

STANDARD TERMS OF REFERENCE FOR VALIDATORS

Approved by the EITI Board on 1 January 2015.

Terms of Reference

Validation of [country]

[Date]

Summary

This document contains the Terms of Reference (TOR) for Validator services in accordance with the EITI Standard, endorsed by the EITI Board on 01.01.2015.

The TOR sets out the work to be undertaken by the Validators. The International Secretariat will procure an accredited EITI validator in accordance with the EITI Standard and procedures approved by the EITI Board. The contract between the Validator and the EITI International Secretariat on behalf of the EITI is attached to this TOR¹. The multi-stakeholder group (MSG) in [country] reviewed the TOR on <date>.

The TOR is addressed to the Validator. A guidance note on MSG oversight of the Validation process is also available to guide MSGs and national secretariats on the issues that need to be addressed during Validation².

The template includes sections [bracketed and highlighted in blue] that are specific to the implementing country being validated and should be completed by the International Secretariat and the MSG. The template enables MSG to list additional objectives and activities in accordance with the MSG's workplan to be reviewed by the Validator as part of the narrative report on impact (section 4.3 below).

The Board will review the TOR on a regular basis. Comments on the TOR should be directed to the EITI International Secretariat.

1. Background

The Extractive Industries Transparency Initiative (EITI) 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 in-country implementation of the EITI Standard is overseen by a national multi-stakeholder group (MSG) comprising representatives from government, companies and civil society. Through EITI implementation,

¹ The procurement procedures and a standard contract are being developed by the Validation Committee..

² A guidance note is being developed.

³ The term 'document' is used interchangeably with terms such as 'assess', 'review', and 'comment'. Where written evidence is
² A guidance note is being developed.

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, 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.

EITI Implementation in [country]

[To be completed by the MSG: This section will provide general background information and a summary of EITI implementation in the country to be validated, including (1) the establishment and functioning of the multi-stakeholder group; (2) objectives for EITI implementation; (3) a summary of implementation with reference to the EITI work plans and annual activity reports; and (4) status of EITI reporting.]

2. Validation objectives

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. Validation is an external, independent and impartial evaluation mechanism, undertaken by a Validator procured by the International Secretariat. 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, 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.

3. Scope of services, tasks and expected deliverables

The Validator's task is to assess the implementation of each of the EITI provisions in [country] in accordance with the guidance set out in section 4 below. This should include (for each of the provisions):

- (1) A narrative account of facts and progress in implementing the provision, based on evidence provided.
- (2) A narrative account of stakeholder views, based on consultation with stakeholders.
- (3) A narrative conclusion based on an analysis of the above. The conclusion should include a recommendation on whether the provision is met in accordance with the following designations:

Provision met: EITI implementation meets the required standard.

Provision unmet with meaningful progress: Some progress in EITI implementation, but further action required for the provision to be considered met.

Provision unmet with limited progress: Little or no evidence of progress toward compliance with the EITI provisions. Considerable additional actions required for the provision to be considered met.

Where the country has made limited or meaningful progress but has not fully met the provisions, the Validator should make recommendations on remedial actions needed to achieve compliance with the EITI provisions. Where the country has met the provision, the Validator should where appropriate make recommendations for further improving implementation and

recommendations for embedding the EITI process in government systems, taking stakeholder views into account.

