

VALIDATION GUIDE

Approved by the EITI Board on 27 May 2016

The following document provides guidance to the EITI Board on assessing the EITI provisions. In some cases, there is specific evidence that the EITI Board must see 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 this guidance provides examples of the types of evidence that the EITI Board might consider. Where documentation supporting the EITI Board's conclusion is available, a reference to the source should be provided.

For the purpose of the guidance below, the requirements in the EITI Standard are referred to as 'provisions' in order to avoid ambiguity about which disclosures are 'required', 'expected' and 'recommended/encouraged'. Where disclosures are 'recommended/encouraged', the guidance below clearly states that the findings from Validation should not be considered in the overall assessment of compliance with the EITI Standard. Where disclosures are 'expected', the guidance below clearly states that the EITI Board should evaluate the evidence provided by the MSG, but that the findings should not be considered in assessing overall compliance with the EITI Standard.

The assessment of the EITI provisions should be structured in three parts as per the illustration below. Part I is the assessment of the MSG oversight of the EITI process (provisions 1.1. – 1.5); Part II is the assessment of the EITI disclosure provisions including the timeliness, comprehensiveness and reliability of the information (provisions 2-6); and Part III is the assessment of the outcomes and impact of EITI implementation (provision 7). The Validation may, where appropriate, make recommendations on strengthening implementation including embedding the EITI in government systems.

Part I: MSG oversight

MSG oversight	
EITI provisions	Guidance to validators
<p>Government oversight of the EITI process EITI provision 1.1.</p>	<p>The validator is expected to document¹ whether:</p> <ul style="list-style-type: none"> the government has issued a public statement of its intention to implement the EITI (1.1.a); the government has appointed a senior individual to lead on the implementation of the EITI (1.1.b); The government is fully, actively and effectively engaged in the EITI process (1.1.c). Evidence could include input to and attendance at MSG meetings, submission of data required for the EITI reporting process, commitment to resolving bottlenecks such as legal barriers to disclosure or procurement issues, provision of funding for the EITI process, outreach to stakeholders that are not members of the MSG, use of EITI data and other information to promote public debate, etc. senior government officials are represented on the MSG (1.1.d).
<p>Company engagement EITI provision 1.2.</p>	<p>The validator is expected to document whether:</p> <ul style="list-style-type: none"> companies are fully, actively and effectively engaged in the EITI process (1.2.a). Evidence could include input to and attendance at MSG meetings, submission of data required for the EITI reporting process, commitment to resolving bottlenecks such as legal barriers to disclosure or procurement issues, provision of funding for the EITI process, outreach to stakeholders that are not members of the MSG, use of EITI data and other information to promote public debate, etc. there is an enabling environment for company participation in the EITI by analysing how relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI have affected company participation in the EITI process. Where laws, regulation or administrative rules have constituted an obstacle to implementation, or where there is an enabling legal environment but actual practice differs, the validator should document the circumstances of the case and any efforts to address the issue be it proactive removal of potential obstacles or reactive action to address any obstacles that have

¹ The term 'document' is used interchangeably with terms such as 'assess', 'review', and 'comment'. Where written evidence is available, the validator should provide a reference to the source.

	<p>arisen. The validator should cite stakeholders' views on whether any obstacles to company participation have been removed. (1.2.b-c).</p>
<p>Civil society engagement EITI provision 1.3.</p>	<p>In assessing civil society engagement and the environment for civil society participation, the validator is expected to apply the guidance set out in the civil society protocol.</p>
<p>MSG governance and functioning EITI provision 1.4.</p>	<p>The validator is expected to confirm that a multi-stakeholder group has been formed and that it comprises the appropriate stakeholders. The evidence should include:</p> <ul style="list-style-type: none"> • Information about outreach to stakeholders prior to the establishment of the MSG (1.4.a.i), including whether the invitation to participate in the group was open and transparent; • Information on the membership of the multi-stakeholder group, and the process by which each stakeholder group nominated their representatives (1.4.a.ii). With regards to representation on the MSG, the validator should provide evidence that civil society and companies have appointed their own representatives. This could for example include: <ul style="list-style-type: none"> - evidence of civil society and company outreach efforts to engage a diverse range of stakeholders in the EITI process prior to nomination of MSG representatives, including outreach activities, stakeholder mapping etc.; - details about the civil society and company MSG representation nomination process, including information about election processes, any criteria for diverse representation agreed by civil society (regional, ethnic, indigenous, gender, issues, community groups etc.) and companies (sectors, international, domestic, industry bodies etc.) where applicable; and - where MSG members have changed, details about the reasons for the change and the process for re-nominating members. • Where multi-stakeholder group membership has changed, documentation of whether there has been any suggestion of coercion or attempts to include members that will not challenge the status quo and whether internal rules for changing MSG representatives have been followed (1.4.a.ii; 1.4.b.vi). • Stakeholder views on whether they are adequately represented, including any evidence that stakeholders have provided input to and agreed with the MSG's policy regarding the number of MSG representatives from each stakeholder group, alternates and rotation (1.4.a.ii) as well as stakeholder views on whether their representation sufficiently reflects the diversity of their

