

39TH EITI BOARD MEETING

OSLO, 13-14 FEBRUARY 2018

Minutes

EITI International Secretariat

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Table of Contents

39-1 Welcome by the Chair and adoption of the agenda	3
39-2 Report from the Secretariat.....	3
39-3 Report from the World Bank	5
39-4 Report from the Implementation Committee.....	6
Board paper 39-4-A Encouraging systematic disclosure	6
Board paper 39-4-B Review of the application of Requirement 8.3.c.i.....	7
Board paper 39-4-C Assessment of extension requests.....	8
39-5 Report from the Validation Committee	9
39-10 Other business	16
39-6 Report from the Governance Committee.....	16
39-7 Report from the Finance Committee	17
39-8 Report from the Audit Committee.....	18
39-9 Next meeting	18
Annex A – Board decisions on extension requests.....	20
Board decision on Ghana	20
Board decision on Guatemala	20
Board decision on Honduras	20
Board decision on Kyrgyz Republic	20
Board decision on Madagascar	20
Board decision on Mozambique	20
Board decision on Peru	21
Board decision on Republic of Congo.....	21
Board decision on Seychelles.....	21
Board decision on Sierra Leone	21
Board decision on Solomon Islands.....	21
Annex B – Board decision on adapted implementation of Ukraine	21
Annex C – Board decisions on Validations	22
Annex D – Participant List decisions on Validations.....	39
Countries.....	39
Implementing Countries.....	39
Supporting Countries.....	39
Companies including Investors.....	40

MINUTES OF THE 39TH EITI BOARD MEETING

Prior to the meeting, the Board held an “implementation deep dive” focussed on mainstreaming EITI implementation. The Chair noted that 2016 EITI Standard enabled implementing countries to disclose the required information through routine government and corporate reporting and consultation systems, such as websites, open data portals and annual reports. Examples of systematic disclosure from Germany, Kazakhstan, Norway and Senegal were presented. The World Bank and the Natural Resource Governance Institute also highlighted their work to promote systematic disclosure.

It was noted that this approach to EITI implementation can deliver more timely, comprehensive and reliable data to inform public debate. It could also be more cost effective, helping to address the limited funding available for standalone EITI reporting. However, it also raised important questions about the future role and responsibilities of EITI multi-stakeholder groups (MSGs). Implementing country representatives noted that national circumstances needed to be considered, and that not all countries would be able to transition to systematic disclosure at the same speed.

39-1 Welcome by the Chair and adoption of the agenda

EITI Chair Fredrik Reinfeldt opened the meeting by greeting Board members and welcoming them to Oslo.

Apologies were noted from Alan McLean, Faith Nwadishi, James Ensor, Jim Miller, Moses Kulaba, Olga Bielkova, Pak Montty, Ruslan Baimishev, Teresa Habitan, Victor Hart and Zainab Ahmed.

The Chair welcomed Mankeur Ndiaye as alternate to Didier Vincent Kokou Agbemadon and Jana Morgan as Daniel Kaufman's alternate.

The Chair noted that Carlos Aranda had resigned as alternate to Simone Niven and that James Ensor had resigned as alternate to Jim Miller. Following agreed procedures, the constituency of supporting companies proposed to appoint Carlos Aranda as alternate to Jim Miller and James Ensor as alternate to Simone Niven. The Board approved these nominations.

It was noted that two Board members from the constituency of implementing countries had been absent for three consecutive Board meetings. In accordance with the Articles of Association, the Chair asked the Governance Committee and the constituency of implementing countries to initiate consultations about the potential replacement of these Board members.

The Chair also welcomed the many observers and particularly acknowledged a delegation from Senegal led by Hon Mansour Kane, Minister of Petroleum and Energy, and Hon Sophie Gladima Siby, Minister of Mines.

The Chair noted that under any other business, he would address a letter received from a group of stakeholders in the United States.

The Board agreed the agenda.

39-2 Report from the Secretariat

The Chair invited Jonas Moberg to give the report from the Secretariat. Jonas highlighted the two new EITI publications: the EITI 2018 Progress Report and the brief on gender and EITI.

Jonas emphasised the fragile state of EITI reflected in six inter-related issues. First, the Board was reminded that **political support at the country level** was not strong in a number of countries. While several Board papers for this meeting dealt with sanctioning countries, some countries needed more support and recognition. Second, the implementation burden was heavy in some countries, with long lists of corrective actions from validations adding to already heavy workplans and action points on beneficial ownership and mainstreaming. Third, Jonas **highlighted that funding for implementation** was at its lowest levels in years. The case of Ghana was illustrative: despite successes in driving sector reforms, Ghana was one of 12 countries citing funding challenges in 2017 as a factor in delayed reporting. Fourth, Jonas emphasised that countries that delivered **well on transparency but poorly on the civil society environment** were becoming frustrated. The application of requirement 8.3.c.i required the suspension of countries that did not ensure an entirely free civic space, which could act counter to what the EITI wished to achieve. He noted that another of the Board's policy responsibilities was to clarify what should be expected by the **EITI's supporting companies** and what the consequences should be when that support was not forthcoming. Finally, there was a need to clarify what it meant to be **a supporting country**.

While there had always been talk from different stakeholders that they may leave the EITI, the key

difference since the Board last met in Manila was that two countries, Niger and the United States, had ceased implementing the EITI. Jonas highlighted that, for the collaborative model of multi-stakeholderism to work, the Board needed to take collective policy responsibility and take tough decisions.

Jonas introduced paper *39-2-A Implementation Progress Report*. He noted more than 20 reports had been published in recent months, with more reporting through online portals and websites. Reporting was increasingly acting as a diagnostic of government and company systems, with a variety of recommendations for reforms. The high-level political commitment of countries like Senegal, reflected in President Macky Sall's statements and the presence of three Senegalese Ministers at the Board meeting, was highlighted. Jonas also noted the swift progress in addressing corrective actions from Validation in countries like Mongolia and Timor-Leste.