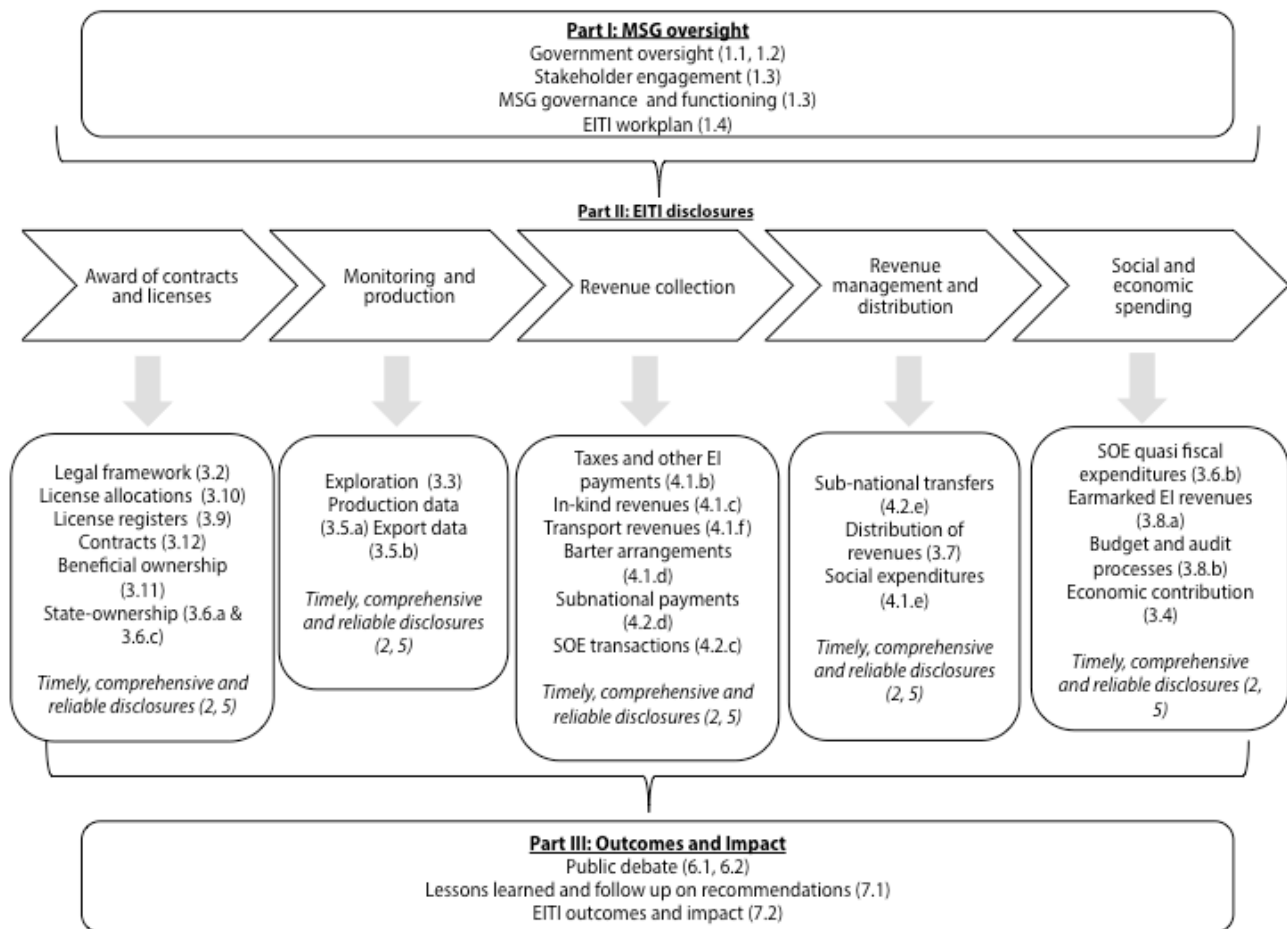
Gathering input for the Validation report is a consultative process. The Validator must meet with the multi-stakeholder group, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group. Where possible, the Validator should meet with the MSG as a group as well as with its constituent parts (government, companies and civil society) either individually or in constituency groups. The Validator is required to review available documentation. The findings must be presented in a Validation Report using the standard template for Validation reports, attached to this TOR. The key steps in the Validation process are set out in section 3.2 of the Validation Guide in the EITI Standard. The work of the validator has the following phases/deliverables:

- (1) Data collection**, including desk review of key documents and in-country meetings, interviews and consultations.
- (2) Produce a draft Validation report**, to be submitted to the multi-stakeholder group and the EITI Board's Validation Committee for comments. The review of the draft Validation report will seek to ensure that the Validation report is comprehensive and provides an adequate basis for the EITI Board to establish the country's compliance with the EITI Provisions.
- (3) Produce a final Validation report** that comprehensively addresses the comments from the Validation Committee and the national multi-stakeholder group. The Validator will present the final Validation report to the EITI Board's Validation Committee, either in person or via teleconference. The multi-stakeholder group will also be invited to provide detailed comments. The Validator's final report and any comments provided by the national multi-stakeholder group will be published on www.eiti.org.

4. Detailed guidance to the Validator on assessing EITI implementation

The following section provides guidance to the Validator on assessing the EITI provisions. In some cases, there is specific 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 this guidance provides examples of the types of evidence that the validator might consider. Where documentation supporting the validator's conclusion is available, the validator should provide a reference to the source. 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 validator's findings 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 validator 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. – 1.4); Part II is the assessment of the EITI disclosure provisions including the timeliness, comprehensiveness and reliability of the information (provisions 2 – 5); and Part III is the assessment of the outcomes and impact of EITI implementation (provisions 6-7). The validator is invited to, where appropriate, make recommendations on strengthening implementation including embedding the EITI in government systems.