	<p>constituency. (Note: There is no requirement that stakeholders are equally represented numerically.)</p> <p>The validator is expected assess whether:</p> <ul style="list-style-type: none">• civil society MSG members are operationally and in policy terms independent of government and companies (1.4.a.ii). In making this assessment, the validator may wish to consider:<ul style="list-style-type: none">- Evidence of any civil society constituency discussions or agreed consistency policies related to ensuring policy and operational independence from members of parliament from the ruling party, other political parties aligned with the government, or extractive companies.- Evidence that any potential conflict of interests or issues affecting civil society MSG members' independence have been transparently disclosed.- Details about the articles of association, objectives, work programmes and funding sources of civil society organisations represented on the MSG.• the MSG includes appropriate stakeholders and whether MSG members appear to have sufficient capacity to carry out their duties (1.4.b.i).• decision-making is conducted in an inclusive way which treats each constituency as a partner (1.4.b.vi) (for guidance on the interpretation of this provision please see Guidance Note 14). The validator is expected to assess whether the decision-making rules agreed by the MSG are being followed including by consulting documentation and stakeholder views on how MSG decisions have been taken and whether all stakeholders are involved in decision-making. <p>The validator is expected to confirm that the MSG has agreed Terms of Reference (TORs) that give the MSG a say over implementation. The Validator is expected to document whether the TORs:</p> <ul style="list-style-type: none">• outline the role and responsibilities of MSG members and whether MSG members are effectively carrying out their tasks, including evidence of outreach activities and liaison with constituency groups (1.4.b.i-iii);• give the MSG a mandate to approve workplans, the appointment of the Independent Administrator including the Terms of Reference for the Independent Administrator's work, EITI Reports and annual activity reports (1.4.b.iv-v); and• include internal governance rules and procedures (1.4.b.vi-viii), and assess whether these are followed, including whether per diem practices have been published.
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	<p>The validator is also expected to note any concerns with regards to adherence to the TOR.</p>
<p>Work plan EITI provision 1.5</p>	<p>The validator is expected to document that a publicly accessible EITI workplan has been agreed by the MSG, and assess whether it includes:</p> <ul style="list-style-type: none"> • Objectives for implementation that are linked to the EITI principles and reflect national priorities for the extractive industries (1.5.a). The Validator should document any efforts to consult key stakeholders on the objectives for implementation (1.5.b); • Measurable and time-bound activities to achieve the agreed objectives (1.5.c); • Activities aimed at addressing any capacity constraints identified (1.5.c.i); • Activities related to the scope of EITI reporting (1.5.c.ii); • Activities aimed at addressing any legal or regulatory obstacles identified (1.5.c.iii); • Plans for implementing the recommendations from Validation and EITI reporting (1.5.c.iv): • Costings and funding sources, including domestic and external sources of funding and technical assistance (1.5.d); • A timetable for implementation (1.5.g). If the timetable is not being met, the validator – based on evidence from key stakeholders and others – should give an opinion on whether the delays in meeting the timetable are reasonable. The validator is invited to comment on the overall progress in implementing the workplan. <p>The validator is expected to document whether the workplan has been made widely available to the public (1.5.e) and has been reviewed and updated annually. The validator is expected to note whether or not the MSG has considered extending the detail and scope of EITI reporting to address issues such as revenue management and expenditure, transportation payments, discretionary social expenditures, ad-hoc sub-national transfers, beneficial ownership and contracts when reviewing the workplan (1.5.f).</p>

Part II: EITI disclosures

In assessing the EITI disclosure provisions (Provisions 2-6 below), the validator is expected to state a clear view based on available evidence on three overarching issues in addition to applying the detailed guidance set forth below:

- (1) The **timeliness** of the data disclosed. In accordance with provision 4.8, data disclosed should be no older than the second to last complete accounting period.
- (2) The **comprehensiveness** of the data disclosed. It should be noted that the EITI Requirements related to comprehensiveness refers to the financial data disclosed in accordance with Provision 4. However, the validator is expected to comment on any MSG discussions related to ensuring that the information disclosed in accordance with Provision 2, 3, 5 and 6 is comprehensive, and whether there are any gaps in the information provided, including whether all entities complied with the agreed procedures for disclosure and provided the requested information.
- (3) The **reliability** of the data disclosed. It should be noted that the EITI Requirements related to data assurance refers to the financial data disclosed in accordance with Provision 4. However, the validator should also comment on any MSG discussions related to ensuring that the information disclosed in accordance with Provision 2,3,5 and 6 is reliable, and whether there are any reliability gaps in the information provided.