However, Jonas also highlighted challenges in many countries, with ten having missed their reporting deadlines, the highest number to date. Implementing countries such as Ghana and Kyrgyz Republic were either suspended or faced the risk of being suspended due to delays in EITI reporting caused by funding shortages. EITI implementation in other countries such as Honduras, Indonesia, Malawi, Mozambique, Nigeria, the Philippines, Tajikistan, Trinidad and Tobago, Sierra Leone, and Zambia had reportedly been negatively affected by funding-related delays.

Jonas drew attention to the spotlight section on opportunities for increasing local content transparency in extractives and the thematic focus on funding for EITI implementation in 2018. There was a funding shortfall of roughly one third of the USD 35m implementation costs in 2017. This was considered an underestimate given additional costs for national secretariat staff salaries and additional costs for the implementation of any reforms resulting from EITI reporting.

The Board was briefed on the series of regional peer learning workshops facilitated by the International Secretariat in four regions in the final quarter of 2017. Jonas emphasised progress in work on contract transparency in Mongolia and encouraging steps from companies like Total, which announced a new policy of encouraging host governments to publish all licenses and contracts. Impressive progress on commodity trading in the past six months, supported by the Natural Resource Governance Institute (NRGI), Switzerland and Total, had come closer to difficult areas such as unconventional oil sales and swaps, even if it remained challenging to involve traders in reconciliation. The first meeting of the new network on SOE transparency had held its first meeting in January with strong collaboration from Ecopetrol, YPF, the Nigerian National Petroleum Corporation (NNPC), the Ghana National Petroleum Corporation (GNPC), Société Nationale des Hydrocarbures (SNH) from Cameroon, Statoil as well as input from Pertamina, Timor Gap and others.

Several members from civil society, implementing and supporting countries constituencies expressed concern over the funding gap. While mainstreaming EITI implementation could save costs in the long run, Sam Bartlett explained that in some cases the transition to mainstreaming would increase costs in the short term. Bent Graff expressed concern regarding the low level of government funding for EITI in 17 countries and disappointment over the lack of agreement on minimum financial contributions from supporting countries. The Chair noted that implementing countries were covering a greater proportion of the costs, and that more were making financial contributions to the international management. Echoing concerns over the lack of minimum contributions from supporting countries, the Chair emphasised the need for action on all sides as countries sought to address the costs of implementation.

Supporting country representatives requested an update on progress in implementing the beneficial ownership roadmaps and momentum following the Beneficial Ownership Conference in Jakarta in October

2017. Jonas noted that all implementing countries had now agreed roadmaps and expressed gratitude for financial support from partners such as the European Bank for Reconstruction and Development (EBRD) and the UK's Department for International Development (DFID). However, there was inconsistent progress in implementation across different countries. Additional technical and financial assistance was needed.

Daniel Kaufmann questioned the improved assessment of progress in the UK despite the lack of resolution of challenges in MSG governance. The Chair noted his recent meeting with the MSG Chair to seek to resolve the issue. Eddie Rich explained that the assessment upgrade was due to the fact that the UK had avoided suspension by publishing its annual progress report for the deadline.

Bent Graff stressed the need for a communication strategy. In spite of budgetary constraints, both national EITI MSGs and the Secretariat should consider new ways of communicating the results to a wider audience. The Chair agreed that there was room for improvement and encouraged board members to come forward with suggestions on how to reach a wider audience.

Jonas also introduced paper *39-2-B Outreach Progress Report*. Jonas noted that limited outreach had been conducted since the last Board meeting. He highlighted promising developments in Australia, strong commitment to EITI from all constituencies in Argentina and good prospects in Ecuador. The Board was alerted to the inclusion of Niger as an outreach country, where the International Secretariat was preparing a mission in the coming months. Jonas highlighted outreach efforts by Victor Hart in Virgin Islands countries, with support from the British Government. With encouraging developments in Angola and Brazil, Jonas explained that the International Secretariat was liaising with key Board members and would consider more targeted outreach over the coming year.

Daniel argued that, following the United States withdrawal from implementing the EITI, there was an opportunity for other countries to demonstrate leadership in extractives transparency and called for a deepening of implementation in the 51 EITI implementing countries. The Chair noted that while the EITI could easily expand to 65 countries, the Board had set a limited budget for outreach activities.

[39-3 Report from the World Bank](#)

The Chair invited Sheila Khama, Practice Manager of the Extractive Global Programmatic Support (EGPS), to introduce the paper from the World Bank.

Sheila noted that the World Bank was engaged in 41 out of the 51 EITI implementing countries, providing policy advice and through direct investments.

She argued that the EITI has been successful, but the value of transparency was not always self-evident. Transparency had been presented as ethically right. However, it also needed to deliver tangible benefits with a clear value proposition in particular with respect to attracting investment.

The World Bank supported the focus on encouraging systematic disclosure. However, as illustrated by the presentations from Germany and the United Kingdom in the mainstreaming session, some countries faced substantial legal barriers e.g., regarding tax payer confidentiality. MSGs would need to consider whether there was an enabling legal framework.

Sheila argued that more attention was needed on the cost of EITI implementation, and how the EITI's work would be financed by the government with the support of donors for a limited period. She said that the

World Bank stands ready to provide support – and that countries could approach the Bank for support.

Board members highlighted two concerns. First, delays with EGPS disbursement encountered by some implementing countries. Second, that the Bank had not been active in raising funds, and that potential proposals from implementing countries had been turned away due to a lack of funding.

Sheila noted that there had been some cases where disbursement had been delayed, and that the Bank would investigate these cases. She also confirmed that a sixth round of proposals had been delayed due to insufficient funding. Demand for support far exceeded supply.

Fredrik requested that future reports provide additional detail on EGPS fund raising and more detail on disbursement, including any delays. Sheila responded that the Bank was accountable to the EGPS donors, and that they would need to approve more detailed briefings to the Board.

Supporting country representatives noted that the EGPS was the channel of choice for many donors, and that the Board needed a shared understanding of funding needs and gaps.

