

Requirement	International Secretariat's initial assessment (Source)	Comments from stakeholders on the Secretariat's initial report*	Independent Validator's assessment (Source)	Comments from stakeholders on the Validation report (Source)	Next steps
<p>#2.1 Legal Framework a) Implementing countries must disclose a description of the legal framework and fiscal regime governing the extractive industries. This information must include a summary description of the fiscal regime, 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. b) Where the government is undertaking reforms, the multi-stakeholder group is encouraged to ensure that these are documented.</p>	<p>The International Secretariat's initial assessment finds that the 2014 EITI Report lacks details pertaining to fiscal devolution and regulatory framework. It only contains a very brief discussion of relevant laws without further elaborating on how the sector is regulated. The roles of government agencies are also omitted. Therefore, the International Secretariat's initial assessment is that Solomon Islands has made inadequate progress in meeting the requirement (pp. 35-36).</p>	<p>No comments.</p>	<p>The Validator disagrees that Solomon Islands has made inadequate progress in meeting this requirement and finds instead that there has been meaningful progress. The Validator bases its finding on the 2013 EITI Report which discloses most of the information required under 2.1 (p.4), while the 2014 EITI Report provides more limited disclosures.</p>	<p>No comments.</p>	<p>The Committee needs to make a recommendation on whether the Board's assessment of requirement 2.1 should be "inadequate progress" or "meaningful progress" and recommend corrective actions.</p>
<p>#2.2 License allocations a) Implementing countries are required to disclose the following information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report during the accounting period covered by the EITI Report: i. a description of the process for transferring or awarding the license; ii. the technical and financial criteria used; iii. information about the recipient(s) of the license that has been transferred or awarded, including</p>	<p>The International Secretariat's initial assessment finds that while the Supplementary 2013 EITI Report includes a register from which it is possible to see that there were several license allocations in 2013, the 2014 EITI Report does not contain similar information about license allocations in 2014. Both reports lack a review of deviations from the applicable procedure per license award and fail to</p>	<p>The national secretariat has commented that the technical and financial criteria is confidential and therefore not disclosed (p.38).</p>	<p>The Validator disagrees with the finding of the International Secretariat that Solomon Islands has made no progress in meeting this requirement, and concludes instead that there has been inadequate progress. The validator notes that "based on the 2014 EITI Report (including the updated 2014 report), at least a few of the requirements under 2.2 have been met. No doubt serious gaps remain, but</p>	<p>No comments.</p>	<p>The Committee needs to make a recommendation on whether the Board's assessment of requirement 2.2 should be "no progress" or "inadequate progress" and recommend corrective actions.</p>

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<p>consortium members where applicable; and</p> <p>iv. any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards. It is required that the information set out above is disclosed for all license awards and transfers taking place during the accounting year covered by the EITI Report, including license allocations pertaining to companies that are not included in the EITI Report, i.e. where their payments fall below the agreed materiality threshold. Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.</p> <p>b) Where companies covered in the EITI Report hold licenses that were allocated prior to the accounting period of the EITI Report, implementing countries are encouraged, if feasible, to disclose the information set out in 2.2(a) for these licenses.</p> <p>c) Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is</p>	<p>disclose the technical and financial criteria used to assess the applications, even though the reports include a useful overview of the license application process for each of the types of licenses. Given the lack of disclosures regarding 2014 license allocations in particular, the International Secretariat's initial assessment is that Solomon Islands has made no progress in meeting the requirement (p.38).</p>		<p>they have disclosed a description of the process for transferring and awarding licenses as well as information on license holders" (p.4).</p>		

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<p>required to disclose the list of applicants and the bid criteria.</p> <p>d) Where the requisite information set out in 2.2(a-c) is already publicly available, it is sufficient to include a reference or link in the EITI Report.</p> <p>e) The multi-stakeholder group may wish to include additional information on the allocation of licenses in the EITI Report, including commentary on the efficiency and effectiveness of licensing procedures.</p>					
<p>#4.6 Direct Subnational Payments It is required that the multi-stakeholder group establish whether direct payments, within the scope of the agreed benefit streams, from companies to subnational government entities are material. Where material, the multi-stakeholder group is required to ensure that company payments to subnational government entities and the receipt of these payments are disclosed and reconciled in the EITI Report.</p>	<p>The International Secretariat's initial assessment is that, as confirmed by stakeholders, extractive companies make direct payments to provinces in the Solomon Islands. Except for one province (Guadalcanal), the materiality of these payments has not been established and the omission of disclosure in the 2013 EITI Report can therefore not be ascertained. The 2014 EITI Report also does not clarify the materiality of direct subnational payments. SIEITI has started outreach and work to improve these disclosures in future reports including by visiting and</p>	<p>No comments.</p>	<p>The Validator disagrees that Solomon Islands has made meaningful progress and concludes that there has been inadequate progress in meeting this requirement. The Validator's report states that "despite the groundwork that is being laid for future reporting, significant aspects of this requirement have not been implemented and the broader objective of the requirement is far from fulfilled" (p.5).</p>	<p>The MSG disagrees with the Validator's assessment and notes that "the MSG could not agree with this inadequate progress. The MSG feels the reasonable data on the sub-national payment was in the report as the only payment from - Gold Ridge. Thus MSG asked for a clarification on reasons leading to your assessment result on this requirement."</p>	<p>The Committee needs to make a recommendation on whether the Board's assessment of requirement 4.6 should be "meaningful progress" or "inadequate progress" and recommend corrective actions.</p>

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	collecting information from provincial government offices (p. 56). Given that the largest extractive province is covered, and these payments are small, the International Secretariat's initial assessment is that the Solomon Islands has made meaningful progress in meeting this requirement.				
<p>#5.1 Distribution of Revenues Implementing countries must disclose a description of the distribution of revenues from the extractive industries.</p> <p>a) Implementing countries should indicate which extractive industry revenues, whether cash or in kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable, e.g., sovereign wealth and development funds, subnational governments, state-owned enterprises, and other extra-budgetary entities.</p> <p>b) Multi-stakeholder groups are encouraged to reference national revenue classification systems, and international standards such as the</p>	<p>The International Secretariat's initial assessment finds that "the 2014 EITI Report barely explained the process of revenue distribution aside from a general statement that revenues under mining laws and other laws are recorded in the national budget. In the same vein, the 2013 EITI Report only partially explains how revenues, i.e. royalties from Gold Ridge, are allocated. There is no commentary on the remaining revenue streams" (p.65). The International Secretariat's initial assessment is that the Solomon Islands has made meaningful progress in meeting this requirement.</p>	No comments.	The Validator disagrees that Solomon Islands has made meaningful progress and concludes that there has been inadequate progress in meeting this requirement. The validator finds that "there is too much uncertainty (or lack of clarity) with respect to these disclosures. Revenues mandated under the Mines and Minerals Act "and other laws" are recorded in the national budget, but "revenues not covered by these laws" are not recorded, including social payments. Their allocation thus needs to be explained per 5.1(a)" (p.5). The Validator's report further notes that "there also appears to be significant	No comments.	The Committee needs to make a recommendation on whether the Board's assessment of requirement 5.1 should be "meaningful progress" or "inadequate progress" and recommend corrective actions

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IMF Government Finance Statistics Manual.			uncertainty and even serious concerns around royalty agreements and payments to landowners.” (p.5)		

*The International Secretariat has only received comments from the national secretariat on the initial assessment report.