Award of contracts and licenses	
EITI provisions	Guidance to validators
<p>Legal framework</p> <p>EITI provision 2.1.</p>	<ul style="list-style-type: none"> • The validator is expected to document whether a summary description of the fiscal regime has been disclosed, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies (2.1.a). • The validator is expected to document whether the EITI Report includes any information about reforms that are underway (2.1.b). Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>License allocations</p> <p>EITI provision 2.2.</p>	<ul style="list-style-type: none"> • The validator is expected to document whether the information about the process for awarding or transferring the license(s) set out in provision 2.2.a has been comprehensively disclosed for any license awards or transfers pertaining to the companies covered by the EITI Report during the financial year covered by the EITI report. The validator should also comment on the disclose of information regarding license awards and transfers made during the financial year covered by the EITI report that did not generate material revenues in that period, but are expected to generate material revenues in the future, including any legal and practical barriers to such disclosures (2.2.a) • Where companies covered by the EITI Report hold licenses that were not awarded or transferred during the financial year covered by the EITI Report, the validator may wish to comment on the disclosure of information related the allocation of these licenses. The validator’s findings will not have implications for

	<p>compliance with the EITI Standard (2.2.b).</p> <ul style="list-style-type: none"> • The validator is expected to document whether the government has disclosed the list of applicants and the bid criteria related to any bidding processes that took place in the accounting period covered by the EITI Report (2.2.c). • The validator is expected to document whether the EITI Report includes any additional information about the allocation of licenses, including whether the EITI Report includes commentary on the efficiency and effectiveness of these systems (2.2.d). Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>License registers</p> <p>EITI provision 2.3.</p>	<ul style="list-style-type: none"> • The validator is expected to document whether the information set out in provision 2.3.a-b has been disclosed for all the licenses held by companies covered in the EITI reporting process. • The validator is expected to document whether the information set out in provision 2.3.b is also available for the licenses held by entities not covered by the EITI reporting process, and if not, document the reasons for any gaps (2.3.b-c). Comprehensive disclosure is expected, but not required for compliance with the EITI Standard. Where information about licenses held by entities not covered by the EITI reporting process is missing, the validator is expected to evaluate whether the MSG has documented and explained the barriers to provision of this information and any government plans to overcome these barriers.
<p>Contracts</p> <p>EITI provision 2.4.</p>	<ul style="list-style-type: none"> • The validator is expected to document whether the government's policy on contract transparency has been disclosed. This should include relevant legal provisions, actual disclosure practices and any government reforms that are planned or underway (2.4.b). • The validator is expected to document whether the EITI Report includes disclosures of contracts and licenses. Such disclosures are encouraged but not required and should not be considered in assessing compliance with the EITI provisions (2.4.a). Where contracts are disclosed, the validator is expected to document whether the EITI Report provides an overview of the contracts and information on how these can be accessed (2.4.b).
<p>Beneficial ownership</p> <p>EITI provision 2.5</p>	<ul style="list-style-type: none"> • The validator is expected to document whether the EITI Report documents the government's policy and MSG's discussion on disclosure of beneficial ownership in accordance with provision 2.5.b.i. • Effective as of 1 January 2017 the validator is expected to document whether the MSG has published a roadmap for beneficial ownership disclosure in accordance with provision 2.5.b.ii, including progress with implementation of the roadmap. • Effective as of 1 January 2020, the validator is expected to

	<p>document whether beneficial ownership has been disclosed in accordance with provisions 2.5.c-f.</p> <ul style="list-style-type: none"> The validator is also expected to documents if the implementing country has a publicly available register of the beneficial owners in accordance with provision 2.5.a. Such disclosures are recommended, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>State-ownership EITI provisions 2.6</p>	<ul style="list-style-type: none"> The validator is expected to document whether there are any state-owned enterprises engaged in the extractive sector, and if so, whether the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises have been disclosed (2.6.a). This could include rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing. The validator is expected to document whether the government and SOE(s) have disclosed their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period in accordance with provision 2.6.c. Where changes to ownership have occurred, the validator is expected to confirm whether the terms of the transactions have been disclosed and the reasons for any gaps in disclosure. Reporting on changes to ownership is expected, but not required and should not be considered in assessing for compliance with the EITI Standard. Where information about changes to ownership is not disclosed, the validator is expected to evaluate whether the MSG has documented and explained the barriers to provision of this information and any government plans to overcome these barriers. The validator is expected to document whether details about any loans or loan guarantees to mining, oil and gas companies operating within the country have been disclosed (2.6.c).

