

# Outline for a revised Validation model

Presentation to support consultations, June 2020



The global standard for the good governance  
of oil, gas and mineral resources.

# EITI Validation review

- Launched by the EITI Board in October 2019.
- Scope:
  1. *Measuring compliance and impact;*
  2. *Resourcing and roles;*
  3. *Structure, timing and consequences of Validation*
  4. *Reviewing the Validation of the civil society protocol*
- Objectives:
  - *Introducing a Validation model that “encourages continued progress, reflects each country’s priorities and enhances the impact of EITI implementation, while upholding the integrity of the EITI Standard”.*
  - *Ensuring “financial sustainability, the timely execution of Validations and sufficient resources for implementation support”.*

# Progress to date

- EITI Board established a Validation review working group in October 2019.
- Public consultation with stakeholders from December 2019 to February 2020.
- Working group discussed options for a revised Validation model in March-April 2020.
- Working group developed a draft outline for a revised Validation model, reflecting feedback from stakeholders.

# Key features of the proposed model

- Focus on MSG ownership and encouraging systematic disclosures.
- Validation to consist of three components: (1) Transparency, (2) Stakeholder engagement, and (3) Outcomes and impact.
- MSG to collate data and documentation, International Secretariat's Validation team to review (no Independent Validator).
- Encouraging continuous progress, rather than demanding full compliance within a certain period.
- Possible numerical score for each component.

# Key steps of the proposed model

1

MSG to collate data and documentation, with support from the International Secretariat's country team.

2

International Secretariat's Validation team to assess information.

3

MSG to provide feedback and possible additional information.

4

Board to review and agree an outcome for each component.

# Focus on implementation

- The MSG and national secretariat would have an increased role in collating data for the Validation based on Board-approved templates.
- Support available from the International Secretariat, the Independent Administrator and/or a local consultant.

- This approach would help the MSG to:

Ensure stakeholder engagement

Monitor systematic disclosures of data

Assess the outcomes and impact of implementation

# Revised approach to assessments

- The assessment of individual requirements to focus on whether the objective of the requirements has been met.
- Nomenclature to be clarified (e.g. «satisfactory progress», «meaningful progress»).
- Each individual requirement would be assigned a numerical score.
- Each of the three components would be assigned a numerical score that represents the average scores of individual requirements.



EITI Requirements		LEVEL OF PROGRESS					Score
Categories	Requirements	No met	Partly met	Mostly met	Fully met	Exceeded	
MSG oversight	Government engagement (#1.1)						90
	Industry engagement (#1.2)						60
	Civil society engagement (#1.3)						90
	MSG governance (#1.4)						60
<b>Stakeholder engagement score (average of the scores of Requirements 1.1 to 1.4)</b>							<b>75</b>
Outcomes and impact	Work plan (#1.5)						90
	Public debate (#7.1)						90
	Data accessibility (#7.2)						100
	Follow up on recommendations (#7.3)						60
	Outcomes and impact of implementation (#7.4)						90
	Effectiveness and sustainability indicators						+6
<b>Outcomes and impact score (average of the scores of Requirements 1.5 and 7 + effectiveness and sustainability points)</b>							<b>92</b>
Licenses and contracts	Legal framework (#2.1)						90
	Contract and license allocations (#2.2)						60
	License register (#2.3)						90
	Contracts (#2.4)						60
	Beneficial ownership (#2.5)						60
	State participation (#2.6)						30
Monitoring production	Exploration data (#3.1)						90
	Production data (#3.2)						90
	Export data (#3.3)						90
Revenue collection	Comprehensiveness (#4.1)						90
	In-kind revenues (#4.2)						60
	Barter agreements (#4.3)						
	Transportation revenues (#4.4)						
	SOE transactions (#4.5)						60
	Direct subnational payments (#4.6)						60
	Disaggregation (#4.7)						90
	Data timeliness (#4.8)						90
	Data quality (#4.9)						90
Revenue allocation	Distribution of revenues (#5.1)						90
	Subnational transfers (#5.2)						90
	Revenue management and expenditures (#5.3)						
Socio-economic contribution	Social and environmental expenditures (#6.1)						90
	SOE quasi-fiscal expenditures (#6.2)						30
	Economic contribution (#6.3)						90
	Environmental impact (#6.4)						100
<b>Transparency score (average of the scores of Requirements 2-6)</b>							<b>77</b>

# Effectiveness and sustainability indicators

1. EITI implementation addresses nationally relevant extractive sector governance challenges.
2. Extractive sector data is disclosed systematically through routine government and corporate reporting.
3. There is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.
4. Extractive sector data is accessible and used for analysis, research and advocacy.
5. EITI has informed changes in extractive sector policies or practices.