[39-4 Report from the Implementation Committee](#)

The Chair invited Daniel Kaufmann, member of the Implementation Committee, in the absence of Ana Carolina González Espinosa, co-chair of the Implementation Committee, to report to the Board.

Board paper 39-4-A Encouraging systematic disclosure

Daniel introduced the paper. He highlighted the discussion, prior to the Board meeting, of examples of how implementing countries were disclosing the information required by the EITI Standard through routine government and corporate reporting and consultation systems. The paper from the Implementation Committee recommended that systematic disclosure should be firmly established as the default expectation, with EITI Reports used to address any gaps and concerns about data quality. Implementing countries could still continue to publish annual EITI Reports collating and analysing the information from primary sources in order to make this information more accessible and comprehensible, especially for stakeholders that do not have access to online information. The paper included nine recommendations to support this decision.

Sam added that the paper followed up on the mainstreaming action plan and the strategy discussion in Oslo in 2017, and that the recommendations had been refined by the Implementation Committee over several months. He highlighted that embracing systematic disclosure could help countries address the funding gap. The Chair noted that the presentation made ahead of the meeting on mainstreamed disclosures showed that this was the future direction of the EITI.

Board members highlighted the importance of funding, noting that it was important to have a plan in place and to consider alternative sources of funds. Board members from implementing countries suggested that the Board should allow for countries to prioritise specific implementation issues and disclosures to mainstream, taking country-specific circumstances and national priorities into account. The importance of ensuring data reliability in line with international standards was also raised.

Daniel argued that he agreed in principle that multi-stakeholder groups could also be mainstreamed, but that the circumstances under which this would be possible had to be further defined. He commended Total's recent statement of support for contract transparency, citing it as an example of the importance of

tripartite engagement.

Sam explained that cost of reconciliation and data quality had been considered during the drafting of the Board Paper, and that it included a recommendation for an independent review.

The Chair highlighted that the 3-5 year timeframe for mainstreaming gave countries that would need further support some flexibility. He concluded that the paper represented a shift in perspective which was needed to make EITI data more timely and meaningful.

Actions:

The Board agreed the recommendations in Board Paper 39-4-A, and tasked the International Secretariat with implementing these measures, with oversight by the Implementation Committee.

Board paper 39-4-B Review of the application of Requirement 8.3.c.i

Daniel introduced the paper. He explained that the Implementation Committee was not yet ready to submit any recommendations to the Board, but had shared the paper mainly as a briefing on the ongoing work and to gather the Board's initial feedback.

The paper reviewed the results of applying Requirement 8.3.c.i of the EITI Standard and analysed whether it had resulted in improvements in stakeholder engagement. He explained that the paper also outlined potential measures for how to engage each of the stakeholder groups where deficiencies had been identified. The importance of the views of local stakeholders was emphasised. Dyveke added that Requirement 8.3.c.i set out the consequences for countries when there were deficiencies in stakeholder engagement. She highlighted that when there were deficiencies related to industry and government, the consequence for the respective constituency was to produce action plan for how to improve engagement. Where deficiencies in civil society engagement was due to government restrictions, the consequence was suspension.

Cielo Magno clarified that Niger had not been suspended only due to deficiencies in civil society engagement due to government restrictions. The Chair acknowledged that Niger had broader issues other than civic space, while Azerbaijan had been more specifically related to Requirement 1.3. He added that the concern was now that more countries would use these provisions as an excuse to withdraw from the EITI. Other Board members argued that the Board should not be swayed by threats to withdraw.

Agnès Solange Ondigui Owona pointed out that the civil society organizations most in need of the EITI are the most threatened by the 8.3.ci requirement as currently applied. She regretted that in these cases the current application of Requirement 8.3 entails the suspension of the country concerned, which it equates with the withdrawal of the EITI from a country in dire need of it, thus abandoning the national civil society to a fate that is not conducive to freedom of expression. Jonas reiterated that the main issue related to the consequences of meaningful progress on Requirement 1.3, and that it the EITI should be about encouraging progress. Didier noted that the particular provisions related to civil society space made it appear that one constituency was more important than the other, and that one constituency should not be singled out. Several Board members expressed concern with the unintended consequences of Requirement 8.3.c.i. Daniel noted that satisfactory progress should not be equated with perfection and that countries could achieve a level of progress beyond satisfactory, which was the category of 'beyond'.

Board members from the Validation Committee stated that clearer direction would be needed on how to

apply the requirement in Validation and what parameters were used in assessing progress. Several Board members suggested exploring how to communicate suspension to countries, for instance by considering new or existing terminology. Some Board members stated their preference to avoid allowing too much discretion for Board in applying the requirement, while others highlighted the importance of flexibility.

Dyveke explained that it was already difficult for a wider audience to understand the requirements in the civil society protocol, and that adding on layers of criteria and guidelines would further complicate interpretations. On government engagement, there might be a need to distinguish between variations in engagement due to e.g. changes in political office, and long-term decline in commitment. On reporting, Board paper 39-4-C demonstrated that the threat of suspension had been effective. Board paper 39-4-B only sought to focus on the consequences of suspension related to civic space.

Stuart Brooks urged the Board to find way to untie automatic suspension related to civic space, without replacing one automatic system with unintended consequences with another. Daniel reiterated that 21 countries had undertaken Validation, with six having been suspended, only one of which had been solely due to deficiencies related to Requirement 1.3. He suggested that that the requirement should be refined rather than revised. He also insisted on the need to consider introducing stricter guidelines for company engagement as indicated in the paper. Sasja Beslik highlighted the importance of nuance in assessing or rating a country's performance, as was the case with ratings in the financial industry.

Rhona Birchall reminded the Board of the purpose of EITI being improving transparency and accountability in extractives, rather than creating an optimum situation for civil society.

Jonas highlighted the Secretariat's impression that the Requirement 8.3.c.i was not working as intended, and that suspension due to the provision appeared unlikely to result in progress but rather in withdrawal from EITI. He stated that in countries with limited civic space, there appeared to be opportunities for civil society to operate within the confines of the EITI, while wider reforms related to civic space would be difficult to expect within the timeframe of corrective actions from Validation.