Exploration and production	
EITI provisions	Guidance to validators
<p>Exploration activities EITI provision 3.1.</p>	<p>The validator is expected to document whether an overview of the extractive industries, including any significant exploration activities, has been disclosed (3.1).</p>
<p>Production data EITI provision 3.2.</p>	<p>The validator is expected to document whether total production volumes and the value of production by commodity have been disclosed, including whether this information is further disaggregated</p>

	by state/region where relevant (3.2). Where the MSG has disclosed the sources of production data and information on how production data has been calculated, the validator should take note of this. Reporting on such information is encouraged, but not required and should not be considered in assessing for compliance with the EITI Standard.
Export data EITI provision 3.3.	The validator is expected to document whether total export volumes and the value of exports by commodity have been disclosed, including whether this information is further disaggregated by state/region of origin where relevant (3.3). Where the MSG has disclosed the sources of export data and information on how export data has been calculated, the validator should take note of this. Reporting on such information is encouraged, but not required and should not be considered in assessing for compliance with the EITI Standard.

Revenue collection	
EITI provisions	Guidance to validators
Comprehensive disclosure of taxes and revenues EITI provisions 4.1.	<p>The validator is expected to document whether:</p> <ul style="list-style-type: none"> • The MSG has agreed on a materiality definition, including any reporting thresholds, as well as the options considered and the rationale for the materiality definition (4.1.a). • The revenue streams considered material are listed and described in the EITI Report (4.1.a). • The validator is expected to document whether the revenue streams listed in provision 4.1.b have been considered. Where the MSG has agreed to exclude certain revenue streams from the EITI Report, the validator is expected to document and evaluate the rationale for their exclusion (4.1.b). • The MSG has identified the companies making material payments and whether these companies fully reported all payments in accordance with the materiality definition (4.1.c; and the IA TOR). • The MSG has identified the government entities receiving material revenues and whether these government entities fully reported all receipts in accordance with the materiality definition (4.1.c and the IA TOR). • The government fully reported all revenues, including any revenues below the materiality thresholds. (Note: this information can be provided in aggregate.) Where the government has not fully disclosed all revenues, the validator is expected to document the justification provided by the MSG (4.1.d). • Where companies or government entities paying or receiving

	<p>material revenues have not submitted reporting templates, or have not fully disclosed all the payments and revenues, the validator is expected to document whether the EITI Report documents these issues and includes an assessment of the impact on the comprehensiveness of the report.</p> <ul style="list-style-type: none"> • In accordance with the IA TOR, the validator is expected to provide a summary of the key findings from the Independent Administrator’s assessment with regards to the comprehensiveness of the EITI disclosures and coverage of the reconciliation.
<p>In-kind revenues EITI provision 4.2</p>	<ul style="list-style-type: none"> • The validator is expected to document and evaluate the MSG’s definition of materiality with regards to in-kind revenues. Where in-kind revenues exist and are considered material, the validator is expected to document whether these have been fully disclosed in accordance with provision 4.2. • The validator is expected to comment on whether the EITI Report includes disclosures such as the type of product, price, market and sale volume, and whether the volumes sold and revenues received are reconciled. Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>Infrastructure provisions and barter arrangements EITI provision 4.3</p>	<ul style="list-style-type: none"> • The validator is expected to document and evaluate the MSG’s definition of materiality with regards to infrastructure provisions and barter arrangements. Where infrastructure provisions and barter arrangements exist and are considered material, the validator is expected to document whether these revenue flows or value transfers have been fully disclosed in accordance with provision 4.3
<p>Transportation revenues EITI provision 4.4</p>	<ul style="list-style-type: none"> • The validator is expected to document and evaluate the MSG’s definition of materiality with regards to transportation revenues. Where transportation revenues exist and are considered material, the validator is expected to document whether these revenue flows have been fully disclosed in accordance with provision 4.4. • Disclosure of material transportation revenues is expected, but not required for compliance with the EITI provisions. Where transportation revenues are material but not disclosed, the validator is expected to evaluate whether the MSG has documented and explained the barriers to provision of this information and any government plans to overcome these barriers. • The validator is also expected to comment on whether the EITI Report includes additional disclosures in accordance with provision 4.4.i-v. Such disclosures are encouraged, but not required and should not be considered in assessing compliance