4.1 Part I: MSG oversight

MSG oversight	
EITI provisions	Guidance to validators
Government oversight of the EITI process EITI provisions: 1.1; 1.2; 1.3.f.iii.	The validator is expected to document ³ whether: <ul style="list-style-type: none"> the government has issued a public statement of its intention to implement the EITI (#1.1); the government has appointed a senior individual to lead on the implementation of the EITI (#1.2); senior government officials are represented on the MSG (#1.3.f.iii).
Stakeholder engagement and the environment for their participation in the	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.

³ 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>EITI process EITI provisions: 1.3.a-e.</p>	<p>In assessing government and extractive industry engagement and the environment for their participation in the EITI, the validator is expected to document whether:</p> <ul style="list-style-type: none"> • the government and company representatives are fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process (#1.3.a; #1.3.e.ii). 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 (1.3.b) 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 arisen. The validator should cite stakeholders' views on whether any obstacles to company participation have been removed. (#1.3.b-c).
<p>MSG governance and functioning EITI provisions: 1.3.f-g</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 (1.3.f.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 (1.3.f.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

	<p>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</p> <ul style="list-style-type: none">- where MSG members have changed, details about the reasons for the change and the process for re-nominating members. <ul style="list-style-type: none">• 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 (1.3.f.ii; 1.3.g.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 (1.3.f.ii) as well as stakeholder views on whether their representation sufficiently reflects the diversity of their constituency. (Note: There is no requirement that stakeholders are equally represented numerically.) <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 (1.3.f.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 (1.3.f.ii; 1.3.g.i).• decision-making is conducted in an inclusive way which treats each constituency as a partner (1.3.g.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
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	<p>consulting documentation and stakeholder views on how MSG decisions have been taken and whether all stakeholders are involved in decision-making.</p> <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 (1.3.g.ii-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 (1.3.g.iv-v); and • include internal governance rules and procedures (1.3.g. vi-viii), and assess whether these are followed. <p>The validator is also expected to note any concerns with regards to adherence to the TOR.</p>
<p>Work plan EITI provisions: 1.4</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 (1.4.a). The Validator should document any efforts to consult key stakeholders on the objectives for implementation (1.4.b); • Measurable and time-bound activities to achieve the agreed objectives (1.4.c); • Activities aimed at addressing any capacity constraints identified (1.4.c.i); • Activities related to the scope of EITI reporting (1.4.c.ii); • Activities aimed at addressing any legal or regulatory obstacles identified (1.4.c.iii); • Costings and funding sources (1.4.c.iv), including domestic and external sources of funding and technical assistance (1.4.d); • A timetable for implementation (1.4.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 (1.4.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</p>

	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 (1.4.f).
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4.2 Part II: EITI disclosures

In assessing the EITI disclosure provisions (Provisions 3 and 4 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 2, 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 Provision 5.3.c-d 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 contextual information disclosed in accordance with Provision 3 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 Provision 5.3.c and 5.3.e 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 contextual information disclosed in accordance with Provision 3 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 3.2</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 (3.2.a). • The validator is expected to document whether the EITI Report includes any information about reforms that are underway (3.2.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 3.10</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 3.10.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. Where companies covered by the EITI Report

	<p>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. Where relevant, the validator may wish to 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. The validator’s findings will not have implications for compliance with the EITI Standard.</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 (3.10.b). • 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 (3.10.d). Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>License registers EITI provision 3.9</p>	<ul style="list-style-type: none"> • The validator is expected to document whether the information set out in provision 3.9.b.i-iv or 3.9.c has been disclosed for all the licenses held by companies covered in the EITI reporting process (3.9.b). • The validator is expected to document whether the information set out in provision 3.9.b.i-iv 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 (3.9.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 EITI provision 3.12</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 (3.12.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 (3.12.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 (3.12.b).
Beneficial ownership EITI provision 3.11	<ul style="list-style-type: none"> The validator is expected to document the details of any MSG discussions related to disclosure of beneficial ownership. Where the MSG has agreed to address beneficial ownership, the validator is expected to comment on progress with these disclosures in accordance with provision 3.11. Such disclosures are recommended, but not required and should not be considered in assessing compliance with the EITI Standard⁴.
State-ownership EITI provisions 3.6.a; 3.6.c	<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 (3.6.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 3.6.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 (3.6.c).

