how it has considered stakeholder comments. The MSG receives a copy of the final Validation report.

The final Validation report will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The Validator will be invited to present their findings to the Validation Committee.

4. **Stakeholder comments.** The MSG is invited to provide comments on the draft Validation report (first Validations) or the draft Secretariat assessment (subsequent Validations) within three weeks from receiving the document in the local working language. The National Coordinator (NC) should compile MSG comments in one file and submit these to the International Secretariat. The NC is encouraged to attach to the comments the minutes of the MSG meeting(s) where the comments were discussed and agreed. In exceptional circumstances, stakeholders may contact the International Secretariat directly to provide comments.

The Independent Validator (first Validations) or the Secretariat (subsequent Validations) is expected to review all submissions from stakeholders received within the assigned 3-week period and provide a response to the MSG. The Validator and the Secretariat are expected to give weight to comments agreed by the MSG over comments from individual stakeholders or constituencies. However, possible limitations to the ability of stakeholders to have their position reflected in the MSG's submission should be taken into account. The Validator or the Secretariat may request further information from stakeholders as considered necessary.

5. **Board review.** The Validation Committee will review the final Validation report (first Validations) or the final Secretariat assessment (subsequent Validations) and the supporting documentation, including stakeholders' comments.

The Board has agreed to exercise its discretion to consider developments and information disclosed after the commencement of Validation where the following four criteria are met:

- *Multi-stakeholder group support:* The proposal to consider developments and information disclosed after the commencement of Validation has the support of the multi-stakeholder group. Where there are reasonable grounds for not submitting the information via the MSG, the Board can decide to consider representations that are not endorsed by the MSG.
- *Specific and verifiable:* The information is specific, detailed, substantiated and clearly sourced, and can be quickly and independently verified. Non-specific information, including on planned actions, will not be considered.
- *Material significance:* The information has the potential to materially impact the assessment of individual requirements and/or render the proposed corrective actions redundant.
- *Timely:* The proposal to consider developments and information disclosed after the commencement of Validation is presented to the Validation Committee within a reasonable timeframe, allowing sufficient time for verification and discussion. The Validation Committee and Board will not consider representations made a short notice prior to Board decisions.

The Validation Committee may request the Independent Validator to review information disclosed after the commencement of Validation or to undertake

additional consultations. In second and subsequent Validations, the Committee may refer the Secretariat assessment to an Independent Validator.

The Validation Committee will make a recommendation to the EITI Board on the country's compliance with the EITI Requirements, the timing of the next Validation and, where applicable, any corrective actions required.

The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with Article 4 of the EITI Standard.

The initial assessment, Validation report and associated stakeholder comments are considered confidential until the Board has reached a decision. Once the Board has reached a decision, they will be made publically available. The Validation Committee will consider stakeholders' requests for comments to be treated confidentially.

## Schedule

The final Validation report (first Validations) or the final Secretariat assessment (subsequent Validations) should be submitted to the Validation Committee for review within six months from the commencement of Validation. If exceptional circumstances prevent this, the Secretariat should notify the Validation Committee about the reasons behind delays.

The target schedule for the Validation is as follows:

Milestone	Timeline
Commencement of Validation	<b>Varies as per the schedule agreed by the Board<sup>3</sup></b>
Desk review	Max. 6 weeks
Completion of country mission	+ 3 weeks
Compilation of initial assessment	+ 3 weeks
Translation of initial assessment	+ 3 weeks

<sup>3</sup> <https://eiti.org/validation#validation-schedule-and-decisions>

Validator review and draft Validation report (first Validations)	+ 3 weeks
MSG comment period	+ 3 weeks
Validator Review (Response to MSG and final Validation report)	+ 2 weeks

# Annex 1 - Terms of reference for EITI Validators

## 1. Background

The EITI<sup>4</sup> is a global coalition of governments, companies and civil society working together to improve the openness and accountable management of oil, gas and minerals for the benefit of the citizens living in countries with significant resource endowments. The EITI Standard<sup>5</sup> is implemented in 52 countries. Implementation is overseen by a national multi-stakeholder group (MSG) comprising of representatives from government, companies and civil society. Through EITI implementation, governments commit to transparently disclose information about the country's extractive sector, including the legal framework, production and exports statistics, licenses, state participation in the sector, the amount of revenue collected, the beneficial owners of companies and how these revenues are allocated. The publication and public debate of this information enables citizens to hold their government to account for how the sector is managed, and thus contribute to reducing mismanagement, corruption and conflict.

