

Validation Committee Paper

Submitted by: EITI International Secretariat

on: 1 February 2019

Validation of Trinidad and Tobago

For decision

For discussion

For information

Subject to the Validator’s consideration of the MSG’s comments and finalisation of the Validation Report, the International Secretariat recommends that the Validation Committee recommends that the EITI Board agree that Trinidad and Tobago has made “*meaningful progress*” in implementing the 2016 EITI Standard. In accordance with Requirement 8.3.c.iv.2, Trinidad and Tobago will be requested to undertake corrective actions before the second Validation on **<date of Board decision + 18 months>**.

Supporting documentation

Validation report **[TBC]**

Comments on the draft Validation Report by the MSG **[TBC]**

Draft Validation report [\[English\]](#)[\[French\]](#)

Initial assessment by the International Secretariat [\[English\]](#)

Has the EITI competence for any proposed actions been considered?

The Articles of Association mandate the Board to classify implementing countries as candidate countries or compliant countries (Article 5(2)(i)(a)). The EITI Standard ([Requirement 8.3](#)) addresses [EITI Validation deadlines and the consequences](#) following Validation.

Financial implications of any actions

The recommendation implies a second Validation commencing in mid-2020. The cost of second Validations varies depending on the complexity of the extractive industries and the number of corrective actions. In this case, a second Validation is expected to cost circa 25 000 USD, including staff time and travel (if needed).

Document history

Draft Board Paper reviewed by the Validation Committee	7 February 2019
Validation Committee agreement on a Board Paper	TBC

VALIDATION OF TRINIDAD AND TOBAGO

Table of Contents

Proposed Board decision on the Validation of Trinidad and Tobago	2
Background.....	3
Assessment card	4
Corrective actions	5

Proposed Board decision on the Validation of Trinidad and Tobago

Subject to reviewing the comments from the MSG and the final Validation report, the Validation Committee recommends that the EITI Board takes the following decision:

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 **<date of Board decision + 18 months>**, before a second Validation to carry out corrective actions related to MSG governance (1.4), license allocations (2.2), license register(s) (2.3), production data (3.2), 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.

Background

The Government of Trinidad and Tobago publicly announced Trinidad and Tobago's intention to become an EITI Candidate country in 2010 and was accepted as an EITI Candidate in March 2011. On 2016, the Board agreed that Trinidad and Tobago's Validation under the 2016 EITI Standard will commence on 1 September 2018. The Validation process commenced on 1 September 2018. In accordance with the Validation procedures, an initial assessment [[English](#)] was prepared by the International Secretariat and a draft Validation report was prepared by the Independent Validator [[English](#) | [French](#)]. The initial assessment was shared with the MSG for its feedback and comments are expected by 13 February. The Independent Validator will review the comments and respond to the MSG, before finalising the Validation report.

The Validation Committee reviewed the case on 7 February 2019 and [[TBC](#)]. Based on the findings above, the Validation Committee agreed to recommend the assessment card and corrective actions outlined below.

The Committee agreed to recommend an overall assessment of "meaningful progress" in implementing the 2016 EITI Standard. Requirement 8.3.c. of the EITI Standard states that:

- ii. Overall assessments. Pursuant to the Validation Process, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard.
- ...
- iii. Meaningful progress. The country will be considered an EITI candidate and requested to undertake corrective actions until second validation.

The Validation Committee agreed to recommend a period of 18 months to undertake corrective actions. This recommendation takes into account that the challenges identified are significant and seeks to align the Validation deadline with the timetable for Trinidad and Tobago's 2017 EITI Report.

Assessment card

The Validation Committee recommends the following assessment:

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)				■	
	Industry engagement (#1.2)				■	
	Civil society engagement (#1.3)				■	
	MSG governance (#1.4)			■		
	Work plan (#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)	■	■	■	■	■
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)				■	

Legend to the assessment card

	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 **<date of Board decision + 18 months>**:

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 3.2., Trinidad & Tobago is required to include in future reporting the value of the production of each mineral. TTEITI is encouraged to discuss with the government whether there has been progress in improving the monitoring of both oil and gas and mining production.
5. 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.

6. 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.
7. 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.
8. 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.
9. 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.