Monitoring and production	
EITI provisions	Guidance to validators
Exploration activities EITI provision 3.3	The validator is expected to document whether an overview of the extractive industries, including any significant exploration activities,

⁴ At the 22nd EITI Board meeting it was agreed that the EITI will in the future require disclosure of beneficial ownership. Subject to successful piloting, the Board will develop detailed provisions with a view to make this a provision from 1 January 2016.

	has been disclosed (3.3).
Production data EITI provision 3.5.a	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 by state/region where relevant (3.5.a).
Export data EITI provision 3.5.b	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 (3.5.b).

Revenue collection	
EITI provisions	Guidance to validators
Comprehensiveness EITI provisions 4.1.a; 4.2.a-b; 5.	<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 MSG has identified the companies making material payments and whether these companies fully reported all payments in accordance with the materiality definition (4.2.a; 5.3.c; 5.3.d). • 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 (4.2.a; 5.3.c; 5.3.d). • 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 (4.2.b). • Where companies or government entities paying or receiving 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. • 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 (5.2.e).

	<ul style="list-style-type: none"> 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 (5.3.c; 5.3.d; 5.3.f).
<p>Data quality EITI provisions 5; 3.1, 6.2.a</p>	<ul style="list-style-type: none"> The validator is expected to document if and when the MSG endorsed the selection of the Independent Administrator (5.1). 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. (5.2). 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 (5.2.a); Undertaken a review of the audit and assurance procedures in companies and government entities participating in EITI reporting (5.2.b); 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 (5.2.c). Agreed on appropriate provisions for safeguarding confidential information (5.2.d). The validator is expected to 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 (5.2.e). The validator is expected to provide a summary of the key findings from the Independent Administrator’s assessment with regards to the reliability of the data (5.3.c; 5.3.d; 5.3.f). The validator is expected to verify that any contextual information not collated by the Independent Administrator is clearly sourced (3.1; 6.2.a). The validator is expected to 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 (5.3.b).
<p>Taxes and other revenues EITI provision 4.1.b</p>	<ul style="list-style-type: none"> 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).

<p>In-kind revenues EITI provision 4.1.c</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 4.1.c. • 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 4.1.d</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 4.1.d.
<p>Subnational direct payments EITI provision 4.2.d</p>	<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 4.2.d.
<p>Transportation revenues EITI provision 4.1.f</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 4.1.f. • 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 4.1.f.i-v. Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>Transactions between SOEs and government entities EITI provision 4.2.c</p>	<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 4.2.c.
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Revenue management and distribution	
EITI provisions	Guidance to validators
Sub-national transfers EITI provision 4.2.e	<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 4.2.e 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.
Distribution of revenues EITI provision 3.7	<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 (3.7.a). The validator is expected to comment on whether the MSG has referenced any national revenue classification systems or international data standards (3.7.b). Such references are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
Additional information on revenue management and expenditures EITI provision 3.8	<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 3.8.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 (3.8.b). Such disclosures are

	<p>encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.</p> <ul style="list-style-type: none"> 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 (3.8.c). Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
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Social and economic spending	
EITI provisions	Guidance to validators
<p>SOE quasi fiscal expenditures EITI provision 3.6.b</p>	<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 (3.6.b).
<p>Social expenditures EITI provision 4.1.e</p>	<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 4.1.e.i-ii, including any gaps. The validator is expected to document whether the MSG has disclosed discretionary social expenditures in accordance with provision 4.1.e.iii. Such disclosures are encouraged, but not required and should not be considered in assessing compliance with the EITI Standard.
<p>Contribution of the extractive sector to the economy EITI provision 3.4</p>	<ul style="list-style-type: none"> The validator is expected to document whether available 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 3.4.a-3.4.e.

4.3 Part III: Outcomes and impact of EITI implementation

Outcomes and impact	
EITI provisions	Guidance to validators
<p>Public debate EITI provision 6.1</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</p>

	contributed to public debate (6.1). This should include publication of the EITI report virtually and in hard copies; availability in appropriate languages; and the accessibility of dissemination activities.
Data accessibility EITI provision 6.2	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 (6.2). 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.
Lessons learned and follow up on recommendations EITI provision 7.1	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 (7.1).
Outcomes and impact of EITI implementation on natural resource governance EITI provision 7.2.	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 7.2.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 (7.2.b).