Board members proposed to consider ways to identify issues relating to deficiencies related to civic space ahead of Validation. Mark Pearson suggested that the Validation Committee could be involved in the discussions.

Actions:

The Board agreed that the Implementation Committee should continue developing the options outlined in Board Paper 39-4-C, with a view of presenting a recommendation to the Board.

Board paper 39-4-C Assessment of extension requests

Daniel introduced the paper. He explained that implementing countries with a calendar financial year had a deadline of 31 December 2017 to publish their 2015 EITI Reports. Ten countries (Ghana, Honduras, Kyrgyz Republic, Madagascar, Mozambique, Peru, Republic of Congo, Seychelles, Sierra Leone and Solomon Islands) did not meet this deadline. The Committee had considered the extension requests received, as well as the consequences for the countries that did not request extensions. The Board agreed that:

- Ghana and Madagascar were both eligible for an extension due to exceptional circumstances that had delayed publication of the reports.

- Mozambique, Peru, Republic of Congo, Seychelles and Sierra Leone were not eligible for an extension. However, as per previous practice, the Board agreed that suspension would not be enforced, as the outstanding EITI Reports had been published before the Board Meeting.
- Honduras was suspended due to not publishing the 2015 EITI Report by 31 December 2017.
- Kyrgyz Republic and the Solomon Islands were already suspended following Validation, due to having achieved insufficient progress during Validation.

Two countries – Guatemala and Republic of Congo – had also failed to meet the deadline for publishing their 2016 Annual Progress Report. The Board agreed that they were not eligible for an extension. However, as per previous practice, the suspension would not be enforced as the outstanding Annual Progress Report had been published before the Board Meeting.

Two countries – Ghana and Peru – had requested an extension of the deadline for commencing their second Validation. Taking into account the progress made on corrective actions, the delays in preparing for Validation caused by the delays with the 2015 EITI Report, and need to ensure equal treatment of countries, the EITI Board agreed that Ghana and Peru's Validation would be postponed by six months.

Actions:

The Board agreed the recommendations in Board Paper 39-4-C (see Annex A). The Chair to write to the Governments of Ghana, Honduras, Madagascar and Peru announcing the Board's decisions.

Board paper 39-4-D Request for adapted implementation: Ukraine

Daniel summarised the Implementation Committee's recommendation to accept the Ukrainian MSGs request for adapted implementation with respect to coverage of extractive industries in the Donetsk and Luhansk oblasts of Ukraine and Crimea for the 2016-17 EITI Report. The application was made because the Government of Ukraine was not able to compel companies and local government agencies in these areas to participate in the EITI process. The government and MSG have committed to ongoing efforts to ensure that EITI Reports are as comprehensive as possible. The Chair noted that the Board had already granted Ukraine adapted implementation on the same grounds for the reports covering 2014 and 2015. The Board agreed to the recommendation from the Committee as per Board Paper 39-4-D (See Annex B).

Actions:

The Chair to write to the Government of Ukraine announcing the Board's decision.

The Secretariat to publish the results of the Validation, including the supporting documentation.

39-5 Report from the Validation Committee

The Chair invited Mark Pearson to introduce the Validation papers. The Board agreed to the Validation Committee's proposal to submit two of the papers previously marked for discussion, on the Second Validations of Mongolia and Timor-Leste, as decision items.

Board paper 39-5-A Validation of Albania

Mark presented the Validation Committee's recommendation that Albania had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Albania would be requested to undertake corrective actions before the second Validation commencing on 13 February 2019.

Oliana Valigura introduced Albania's Validation by highlighting the challenges in oversight of state participation, arrears in subnational transfers and internal civil society organisation challenges. The Board was reminded of the EITI's impact in providing a platform for discussion, a diagnostic tool of weaknesses in subnational transfers and government reforms such as the establishment of a public license register and expansion of reporting scope to the hydro-power sector. Oliana highlighted opportunities for deepening the EITI's impact on SOE transparency, contract transparency, the traceability of subnational transfers and future gas transit via Trans Adriatic Pipeline.

The Board agreed to the proposal in paper 39-5-A that Albania had made meaningful progress overall in implementing the 2016 Standard and would be requested to undertake corrective actions before the second Validation commencing on 13 February 2019 as outlined in Annex A below.

Actions:

The Chair to write to the Government of Albania announcing the Board's decision.

The Secretariat to publish the results of the Validation, including the supporting documentation.

Board paper 39-5-B Validation of Burkina Faso

Mark presented the Validation Committee's recommendation that Burkina Faso had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Burkina Faso would be requested to undertake corrective actions before the second Validation commencing on 13 August 2019.

Gisela Granado introduced Burkina Faso's Validation by highlighting the context of challenges in oversight of community development and extractives revenues redistribution, ongoing reforms of the mining cadastre and administration of artisanal and small-scale mining as well as the country's political instability in 2015-2016. The Board was briefed on key EITI achievements including the establishment of more consultative and participatory oversight of extractives governance, improved access to data on gold production, exports and the fiscal contribution of extractives as well as the strengthening of government systems including environmental rehabilitation funds. Gisela highlighted the assessment that Burkina Faso had gone beyond "satisfactory progress" on requirement 1.3 related to civil society engagement and requirement 6.1 on social expenditures. The Board was alerted to opportunities for deepening the EITI's impact on state participation and contract transparency, as well as mainstreaming EITI implementation more broadly.

The Board agreed to the proposal in paper 39-5-B that Burkina Faso had made meaningful progress overall in implementing the 2016 Standard and would be requested to undertake corrective actions before the second Validation commencing on 13 August 2019 as outlined in Annex A below.

Actions:

The Chair to write to the Government of Burkina announcing the Board's decision.

The Secretariat to publish the results of the Validation, including the supporting documentation.

Board paper 39-5-C Validation of Cameroon

Mark presented an update on the Validation Committee's work on the Validation of Cameroon, noting that

paper 39-5-C was only for discussion. The Validation Committee's recommendation would be finalised pending review of the MSG comments and finalisation of the Validation report.