Validation is an essential feature of the EITI process. It serves to assess performance and promote 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. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being Validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

Validation assesses compliance with the EITI Requirements set out in chapter 2. The methodology is set out in the Validation Guide, with guidance on assessing each provision. In some cases, the Validation Guide specifies the evidence that the Validator must use to ensure that a provision has been satisfied. In other cases, there are different approaches that a country might take to address an EITI provision, and the Validation Guide provides examples of the types of evidence that the Validator might consider.

Given the multi-stakeholder nature of the EITI and the importance of dialogue, the Validation procedure emphasises stakeholder consultation. Validation is carried out in four stages.

- 1. Preparation for Validation.** Prior to the commencement of Validation, the multi-stakeholder group (MSG) is encouraged to undertake a self-assessment of adherence to the EITI Standard. The International Secretariat is available to support the MSG in preparing for Validation and throughout the process and will encourage stakeholders both on and outside the MSG to assess progress. The Validation Guide includes a provision that: "where the MSG wishes that Validation

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<sup>4</sup> [www.eiti.org](http://www.eiti.org)

<sup>5</sup> See: <https://eiti.org/document/eiti-standard-2019>

pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG”.

The onus is on implementing countries to demonstrate compliance and provide evidence. It is not the Secretariat and Validator that should go searching for evidence of compliance or non-compliance. The national secretariat should collate the documentation and other sources that demonstrate compliance, including MSG minutes. Stakeholders are also invited to prepare any other documentation they consider relevant. A guidance note on preparing for Validation is available<sup>6</sup>.

## 2. Initial data collection and stakeholder consultation undertaken by the EITI

**International Secretariat.** The International Secretariat informs the MSG about the commencement of Validation. The International Secretariat reviews the relevant documentation, visits the country and consults stakeholders. This will include meetings with the MSG, the Independent Administrator and other key stakeholders, including stakeholders that are represented on, but not directly participating in, the MSG. The Board maintains a standardised procedure for data collection, addressing stakeholder consultation and deadlines for the completion of the initial assessment.

Based on these consultations, the International Secretariat will prepare a report making an initial assessment of progress against requirements in accordance with the Validation Guide. The initial assessment will not include an overall assessment of compliance.

The report is submitted to the Validator. The National Coordinator (NC) receives a copy. Comments on the facts are welcome but NC and the MSG are encouraged to defer any major commentary until they receive the Validator’s draft report.

## 3. Independent Validation.

The EITI Board will appoint an Independent Validator through an open, competitive tendering process. The Validator will report to the Board via the Validation Committee.

The Validator assesses whether the Secretariat’s initial assessment been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat’s initial assessment of each requirement, a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements.

The Validator comments on the Secretariat’s initial assessment and prepares a draft Validation report. The MSG is invited to comment on the draft Validation report. Having considered the MSG’s comments, the Validator compiles a final

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<sup>6</sup> <https://eiti.org/document/guidance-note-on-preparing-for-validation>

Validation report. The Validator writes to the MSG to explain how it has considered their comments. The MSG receives a copy of the final Validation report.

The final Validation report will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The Validator will be invited to present their findings to the Validation Committee.

4. **Board Review.** The Validation Committee will review the final Validation report and the supporting documentation (including the MSG's comments). The Validation Committee will make a recommendation to the EITI Board on the country's compliance with the EITI Requirements and, where applicable, any corrective actions required.

The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard.

The initial assessment, Validation report and associated MSG comments are considered confidential until the Board has reached a decision.

These terms of reference relate to the work to be undertaken by the Validator (step 3, above).

## 2. Scope of services, tasks and expected deliverables

The Validator, reporting to the EITI Board via the Validation Committee, will review Validations in 15 countries (see table below) in accordance with the Validation Guide. The Validator assesses whether the Secretariat's initial assessment has been carried out in accordance with the Validation Guide. Applying appropriate professional standards, this is expected to include:

- A detailed review of the International Secretariat's report assessing progress against requirements in accordance with the Validation Guide, and the relevant source documentations, including but not limited to:
  - The EITI work plan and other planning documents such as budgets and communication plans;
  - The multi-stakeholder group's Terms of Reference, and minutes from multi-stakeholder group 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, including any documentation relating to EITI implementation from EITI stakeholders.

- A risk-based approach for spot checks, including reviewing additional source documentation and direct consultations with stakeholders, which may include group consultations and/or individual consultations, with appropriate protocols to ensure that stakeholders are able to freely express their views and that requests for confidentiality are respected.

If prospective Validators consider that additional procedures are necessary, they are invited to include details in their proposal.

