

EITI VALIDATION PROCEDURES

These procedures came into force on 31 December 2016 and apply to all Validations commencing on 1 January 2017 and thereafter.

1 Overview of changes

The procedures for Validation under the 2016 EITI Standard were agreed in May 2016. The Board has agreed the following refinements:

1. **Encouraging implementing countries to prepare for Validation** by undertaking a self-assessment of adherence to the EITI Standard and to collate the documentation and other sources that demonstrate compliance. This helps to ensure that stakeholders are prepared for Validation and that the requisite documentation is readily available.
2. **Clarifying the procedure MSG comments on the initial assessment and Validation Report**, and providing feedback to the MSG on how those comments have been taken into account. This has been a particular concern in the 2016 Validations and is an important consideration in ensuring the quality and credibility of the process.
3. **The eligibility of Independent Administrators to act as Validators.** Firms that have acted as an Independent Administrator in any of the countries to be Validated are ineligible to act as Validator.
4. **The eligibility of firms to act as Validators for consecutive term.** Firms shall not be eligible to act as Validators for consecutive terms.
5. **Confidentiality issues.** The initial assessment, Validation Report and related MSG comments are to be considered confidential until the Board has reached a decision. Once the Board has reached a decision, the initial assessment and the Validation Report will be made publically available.

2 Overview of Validation

The overview of Validation in the 2016 EITI Standard 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 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 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 national secretariat is requested to 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 available¹.

- 2. Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.** 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 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 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.

¹ <https://eiti.org/document/guidance-note-on-preparing-for-validation>

Annex 1 - Procedure for data collection and stakeholder consultation by the EITI International Secretariat

1. Background

In accordance with the EITI Standard, 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 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 national secretariat is requested to 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 available².
- 2. Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.** 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 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.

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

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 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.

This procedure addresses step 2, above.

2. Scope of services, tasks and expected deliverables

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

- 1. Desk Review.** Prior to visiting the country, 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 supplementary information such as summary reports and scoping studies;
 - Communication materials;
 - Annual progress reports; 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. **Country visit.** 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.

3. **Reporting on progress against requirements.** 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 report will not include an overall assessment of compliance.

3. Team composition

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.

4. Schedule

The schedule for the data collection and initial assessment is as follows:

Milestone	Timeline	
Commencement of Validation	-	Varies as per the schedule agreed by the Board³
Desk Review	Max. 6 weeks	
Completion of country mission	+ 3 weeks	
Compilation of Initial assessment	+ 3 weeks	
Translation of Initial assessment (where applicable)	+ 2 weeks	

2. Contact information

The contact point for the assignment is:

Dr. Samuel Bartlett
Technical Director
EITI International Secretariat
Oslo, Norway
sbartlett@eiti.org
+47 9026 7530

Attachment

The Validation Guide⁴

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

⁴ <https://eiti.org/document/eiti-validation-guide>

Annex 2 - Terms of reference for EITI validators

1. Background

The Extractive Industries Transparency Initiative (EITI)⁵ 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 Standard⁶ is implemented in 51 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 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 national secretariat is requested to collate

⁵ eiti.org

⁶ See: <https://eiti.org/document/standard>

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 available⁷.

- 2. Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.** 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 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 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

⁷ <https://eiti.org/document/guidance-note-on-preparing-for-validation>

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 [XXX] countries in accordance with the Validation Guide. The Validator assesses whether the Secretariat's initial validation 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 [XXX] 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.
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
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 [XXX] countries. The Validator is also invited to make recommendations for improving the quality assurance procedure in the future for consideration by the EITI Board.

3. Schedule

The validation schedule for all 51 implementing countries is available online⁸. The current assignment focuses on the [XXX] validations scheduled to be conducted in 2017.

The schedule for undertaking this work is as follows:

Milestone	Timeline	
Commencement of Validation	-	As per schedule above
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 2017, 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)⁹.

⁸ <https://eiti.org/validation#validation-schedule-and-decisions>

⁹ http://siteresources.worldbank.org/INTPROCUREMENT/Resources/278019-1308067833011/Consultant_GLs_English_Final_Jan2011.pdf

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:

- Knowledge and experience with EITI implementation.
- Expertise in the governance issues relating to the oil, gas and mining sectors.
- 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.
- 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.
- Regional and country knowledge: a demonstrable track record in similar work in regions and countries where the EITI is implemented, including fragile states.
- Demonstrable ability to conduct literature reviews and interviews in the applicable local languages.
- 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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