Bady introduced Cameroon's Validation by highlighting key facts on oil and gas sector, including declining oil production and emerging natural gas prospects. The Board was reminded of key EITI achievements such as the inclusion of beneficial ownership provisions in the new Mining Code, improving transparency by the national oil company, the expansion of EITI reporting to the Chad-Cameroon oil pipeline and an innovative approach to reporting on the artisanal mining sector. While Cameroon was considered to have gone beyond "satisfactory progress" on requirement 3.3 on export data and requirement 6.1 on social expenditures, the draft assessment had highlighted particular challenges on requirement 1.4 on MSG governance and requirement 6.2 on quasi-fiscal expenditures. Bady emphasised that, while requirement 1.3 on civil society engagement was assessed as "meaningful progress", this was due to a lack of engagement by the broader constituency rather than government constraints and would thus not result in suspension. The Board was alerted that Validation had already triggered a number of positive changes, including more granular reporting on oil sales by the national oil company. Bady reported that the MSG had submitted detailed comments on the initial assessment and draft Validation Report. The Validator would review these comments before finalising the Validation Report to be considered by the Validation committee.

The Chair emphasised the high level of government commitment to EITI, reflected in the high-level ministerial delegation attending the Beneficial Ownership Conference in Jakarta in October 2017. The Board agreed to the proposal to take the decision on the Validation of Cameroon via circular, based on the Validation Committee's final recommendation in the coming month.

Actions:

The Validation Committee to submit a recommendation on the Validation of Cameroon, following review of the MSG comments and finalisation of the Validation report.

Board paper 39-5-D Validation of Kazakhstan

Mark presented the Validation Committee's recommendation that Kazakhstan had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, Kazakhstan would be requested to undertake corrective actions before the second Validation commencing on 13 August 2019. Dyveke Rogan introduced Kazakhstan's Validation by highlighting the country's high dependence on oil and gas and recent improvements in the legal regime, including through the new subsoil code that addressed challenges in licensing oversight. The Board was briefed on challenges in revenue management through the sovereign oil fund and indebted SOEs. Despite a clear narrowing of broader civic space in recent years ahead of Kazakhstan's political transition, Dyveke explained that the initial assessment had not identified evidence that changes to the legal framework for NGOs had yet affected CSOs engaged in EITI implementation. Highlighting key EITI achievements including transparency in social investment payments, beneficial ownership reporting and the transition towards systematic disclosures of EITI data, the Board was also alerted to opportunities to deepen the EITI's impact in clarifying environmental taxes, improving SOE governance, including through efforts on commodity trading, and moving towards systematic disclosures.

While noting the significant technical achievements identified through Validation, with Kazakhstan assessed as having gone beyond satisfactory progress on seven requirements, Gubad presented challenges for civil

society that emerged subsequent to the commencement of Validation, ranging from new restrictions on independent mass media to requirements for re-registration of non-governmental organisations (NGOs) and amendments to the Tax Code. Noting the civil society constituency's desire to avoid suspension for Kazakhstan, given suspensions of other Central Asian countries like the Kyrgyz Republic and Tajikistan, Gubad called for the Board to express concern over the sustainability of efforts towards transparency in light of the narrowing space for independent voices to critically address extractives governance issues. While several civil society members called for a postponement of the decision on the Validation of Kazakhstan until the review of the application of requirement 8.3.c.i was completed, Mark clarified that the Validation Committee's clear recommendation was that Kazakhstan had achieved satisfactory progress in meeting requirement 1.3 on civil society engagement. Responding to questions related to the recommendation for CSOs to clarify the source of their funding, Dyveke explained that this would help address concerns within the civil society constituency that specific CSOs received funding from government or companies, given the EITI Standard's requirement for CSOs to be operationally, and in policy terms, independent from the two other constituencies.

The Board agreed to the proposal in paper 39-5-D that Kazakhstan had made meaningful progress overall in implementing the 2016 Standard and would be requested to undertake corrective actions before the second Validation commencing on 13 August 2019 as outlined in Annex A below.

Actions:

The Chair to write to the Government of Kazakhstan announcing the Board's decision.

The Secretariat to publish the results of the Validation, including the supporting documentation.

Board paper 39-5-E Validation of Mongolia

Mark presented the Validation Committee's recommendation that Mongolia had made satisfactory progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3b, Mongolia would be required to undergo re-Validation commencing on 13 February 2021. Alex Gordy introduced Mongolia's Validation by highlighting the country's history of boom-bust economic cycles, inconsistent implementation of frequent regulatory changes and uneven levels of transparency between the 19 mining SOEs. Noting the robust public debate on mining issues, Alex highlighted the EITI's impact on improving transparency in subnational transfers and payments, the publication of over 140 contracts, the improving accessibility of extractives data through the EITI Mongolia Data Portal and the clarification of financial relations between SOEs and the government. The Board's attention was drawn to opportunities in beneficial ownership transparency, enhancing mining licensing transparency and completing the move towards systematic disclosures of EITI data. The Chair highlighted the importance of Mongolia's success in addressing corrective actions from its first Validation, both for the country and for the EITI more broadly.

The Board agreed to the proposal in paper 39-5-E that Mongolia had made satisfactory progress overall in implementing the 2016 Standard and be required to undergo re-Validation commencing on 13 February 2021 as outlined in Annex A below.

Actions:

The Chair to write to the Government of Mongolia announcing the Board's decision.

The Secretariat to publish the results of the Validation, including the supporting documentation.