In most cases the Validator's work will not require field visits. In exceptional circumstances, for example where the Validation is particularly complex or contentious, the Board may request that the Validator undertakes a field visit. In such cases, a budget and contract for this work will be agreed separately.

For each of the [number of countries to be Validated] countries, the Validator should:

1. Assess whether the Secretariat's initial assessment has been carried out in accordance with the Validation Guide, including consultation with the team that undertook the initial assessment<sup>7</sup>.
2. Prepare a draft Validation report summarising the Validator's findings for consideration by the MSG.
3. Consider the feedback from the MSG and any additional comments from the team that undertook the initial assessment<sup>8</sup>.
4. Prepare a written response to the MSG, detailing how their comments on the initial assessment and draft Validation report have been taken into account.
5. Prepare a final Validation report for submission to the Board.

The Validator will be required to present the findings to the Validation Committee (via teleconference).

At the conclusion of the assignment, the Validator should also prepare a short note (no more than 10 pages), summarising their observations and assessments across the [number of countries to be Validated] countries. The Validator is also invited to make recommendations for improving the quality assurance procedure in the future for consideration by the EITI Board.

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<sup>7</sup> As the Secretariat completes its initial assessments, it will forward the file to the Validator. The team will: (1) highlight any challenging aspects of the initial assessment, (2) provide links to the relevant supporting documentation and (3) provide contact details for key stakeholders.

<sup>8</sup> For each country, the International Secretariat and Validator will meet via teleconference to discuss the draft Validation report and the comments received from the multi-stakeholder group prior to the finalisation of the Validation report. This provides an opportunity to clarify any information gaps and to discuss any issues relating to the interpretation of the EITI Standard (including relevant precedents from previous Board decisions).

### 3. Schedule

The Validation schedule for all 52 implementing countries is available online.<sup>9</sup> The current assignment focuses on the [number of countries to be Validated] Validations scheduled to be conducted in [year].

The schedule for undertaking this work is as follows:

Milestone	Timeline
Commencement of Validation	<b>Varies as per the schedule agreed by the Board<sup>10</sup></b>
Secretariat Assessment (desk review, mission and reporting)	Max. 12 weeks
Validator review and draft Validation report	+ 3 weeks
MSG comment period	+ 3 weeks
Validator Review (Response to MSG and final Validation report)	+ 2 weeks

For the Validations in [year], the Validator will be procured in accordance with the procedures set out in the World Bank Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers January 2011 using quality- and cost-based selection (QCBS).<sup>11</sup>

### 4. Qualification requirements

It is expected that the independent Validation assignment will be carried out by a small team of experts with the requisite skills and competencies. The following qualifications are required:

1. Knowledge and experience with EITI implementation.
2. Expertise in the governance issues relating to the oil, gas and mining sectors.

<sup>9</sup> <https://eiti.org/validation#validation-schedule-and-decisions>

<sup>10</sup> <https://eiti.org/validation#validation-schedule-and-decisions>

<sup>11</sup> [http://siteresources.worldbank.org/INTPROCUREMENT/Resources/278019-1308067833011/Consultant\\_GLS\\_English\\_Final\\_Jan2011.pdf](http://siteresources.worldbank.org/INTPROCUREMENT/Resources/278019-1308067833011/Consultant_GLS_English_Final_Jan2011.pdf)

3. Experience working with government, industry and civil society including understanding of the appropriate protocols to ensure that stakeholders are able to freely express their views and that requests for confidentiality are respected.
4. Technical and financial skills, including knowledge of public financial management and international auditing and assurance standards, with at least one member of the Validation team with internationally recognised qualifications in auditing and/or third-party assurance.
5. Regional and country knowledge: a demonstrable track record in similar work in regions and countries where the EITI is implemented, including fragile states.
6. Demonstrable ability to conduct literature reviews and interviews in the applicable local languages.
7. Credibility and independence: the Validator needs to be credible in the eyes of the host government, the private sector and civil society. Firms that have acted as an Independent Administrator in any of the countries to be Validated are ineligible to act as Validator. In addition, firms shall not be eligible to act as Validators for consecutive terms.

The team should include a designated project leader responsible for overall project management, quality assurance, and liaison with the EITI International Secretariat and Validation Committee.

## 5. Data and facilities to be provided by the Client

The EITI International Secretariat will provide all the necessary documentation needed to undertake the reviews, and will facilitate contact with national EITI Secretariats, MSG members, stakeholders represented on the MSG and the EITI Board via the Validation Committee. The Validator can also have direct contact with the Board, via the Validation Committee. The EITI Secretariat contact point for the assignment is:

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