In addition to the above assessment of provisions 6 and 7, the Validator should produce 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 1.4.a, 4.1.b, and 7.2.b, 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 the validator 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.]

5 Preparation of the Validation Report

The Validator will produce a draft Validation report, using the standard template attached to this TOR. The draft Validation report must be submitted to the multi-stakeholder group and the EITI Board's Validation Committee by the agreed deadline set out in section 6 below. The review by the Validation Committee will seek to ensure that the Validation report is comprehensive and provides an adequate basis for establishing the country's compliance with the EITI Provisions, including on a consistent basis with the approach taken in assessing the performance of other implementing countries. The national multi-stakeholder group will also be invited to provide detailed comments to the validator on the draft report in accordance with the agreed timetable set out below.

Following this review, the Validator will produce a final report. The Validator's final report must comprehensively address the comments from the Validation Committee and the multi-stakeholder group.

The Validator's final report must be submitted to the Validation Committee by the agreed deadline set out in section 6 below. The Validator's final report and any comments provided by the multi-stakeholder group will be published on www.eiti.org. The Validation Committee will analyse the final Validation Report and make an assessment of whether the EITI Provisions are met, including making an appropriate recommendation to the EITI Board. In the event that the final Validation report does not provide sufficiently detailed information regarding compliance with the EITI Provisions, the EITI Board may task the Validator with providing supplementary information.

6 Time schedule

The assignment is expected to commence on [date], culminating in the finalisation of the Validation report by [date]. The proposed schedule is set out below:

Request for proposal issued	[date]
Deadline for validator proposals	[date]
Signing of contract	[date]
Inception period	[date] - [date]
Data collection and stakeholder consultations including field visit	[date] - [date]
Submission of draft report	[date]
Comments on draft by the MSG and Validation Committee	[date]
Submission of the final Validation Report	[date]

7 Data and facilities to be provided by the Client

[This section will set out the documents to be provided by the MSG and the International Secretariat during the inception period, as well as information about logistical arrangements.]

8 The role of the International Secretariat

The Validation Committee, on behalf of the Board, will oversee the Validation process. The EITI International Secretariat will assist this process acting as a central communications point and providing regular reports on the validation process to the Validation Committee. The validator is expected to maintain close contact with the EITI International Secretariat throughout the Validation exercise. Where needed, the Secretariat will provide advice regarding the application of the Validation methodology. The validator is obliged to report any difficulties or irregularities encountered during the Validation process to the EITI International Secretariat.

9 Conflicts of interest

In order to ensure the quality and independence of the Validation exercise, validators are required to notify the EITI International Secretariat of any actual or potential conflicts of interest, together with recommendations as to how the conflict can be avoided, or resolved. Potential conflicts of interest could for example include cases where a validation firm has also produced EITI reports in the country to be validated, assisted with scoping work related to EITI reports, or undertaken other technical assistance related to the EITI process.

Draft model template for Validation Reports

1. Instructions

In accordance with the EITI Standard, the validator is required to present the findings in accordance with the template table of contents below and in a format as prescribed by the EITI International Secretariat. In Part I, II and III, the validator must provide a comprehensive and detailed assessment of the country's progress with each of the provisions in the EITI Standard. This should include for each of the provisions:

1. A narrative account of facts and progress in implementing the provision, based on evidence provided.
2. A narrative account of stakeholder views, based on consultation with stakeholders

For each of the 'required' provisions⁵, the validator is asked to present:

3. A narrative conclusion based on an analysis of point 1 and 2 above. The conclusion should include a recommendation on whether the provision is met in accordance with the following designations:

Provision met: EITI implementation meets the required standard.

Provision unmet with meaningful progress: Some progress in EITI implementation, but further action required for the provision to be considered met.

Provision unmet with limited progress: Little evidence of progress toward compliance with the EITI provisions. Considerable additional actions required for the provisions to be considered met.

Where the country has made limited or meaningful progress but has not fully met the provisions, the Validator should make recommendations on remedial actions needed to achieve compliance with the EITI Standard. Where the country has met the provision, the Validator should make recommendations for further improving implementation where appropriate and recommendations for embedding the EITI in government systems, taking stakeholder views into account.

2. Standard table of contents for Validation reports

Executive Summary

Overall conclusions
Recommendations

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

⁵ The validator should consult the detailed guidance in sections 4.1-4.3, which sets out which provisions are 'required' and should be taking into account in the assessing compliance.