Board paper 39-5-F Validation of Republic of Congo

Mark presented the Validation Committee's recommendation that the Republic of Congo had made meaningful progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3c, the Republic of Congo would be requested to undertake corrective actions before the second Validation commencing on 13 August 2019. Bady introduced the Republic of Congo's Validation by highlighting the country's high dependence on oil and gas revenues, fiscal challenges associated with lower oil prices and the temporary suspension of large infrastructure projects. The Board was alerted to key EITI achievements including the provision of reliable data on oil and gas revenues, enactment of transparency provisions into national legislation and the creation of space for civil society through the EITI. Bady emphasised opportunities to increase the EITI's impact in resolving legal ambiguities, driving reforms in cadastral management and clarifying off-budget expenditures. Yet given concerns over self-censorship by CSOs, the assessment that the Republic of Congo had made meaningful progress towards requirement 1.3 on civil society space would result in suspension in line with requirement 8.3.c.i. Bady highlighted separate letters from civil society and industry based in the Republic of Congo calling for the country not to be suspended.

While there was also disagreement on the Board regarding the assessment of meaningful progress on requirement 1.3, debate focused on the consequences of suspension. Many Board members expressed concerns that suspension would convey a negative message that could be misinterpreted and ultimately lead to reducing space for civil society instead of improving it. There were different views regarding the process to follow to avoid applying requirement 8.3.c.i. Jonas called for the Board to take a decision on the Validation of the Republic of Congo, given the length of time since the commencement of Validation on 1 April 2017. The Board was invited to either apply requirement 8.3.c.i and suspend the Republic of Congo, or to change the requirement to ensure consistency across countries.

Sam presented an option for the Board to invoke requirement 8.6.a, which states: "*Where it is manifestly clear that a significant aspect of the EITI Principles and Requirements are not adhered to by an implementing country, the EITI Board will suspend or delist that country.*" This would allow the Board to conclude the Validation of the Republic of Congo with an overall assessment of meaningful progress and 18 months to undertake corrective actions, while the Implementation Committee could assess whether the assessment of requirement 1.3 as meaningful progress represented a significant breach in line with requirement 8.6.a. Sam clarified that this procedure could be followed for all countries. Despite some interest in the general idea, Board members from different constituencies called for a more detailed discussion of the proposal. The Board agreed to defer its decision on the Validation of the Republic of Congo pending its decision on the application of requirement 8.3.c.i to minimise any unintended consequences.

Actions:

The Implementation Committee to submit a recommendation on the application of requirement 8.3.c.i to the Board for approval.

The Board to reconsider the Validation of the Republic of Congo following agreement on the application of requirement 8.3.c.i.

Board paper 39-5-G Validation of Senegal

EITI Senegal National Coordinator and EITI Board alternate Mankeur Ndiaye highlighted the strong political

commitment, evident in the three Ministers' attendance at the EITI Board meeting, to use the EITI as an instrument to drive reforms. Noting significant government reforms as a result of EITI implementation, Mankeur noted that the MSG had now addressed the two corrective actions outlined in the draft Validation report. Representatives from Senegal recused themselves from the conversation.

Mark presented an update on the Validation Committee's work on the Validation of Senegal, noting that paper 39-5-G was only for discussion. While the Validation Committee's recommendation was still subject to MSG comments that had just been received and finalisation of the Validation report, the draft recommendation was that Senegal had made meaningful progress in implementing the 2016 EITI Standard and could be given 12 months to undertake two corrective actions. Dylan Gélard introduced Senegal's Validation by highlighting the minor gaps identified during Validation and the need for the independent Validator to consider the MSG's view that these had already been addressed, prior to the Validation Committee's finalisation of its recommendation to the Board.

Several members from industry and civil society praised Senegal for its success in implementing the 2016 EITI Standard. Solange expressed concern over the Board's discussion of the Validation of Senegal before the MSG comments had been taken into account, although the Chair reiterated that the Board was simply having an initial discussion of the Validation of Senegal. The Board agreed to consider its decision on the Validation of Senegal via circular once the Validation Committee had made a final recommendation.

Actions:

The Validation Committee to submit a recommendation on the Validation of Senegal, following review of the MSG comments and finalisation of the Validation report.

Board paper 39-5-H Validation of Timor-Leste

Mark presented the Validation Committee's recommendation that Timor-Leste had made satisfactory progress in implementing the 2016 EITI Standard. In accordance with requirement 8.3b, Timor-Leste would be required to undergo re-Validation commencing on 14 February 2021. Gay Ordenes introduced Timor-Leste's Validation by highlighting the country's heavy dependence on natural resources, the declining oil and gas production and recent excessive withdrawals from the sovereign petroleum fund. The Board was alerted to the EITI's impact in enabling public participations in national budget discussions and management of the sovereign petroleum fund as well as timelier discussions on disaggregated production data, social expenditures, local content, license information and terms of production-sharing contracts. Gay outlined the satisfactory progress achieved across all seven corrective actions and presented opportunities for transitioning to systematic disclosures of EITI data, improving monitoring of local content, reporting on the beneficial ownership of subcontractors and deepening transparency in the management of the sovereign petroleum fund and the infrastructure fund. Dani encouraged the Board to recall the broader macroeconomic context of countries like Timor-Leste, while the Chair noted that many EITI implementing countries faced severe economic challenges linked to their over-dependence on the extractive industries.

The Board agreed to the proposal in paper 39-5-H that Timor-Leste had made satisfactory progress overall in implementing the 2016 Standard and be required to undergo re-Validation commencing on 14 February 2021 as outlined in Annex A below.

Sam reminded the Board that while the re-Validation of countries assessed as having achieved satisfactory progress overall in implementing the 2016 EITI Standard was scheduled to commence after three years, any

stakeholder had the ability to call for an early Validation in cases where a country was considered to have slid backwards on requirements previously assessed as satisfactorily implemented.

Actions:

The Chair to write to the Government of Timor Leste announcing the Board's decision.

The Secretariat to publish the results of the Validation, including the supporting documentation.