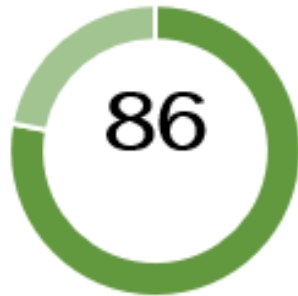
→ 0-2 points for each indicator. Added to the overall score of the “Outcomes and impact” component.





# Example of Validation outcome

Stakeholder engagement  
*High*



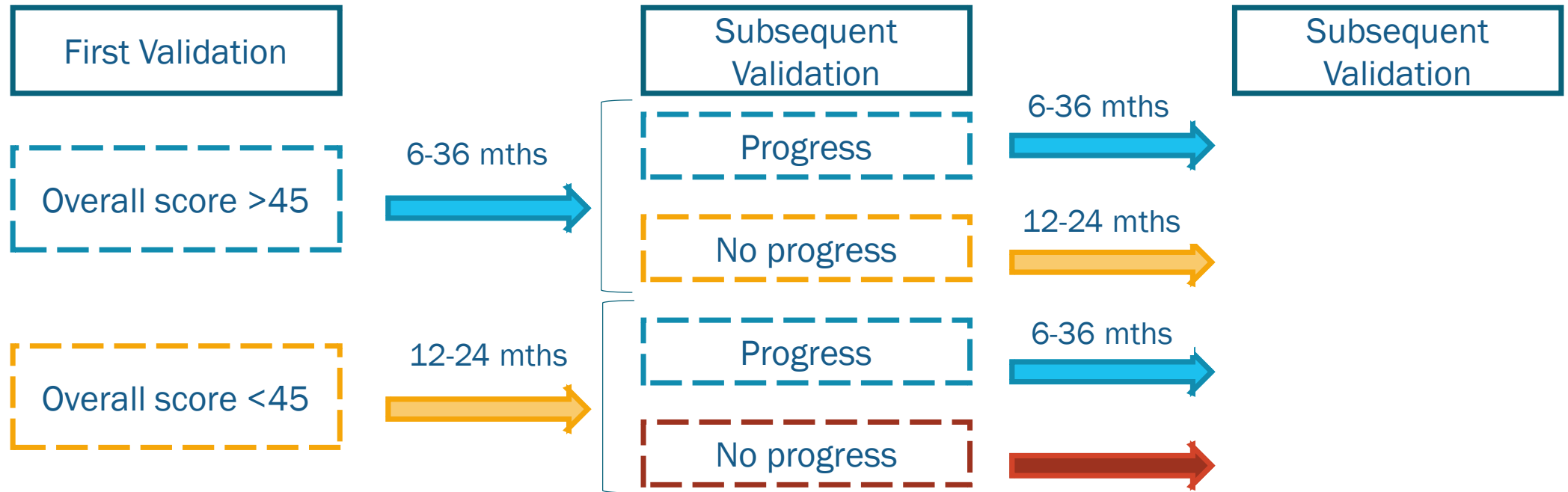
Transparency  
*Moderate*



Outcomes and impact  
*Very high*



# Consequences of Validation: Focus on progress



# Questions

- Do you think the proposed model would encourage impactful implementation and support you in meeting the EITI Standard?
- Are there any elements in the proposed model that are not acceptable? What changes would you propose?
- What aspects should be considered in the further development of the model?
- Should there be an overall score in addition to the scores for each component?

## Next steps

- Working group to refine the outline for a revised Validation model based on feedback. Consultations to be completed by the end of July. New model presented to the EITI Board for decision in October.
- Working group to start developing a revised Validation Guide and Validation procedure reflecting the new model, as well as transitional arrangements.
- Implementing country representatives on the working group are Ian Mwiinga and Awa Marie Coll-Seck.