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 (#1.1-1.2)
- stakeholder engagement and the environment for their participation in the EITI process (#1.3)
- MSG governance and functioning (#1.3)
- work plan (#1.4)

<Summary assessment table>

Summary assessment table: MSG oversight		
EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions
Government oversight of the EITI process (#1.1-1.2)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with limited progress>
Stakeholder engagement and the environment for their participation in the EITI process (#1.3 (#1.3))		
MSG governance and functioning (#1.3)		
Work plan (#1.4)		
Overall assessment:		
Validator's conclusions and recommendations:		
1....		
2...		

Part II: EITI disclosures

1. Award of contracts and licenses

Overview

Assessment of EITI provisions on:

- legal framework (#3.2)
- license allocations (#3.10)
- license registers (#3.9)
- contract disclosures (#3.12)
- beneficial ownership disclosure (#3.11)
- state-participation (#3.6.a and #3.6.c)

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	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Legal framework (#3.2)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with limited progress>
License allocations (#3.10)		
License registers (#3.9)		
Contract disclosures (#3.12.b)		
Beneficial ownership disclosure (#3.11)		
State-participation (#3.6.a and #3.6.c)		
Overall assessment:		
Validator's conclusions and recommendations:		
1....		
2...		

2. Monitoring and production

Overview

Assessment of EITI provisions on:

- the overview of the extractive sector, including exploration activities (#3.3)
- production data (#3.5.a)
- export data (#3.5.b)

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	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.3)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with limited progress>
Production data (#3.5.a)		
Export data (#3.5.b)		
Overall assessment:		
Validator's conclusions and recommendations:		
1....		

2...

3. Revenue collection

Overview

Assessment of EITI provision on:

- comprehensiveness (#4.1.a, #4.2.a-b)
- data quality (#5)
- taxes and other payments (#4.1.b)
- in-kind revenues (#4.1.c)
- transport revenues (#4.1.f)
- barter and infrastructure transactions (#4.1.e)
- subnational direct payments (#4.2.d)
- transactions between SOEs and government (#4.2.c)

Assessment of timeliness of the information disclosed (#2)

<Summary assessment table >

Summary assessment table: Revenue collection		
EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Comprehensiveness (#4.1.a, #4.2.a-b)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with limited progress>
Data quality (#5)		
Taxes and other payments (#4.1.b)		
In-kind revenues (#4.1.c)		
Transport revenues (#4.1.f)		
Barter and infrastructure transactions (#4.1.e)		
Subnational direct payments (#4.2.d)		
Transactions between SOEs and government (#4.2.c)		
Overall assessment:		
Validator's conclusions and recommendations:		
1....		
2...		

4. Revenue management and distribution

Overview

Assessment of EITI provisions on:

- sub-national transfers (#4.2.e)
- distribution of revenues (#3.7)
- information on revenue management and expenditures (#3.8)

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

<Summary assessment table >

Summary assessment table: Revenue management and distribution		
EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Sub-national transfers (#4.2.e)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with limited progress>
Distribution of revenues (#3.7)		
Information on revenue management and expenditures (#3.8)		
Overall assessment:		
Validator's conclusions and recommendations:		
1....		
2...		

5. Social and economic spending

Overview

Assessment of EITI provisions on:

- SOE quasi fiscal expenditures (#3.6.b)
- Social expenditures (#4.1.e)
- Contribution of the extractive sector to the economy (#3.4)

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	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
SOE quasi fiscal expenditures (#3.6.b)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with limited progress>
Social expenditures (#4.1.e)		
Contribution of the extractive		

sector to the economy (#3.4)	
Overall assessment:	
Validator's conclusions and recommendations:	
1....	
2...	

Part III: Outcomes and Impact

Overview

Assessment of EITI provisions on:

- Public debate (#6.1)
- Data accessibility (#6.2)
- Lessons learned and follow up on recommendations (7.1)
- Outcomes and impact of implementation (#7.2)

<Summary assessment table >

Summary assessment table: Outcomes and impact		
EITI provisions	Summary of main findings	Validator's recommendation on compliance with the EITI provisions (to be completed for 'required' provisions)
Public debate (#6.1)		<Provision met> <Provision unmet, with meaningful progress> <Provision unmet with limited progress>
Data accessibility (#6.2)		
Lessons learned and follow up on recommendations (7.1)		
Outcomes and impact of implementation (#7.2)		
Overall assessment:		
Validator's 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