Board paper 39-5-I Validation of Togo

Mark presented an update on the Validation Committee's work on the Validation of Togo, noting that paper 39-5-I was only for discussion. While the Validation Committee's recommendation was still subject to MSG comments that had just been received and finalisation of the Validation report, the draft recommendation was that Togo had made meaningful progress in implementing the 2016 EITI Standard and could be given 18 months to undertake two corrective actions. Gisela introduced Togo's Validation by highlighting the legacy of social conflicts around revenue redistribution, current reforms in the mining sector and significant exports of gold transiting from neighbouring countries. The Board was briefed on EITI achievements in improving oversight of subnational transfers, enhancing public accessibility of extractives data and reforms to government systems. Gisela outlined opportunities for clarifying barter arrangements, disclosing beneficial ownership of mining licenses as a means of curbing illicit capital flight and transitioning towards systematic disclosures of EITI data. Carlos Andres Cante highlighted the challenges posed by the illegal market for minerals in many countries such as Colombia and Togo.

The Board agreed to consider its decision on the Validation of Togo via circular once the Validation Committee had made a final recommendation.

Actions:

The Validation Committee to submit a recommendation on the Validation of Togo, following review of the MSG comments and finalisation of the Validation report.

Board paper 39-5-J Lessons Learned from the 2016 & 2017 Validations

Mark introduced the Validation Committee's work on lessons from the first two years of Validation under the 2016 EITI Standard. Sam highlighted several lessons learned, noting that the Validation system was working even if it was too time-consuming, as demonstrated by the swift progress in addressing corrective actions in Mongolia and Timor-Leste. Key lessons learned included the challenges in applying safeguard provisions under requirement 8.3.c.i, countries' challenges in meeting requirements that predated the EITI Standard, the need to restructure initial assessments to more clearly focus on impact and the imperative to move from Validation of EITI Reports to Validation of systems. The Board was reminded that paper 39-5-J was merely for discussion and would be followed by suggested revisions to the Validation Guide and Procedures for decision. There was support from all constituencies for the Validation Committee's deliberations on transitioning towards a Validation of systems rather than EITI Reports for countries which are mainstreaming EITI. This would be in line with its agreed mainstreaming vision. Daniel also noted that more can be done to ensure that comprehensive assessments carried out at Validation are also used to flag opportunities for mainstreaming.

Cesar Gamboa raised civil society's concerns over the many hats worn by the EITI Secretariat. He noted the

tension and potential conflict of interest that results from the Secretariat's dual role as supporter to and evaluator of implementation. In consequence, he encouraged the Board to develop a proposal that could help clarify those different roles, particularly from an implementing countries' perspective.

Actions:

The Validation Committee to consider opportunities to improve Validation and submit recommendations to the Board.

39-10 Other business

The Chair brought forward the item on any other business, as he wished to address several matters relevant to subsequent agenda items.

The Chair noted that he had received a letter of complaint from the civil society representatives in United States, arguing that ExxonMobil and Chevron had violated the EITI Board's Code of Conduct.

Jana Morgan introduced the letter, noting the refusal of ExxonMobil and Chevron to disclose their tax payments through the USEITI process. This refusal to engage, she argued, constituted a repeated and wilful violation of the EITI Code of Conduct, the EITI Constituency Guidelines, the Terms of Reference of the now defunct USEITI MSG, and an act of bad faith counter to the spirit of the EITI.

Stuart Brooks acknowledged the complaint.

The Chair noted that most members of the Board had not yet had an opportunity to familiarize themselves with the case. The Chair said that he intended to seek comments from the Governance Committee before he responded.

The Chair advised that he would not be seeking a second term as Chair. While expressing his full support for the EITI's important work, he noted that an increased portfolio of other commitments would not allow him to dedicate sufficient time to the role. He noted that he would complete his term, and support efforts to find a new Chair. He also noted that this had implications for the appointment of a new Executive Director, and that replacing the Chair and the Executive Director at the same time could be challenging. Board members thanked both Fredrik and Jonas for their work in leading the EITI, and agreed that the Board should give proper attention to succession planning.

The Chair noted that the EITI was being sued for defamation by Idriss Deby, President of Chad. Jonas reported that the matter related to a report published by SWISSAID that had been available on the EITI website. The report had been removed from the EITI website, and the expectation was that this would resolve the matter.

39-6 Report from the Governance Committee

The Chair invited Dirk-Jan Koch to introduce the papers.

Dirk-Jan reminded the Board of the four papers that it had agreed through Board circular since its last meeting: a policy for observing EITI Committee meetings, meant to help committees standardise their policies; a review of EITI grievance procedures, which was currently underway; terms of reference for the Recruitment procedure for the EITI Executive Director; and Terms of Reference for the EITI Nominations Committee. He added that the Committee had been having difficult but important discussions that went to

the core of the EITI's governance structure. He said that the Articles of Association linked membership in the EITI with membership in one of its constituencies, and that making sure that constituencies were clearly defined was a collective obligation of the EITI. He said that Board paper 39-6 was an important contribution towards the discussion as it brought together comments and recommendations from the EITI's stakeholder consultations on constituency governance. Once Board paper 39-6 was approved, he said, the Committee would work together with the constituencies to help them update their guidelines in good time ahead of the next Member's Meeting. Dirk-Jan reiterated that the Committee in the meantime would return to the larger conversation on defining membership in constituencies. The Committee would present a paper at the next Board meeting with minimum funding requirements for supporting countries. The Committee would also continue to work with the supporting company constituency on the issue of minimum expectations for companies that support the EITI. Dirk-Jan closed by noting that two additional tasks had been brought to the Committee's attention at the Board table and would be discussed in coming meetings: addressing the complaint from US civil society against two Board members and proposing a way forward to address the challenge of Board members who had failed to attend three consecutive Board meetings as per Article 9.5 in the Articles of Association.

Board paper 39-6 EITI Constituency consultations recommendations

Oleksiy Orlovsky introduced Board paper 39-6 and said that it had gone through several rounds with the constituencies since a previous draft had been shared with the Board at its meeting in May 2017. He said that as a result there was now consensus on the five recommendations that had not previously received support concerning nominations to the Board (Recommendation 5), constituency coordinators (Recommendation 7), support to constituencies from the International Secretariat (Recommendation 14), term limits and turnover (Recommendation 16) and confirmation of the availability of resources for Board members to execute their roles (Recommendation 21).