	with the EITI Standard.
Transactions between SOEs and government entities EITI provision 4.5	<ul style="list-style-type: none"> The validator is expected to verify that the EITI Report describes the role of any SOEs operating in the country. Where SOEs make payments to the government, collect material revenues on behalf of the state, or both, and where financial transfers between government entities and SOEs exist and are material, the validator is expected to document whether they have been fully disclosed in accordance with provision 4.5
Subnational direct payments EITI provision 4.6	<ul style="list-style-type: none"> The validator is expected to document and evaluate the MSG's definition of materiality with regards to direct subnational payments. Where direct subnational payments exist and are considered material, the validator is expected to document whether these revenue flows have been fully reconciled and disclosed in accordance with provision 4.6.
Level of disaggregation EITI provision 4.7	<ul style="list-style-type: none"> The financial data disclosed is disaggregated by individual company, government entity and revenue stream. The financial data is disaggregated by project, provided that it is consistent with the United States Securities and Exchange Commission rules and the European Union rules (4.7).
Data timeliness EITI provision 4.8	<ul style="list-style-type: none"> The validator is expected to document whether the implementing country has produced timely EITI Reports in accordance with provision 4.8.
Data quality EITI provision 4.9 and the IA TOR	<ul style="list-style-type: none"> The validator is expected to document if and when the MSG endorsed the selection of the Independent Administrator (4.9). The validator is expected to review the TORs agreed by the MSG and the Independent Administrator and document whether the TORs are in accordance with the standard TORs for EITI reports. The validator is expected to highlight any major deviations. (4.9). In accordance with the IA TOR, the validator is expected to document if and when the MSG and the Independent Administrator have: <ul style="list-style-type: none"> - Agreed on reporting templates; - Undertaken a review of the audit and assurance procedures in companies and government entities participating in EITI reporting; - Agreed on the assurances to be provided to the Independent Administrator by the participating companies and government entities to assure the credibility of the data, including the types of assurances to be provided, the options considered and the rationale for the agreed assurances; - Agreed on appropriate provisions for safeguarding confidential information. In accordance with the IA TOR, the validator is expected to:

	<ul style="list-style-type: none"> - verify that the EITI report documents whether reporting companies and government entities had their financial statements audited in the financial year(s) covered by the EITI report, and whether any gaps have been identified; - provide a summary of the key findings from the Independent Administrator’s assessment with regards to the reliability of the data; - verify that any contextual information not collated by the Independent Administrator is clearly sourced; • verify that relevant electronic data files have been published together with the EITI Report and that summary data from the EITI Report has been submitted electronically to the International Secretariat according to the standardised reporting format provided by the International Secretariat.
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Revenue management and distribution	
EITI provisions	Guidance to validators
<p>Distribution of revenues EITI provision 5.1.</p>	<ul style="list-style-type: none"> • The validator is expected to document whether the EITI report indicates which extractive industry revenues are recorded in the national budget. Where revenues are not recorded in the budget, the validator is expected to document that the allocation of these revenues has been explained, with links provided to relevant financial reports as applicable (5.1.a). • The validator is expected to comment on whether the MSG has referenced any national revenue classification systems or international data standards (3.1.b). Such references are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>Sub-national transfers EITI provision 5.2.</p>	<ul style="list-style-type: none"> • The validator is expected to document constitutional, statutory and other mandatory revenue sharing requirements and the MSG’s definition of materiality regarding mandatory subnational transfers. Where mandatory subnational transfers exist and are material, the validator is expected to document whether these have been disclosed in accordance with provision 5.2.a together with any revenue sharing formula. • The validator is also expected to document if mandatory subnational transfers have been reconciled. Reconciliation is encouraged, but not required and should not be considered in assessing compliance with the EITI Standard. • The validator is expected to document whether the MSG has included ad-hoc subnational transfers in the EITI reporting process. Disclosures of ad-hoc subnational transfers are encouraged, but not required and should not be considered in

	assessing compliance with the EITI Standard (5.2.b).
Additional information on revenue management and expenditures EITI provision 5.3	<ul style="list-style-type: none"> The validator is expected to comment on whether the EITI Report includes a description of any extractive revenues earmarked for specific programmes or geographic regions, including a description of the methods for ensuring efficiency and accountability in their use, in accordance with provision 5.3.a. Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard. The validator is expected to comment on whether the EITI Report includes a description of the country's budget and audit processes and links to publicly available information about budgeting and expenditure (5.3.b). Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard. The validator is expected to comment on whether the MSG has disclosed any further information related to the budget cycle, production and commodity price assumptionis and revenue sustainability, resource dependence, and revenue forecasting (5.3.c). Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.

Social and economic spending	
EITI provisions	Guidance to validators
Social expenditures EITI provision 6.1	<ul style="list-style-type: none"> The validator is expected to document the MSG's definition of materiality with regards to mandatory social expenditures. Where mandatory social expenditures exist and are material, the validator is expected to verify whether these have been disclosed and reconciled in accordance with provision 6.1.a, including any gaps. The validator is expected to document whether the MSG has disclosed discretionary social expenditures in accordance with provision 6.1.b. Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
SOE quasi fiscal expenditures EITI provision 6.2	<ul style="list-style-type: none"> The validator is expected to document the MSG's definition of materiality with regards to quasi-fiscal expenditures by SOEs, including SOE subsidiaries and joint ventures. Where these exist and are material, the validator is expected to document the reporting process developed by the MSG for disclosure of quasi-fiscal expenditures and verify that these expenditures have been disclosed accordingly (6.2).
Contribution of the extractive	<ul style="list-style-type: none"> The validator is expected to document whether available

<p>sector to the economy EITI provision 6.3</p>	<p>information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI report has been disclosed in accordance with provision 6.3.</p>
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Part III: Outcomes and impact of EITI implementation

<p>Outcomes and impact</p>	
<p>EITI provisions</p>	<p>Guidance to validators</p>
<p>Public debate EITI provision 7.1</p>	<p>The validator is expected to document and evaluate whether the EITI disclosures, including the EITI Report, are comprehensible, have been actively promoted, are publicly accessible and have contributed to public debate (7.1). This should include publication of the EITI report virtually and in hard copies; availability in appropriate languages; and the accessibility of dissemination activities. The validator should also document if the MSG has agreed a policy on the access, release and reuse of EITI data.</p>
<p>Data accessibility EITI provision 7.2</p>	<p>The validator is expected to comment on any efforts by the MSG to make EITI Reports machine readable, and to code or tag EITI Reports and data files so as to enable EITI data to be compared with other publicly available data (7.2). This could for example include cases where the MSG has decided to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual; produced summary reports or other types of analysis aimed at improving public understanding of the data and information from the reports; or enabled automated EITI disclosures. Such efforts are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.</p>
<p>Lessons learned and follow up on recommendations EITI provision 7.3</p>	<p>The validator is expected to document the government and MSG's progress in taking steps to act upon lessons learned, identifying, investigating and addressing the causes of any discrepancies in EITI reporting, and progress in responding to the recommendations made by the Independent Administrator (7.3).</p>
<p>Outcomes and impact of EITI implementation on natural resource governance EITI provision 7.4.</p>	<p>The validator is expected to document the MSG's efforts to review outcomes and impact of EITI implementation on natural resource governance, including whether annual activity reports have been produced and contain the information set out in provision 7.4.a. The validator is also expected to comment on any consultations undertaken by the MSG toward giving all stakeholders an opportunity to provide feedback on the EITI process and the impact of the EITI, and have their view reflected in the annual activity report (7.4.b).</p>

In addition to the above assessment of provisions 7, the Validation should include an impact analysis. The analysis will not be used in assessing the country's compliance with the EITI provisions. Rather it provides stakeholders with additional information about the impact of EITI implementation and recommendations for strengthening the EITI process to be considered by the MSG.

The analysis should address the following:

- **The impact of the EITI**, including progress against the national priorities for the extractive industries as identified in the multi-stakeholder group's work plan. Any obstacles to the impact of the EITI should also be noted. Specifically, the validator should:
 - Provide a review and an assessment of the impact of the EITI process in-country to date. Have the objectives agreed to by the MSG been achieved and led to the desired outcomes? Where objectives have not been achieved, is there a specific impediment that can be identified and can this be removed? Are specific actions needed on the part of government, civil society or companies to make progress against MSG objectives? What are the outcomes of dissemination of EITI data? Has the EITI led to public debate, and strengthened accountability mechanisms? Is there visible proof of structural improvements in government and company systems, procedures, policies and reputation, in addition to anecdotal evidence? Can possible changes in, for example, (extractive industry) governance indices, civil society related indicators, or investment ratings be directly or indirectly attributed to EITI implementation?
 - Propose ways in which the EITI can make a greater impact, and increase its relevance in the country. Based on stakeholder consultations undertaken by the MSG in relation to provision 1.5.a, 4.1, and 7.4, do the objectives for implementation and the EITI process reflect national priorities for the extractive sector? What are the innovative aspects in the objectives and activities? What are the links to national reform efforts, in particular regarding transparency and accountability? Where are opportunities to increase impact?
- **The sustainability of the process.** Specifically, the validator should:
 - Describe the outlook for the EITI in-country. How do stakeholders see the EITI developing? What are the aims and ambitions of the MSG, and has this been captured in a strategy or outlook document? Have financial or legal processes been established to provide a regulatory basis and funding for the EITI? Are there longer-term plans for integrating the EITI in government systems?
- **Any innovations and actions being undertaken by the multi-stakeholder group that are complementary to and exceed the EITI Provisions**, e.g. good practice as well as efforts to deepen and widen the scope of the EITI. Specifically, the validator should:
 - Assess to what extent the EITI report and the EITI process are effective instruments in improving transparency and strengthening accountability. Do reports provide the right data and information to serve stakeholders' needs? Which innovative approaches to disclosure have been developed and is there further potential for use of EITI reports?
- **Conclusions, lessons learnt and recommendations** for increasing the wider impact of the EITI process, including any opportunities and recommendations for embedding the EITI in government systems. Are there parts of the EITI reporting process that can be integrated with existing government systems, for example with regards to licensing databases, national statistical data, audit procedures, company filings

of production data and tax payments, open budget data, etc.? Are there reforms underway in the areas covered by the EITI Standard where there are opportunities for mainstreaming EITI disclosures?

- **[To be completed by the MSG:** Where the MSG wishes that validation pays particular attention to assessing certain objectives or activities in accordance with the MSG workplan, these should be outlined here upon the request of the MSG.]

Template for Validation Reports

In accordance with the EITI Standard, the findings from Validation should be presented in accordance with the template table of contents below.

1. Standard table of contents for Validation reports

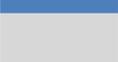
Executive Summary

1. Overall conclusions
2. Recommendations
3. Assessment card

Figure 1 – Assessment card

EITI REQUIREMENTS		LEVEL OF PROGRESS					DIRECTION OF PROGRESS
		No	Inadequate	Meaningful	Satisfactory	Beyond	
Categories	Requirements						
MSG oversight	Government engagement*						
	Industry engagement*						
	Civil society engagement*						
	MSG governance*						
	Workplan*						
Licenses and contracts	Legal framework						
	License allocations						
	License register						
	Policy on contract disclosure						
	Beneficial ownership						
	State participation						
Monitoring production	Exploration data						
	Production data						
	Export data						
Revenue collection	Taxes and revenues						
	In-kind revenues						
	Barter agreements						
	Transportation revenues						
	SOE transactions						
	Direct subnational payments						
	Data timeliness*						
	Data comprehensiveness						
	Data quality						
	Disaggregation						
Revenue allocation	Subnational transfers						
	Distribution of revenues						
	Revenue management and expenditures						
Socio-economic contribution	SOE quasi-fiscal expenditures						
	Mandatory social expenditures						
	Discretionary social expenditures						
	Economic contribution						
Outcomes and impact	Public debate						
	Data accessibility						
	Follow up on recommendations						
	Outcomes and impact of implementation						
Overall assessment:							

Legend

	The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	The country is compliant with the EITI requirement.
	The country has gone beyond the requirement.
	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.
-	No change in performance since the last Validation.
←	The country is performing worse than in the last Validation.
→	The country is performing better than in the last Validation.
*	Safeguard

Introduction

Overview and background of EITI implementation, including

- Brief recap of the sign-up phase
- Objectives for implementation and overall progress in implementing the workplan
- History of EITI Reporting
- Summary of engagement by government, civil society and industry

Key features of the extractive industry

Explanation of the validation process (objectives, timeline, ToR, etc.)

Part I: MSG oversight

Overview

Assessment of EITI provisions on:

- Government oversight of the EITI process (#1.1)
- Company engagement (#1.2)
- Civil society engagement (#1.3)
- MSG governance and functioning (#1.4)
- Workplan (#1.5)

<Summary assessment table>

Summary assessment table: MSG oversight		
EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions
Government oversight of the EITI process (#1.1)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with inadequate progress>

		<Provision unmet with no progress>
Company engagement (#1.2)		
Civil society engagement (#1.3)		
MSG governance and functioning (#1.4)		
Work plan (#1.5)		
Overall assessment:		
Conclusions and recommendations:		
1....		
2...		

Part II: EITI disclosures

Award of contracts and licenses

Overview

Assessment of EITI provisions on:

- legal framework (#2.1)
- license allocations (#2.2)
- license registers (#2.3)
- contract disclosures (#2.4)
- beneficial ownership disclosure (#2.5)
- state-participation (#2.6)

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

<Summary assessment table >

Summary assessment table: Award of contracts and licenses		
EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Legal framework (#2.1)		<Provision met, satisfactory progress> <Provision unmet, with meaningful progress> <Provision unmet with inadequate progress> <Provision unmet with no progress>
License allocations (#2.2)		
License registers (#2.3)		
Contract disclosures (#2.4)		
Beneficial ownership disclosure (#2.5)		
State-participation (#2.6)		

Overall assessment:	
Conclusions and recommendations:	
1....	
2...	

Exploration and production

Overview

Assessment of EITI provisions on:

- the overview of the extractive sector, including exploration activities (#3.1)
- production data (#3.2)
- export data (#3.3)

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

<Summary assessment table >

Summary assessment table: Monitoring and production		
EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.1)		<Provision met, satisfactory progress> <Provision unmet, with meaningful progress> <Provision unmet with inadequate progress> <Provision unmet with no progress>
Production data (#3.2)		
Export data (#3.3)		
Overall assessment:		
Conclusions and recommendations:		
1....		
2...		

Revenue collection

Overview

Assessment of EITI provision on:

- comprehensive disclosure of taxes and revenues (#4.1 and IA TOR)
- in-kind revenues (#4.2)
- barter and infrastructure transactions (#4.3)
- transport revenues (#4.4)
- subnational direct payments (#4.5)
- transactions between SOEs and government (#4.6)

- level of disaggregation (#4.7)
- data timeliness (#4.8)
- data quality (#4.9 and IA TOR)

<Summary assessment table >

Summary assessment table: Revenue collection		
EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Comprehensive disclosure of taxes and revenues (#4.1.a and IA TOR))		<Provision met, satisfactory progress> <Provision unmet, with meaningful progress> <Provision unmet with inadequate progress> <Provision unmet with no progress>
In-kind revenues (#4.2)		
Barter and infrastructure transactions (#4.3)		
Transport revenues (#4.4)		
Subnational direct payments (#4.5)		
Transactions between SOEs and government (#4.6)		
Level of disaggregation (#4.7)		
Data timeliness (#4.8)		
Data quality (#4.9 and IA TOR)		
Overall assessment:		
Conclusions and recommendations:		
1....		
2...		

Revenue allocations

Overview

Assessment of EITI provisions on:

- distribution of revenues (#5.1)
- sub-national transfers (#5.2)
- information on revenue management and expenditures (#5.3)

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

<Summary assessment table >

Summary assessment table: Revenue management and distribution
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EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Distribution of revenues (#5.1)		<Provision met, satisfactory progress> <Provision unmet, with meaningful progress> <Provision unmet with inadequate progress> <Provision unmet with no progress>
Sub-national transfers (#5.2)		
Information on revenue management and expenditures (#5.3)		
Overall assessment:		
Conclusions and recommendations:		
1....		
2...		

Social and economic spending

Overview

Assessment of EITI provisions on:

- Social expenditures (#6.1)
- SOE quasi fiscal expenditures (#6.2)
- Contribution of the extractive sector to the economy (#6.3)

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

<Summary assessment table >

Summary assessment table: Social and economic spending		
EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Social expenditures (#6.1)		<Provision met, satisfactory progress> <Provision unmet, with meaningful progress> <Provision unmet with inadequate progress> <Provision unmet with no progress>
SOE quasi fiscal expenditures (#6.2)		

Contribution of the extractive sector to the economy (#6.3)		
Overall assessment:		
Conclusions and recommendations: 1.... 2...		

Part III: Outcomes and Impact

Overview

Assessment of EITI provisions on:

- Public debate (#7.1)
- Data accessibility (#7.2)
- Lessons learned and follow up on recommendations (#7.3)
- Outcomes and impact of implementation (#7.4)

<Summary assessment table >

Summary assessment table: Outcomes and impact		
EITI provisions	Summary of main findings	Recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Public debate (#7.1)		<Provision met, satisfactory progress> <Provision unmet, with meaningful progress> <Provision unmet with inadequate progress> <Provision unmet with no progress>
Data accessibility (#7.2)		
Lessons learned and follow up on recommendations (#7.3)		
Outcomes and impact of implementation (#7.4)		
Overall assessment:		
Conclusions and recommendations: 1.... 2...		

Impact analysis (not to be considered in assessing compliance with the EITI provisions)

Annexes

List of stakeholders consulted.

List of MSG members and contact details.

List of reference documents