Board members expressed support for the Board paper. The Chair said that defining civil society and agreeing what was required of supporting companies and countries would be complicated, but that quick progress would be needed in the coming months in order for constituencies to begin their nominations or selection processes in the second half of the year. Cielo Magno said that civil society and supporting countries were already committed to a timeline that would allow them to demonstrate progress by the next Board meeting and that supporting companies should be held to the same timeline to agree minimum expectations.

Actions:

The Governance and Oversight Committee to work with constituencies to support updating constituency guidelines.

The Governance and Oversight Committee to work with supporting countries to propose minimum financial requirements to the EITI Board.

The Governance and Oversight Committee to work with supporting companies with an aim to propose minimum expectations of companies.

39-7 Report from the Finance Committee

The Chair invited Dominic Emery to introduce the papers.

Board Paper 39-7-A 2017 Annual Accounts and Q1 2018 update

Dominic Emery presented Board Paper 39-7-A to the Board, thanking the Committee members and the International Secretariat for their work.

Regarding the annual accounts for 2017, Dominic reported a positive outturn, ending the year with a surplus of USD 1.2m. He noted that funding from governments increased from USD 3.0m (in 2016) to USD 4.8m. The number of supporters was stable at 90 compared to 91 in 2016. The Committee noted that 25 companies had been removed from the supporters' page of the EITI website for not meeting the minimum funding requirement as agreed by the Board.

He noted that that financial situation gave the Secretariat some flexibility to recruit new staff in order to deliver on the objectives in the 2018 work plan. Dominic cautioned that company revenues went down from USD 2.6m in 2016 to USD 1.9m in 2017, and that an increasing percentage of revenue was through project-specific funding, which involved more administrative costs than core funding.

Dominic noted that, so far in Q1 2018, the EITI had received USD 0.5m of core funding. This came in addition to USD 1.1m in core and project specific funding received in 2017 for 2018 activities. He concluded by noting that the Secretariat planned to recruit four positions including a Communications Director.

Board Paper 39-7-B Remuneration review

Dominic Emery presented Board Paper 39-7-B to the Board after Secretariat staff recused themselves.

Closed session.

The Board agreed to approve the remuneration review paper.

*39-8 Report from the Audit Committee**Board Paper 39-8 2017 Report from the Audit Committee*

The Chair invited Cielo Magno to introduce the paper.

Cielo reported on the work performed by the Audit Committee. She explained that a meeting had been held with the auditors where Committee members had been able to discuss and clarify any issues. The Committee was satisfied that the auditors had had full access to information, that there had been no limitations to the scope, and that they were of the opinion that the accounts had been presented in a full and true manner. The Committee was on this basis recommending to the Board that it would accept the EITI 2017 accounts.

The Board agreed to approve the 2017 Accounts by the EITI as presented by the Audit Committee.

Actions:

The Secretariat to publish the 2017 Audit Accounts.

39-9 Next meeting

The Chair confirmed that the next meeting would be held in Berlin on 28-29 June, and that the autumn meeting would take place on 30-31 October.

39th Board meeting ended.

Annex A – Board decisions on extension requests

Board decision on Ghana

The EITI Board concluded that Ghana is eligible for an extension of the reporting deadline. The reporting deadline is extended to 1 May 2018. If the outstanding EITI Report is not published by 1 May 2018, Ghana will be suspended. The suspension will not be lifted until requirement 4.8 is met. If the suspension is in effect for more than one year the EITI Board will delist Ghana.

The EITI Board also grants Ghana a six-month extension of the deadline for commencement of the second Validation. Taking into account the progress made on corrective actions, the delays in preparing for Validation caused by the delays with the 2015 EITI Report, and need to ensure equal treatment of countries, the EITI Board decides that Ghana's second Validation will begin on 8 September 2018.

Board decision on Guatemala

The Board concluded that Guatemala is ineligible for an extension of the deadline for Annual Progress Reports. The Board noted that the delayed report was published on 12 February 2018. In accordance with previous practice, the suspension was not enforced.

Board decision on Honduras

The EITI Board decides that Honduras is suspended effective 13 February 2018 due to not publishing the 2015 EITI Report by 31 December 2017. The EITI Board notes that Honduras did not submit an extension request. In accordance with the EITI Standard, the suspension will be lifted if the EITI Board is satisfied that the outstanding EITI Report is published within six months of the deadline, i.e. by 30 June 2018. If the outstanding EITI report is not published by 30 June 2018, the suspension will remain in force until the EITI Board is satisfied that the country has met requirement 4.8 (i.e., published an EITI Report covering data no older than the second to last complete accounting period – e.g. the 2016 EITI Report is published by the end of 2018). If the suspension is in effect for more than one year, the EITI Board will delist Honduras.

Board decision on Kyrgyz Republic

The EITI Board notes that the Kyrgyz Republic did not publish the 2015 EITI Report by the deadline of 31 December 2017 and did not submit an extension request. Recognising that the Kyrgyz Republic is currently suspended due to having achieved insufficient progress during Validation, the EITI Board calls upon the government to ensure progress with the corrective actions, including the publication of an EITI Report that meets requirement 4.8 on timely EITI Reporting (i.e. a 2016 EITI Report), by the time of the second Validation commencing 8 September 2018.

Board decision on Madagascar

The EITI Board concludes that Madagascar is eligible for an extension of the reporting deadline. The reporting deadline is extended to 1 May 2018. If the outstanding EITI Report is not published by 1 May 2018, Madagascar will be suspended. The suspension will not be lifted until requirement 4.8 is met. If the suspension is in effect for more than one year the EITI Board will delist Madagascar.

Board decision on Mozambique

The Board concluded that Mozambique is ineligible for an extension of the reporting deadline. The Board noted that the delayed report was published on 12 February 2018. In accordance with previous practice, the suspension was not enforced.

Board decision on Peru

The Board concluded that Peru is ineligible for an extension of the reporting deadline. The Board noted that the delayed report was published on 12 February 2018. In accordance with previous practice, the suspension was not enforced.

The EITI Board also grants Peru an extension of the deadline for commencement of the second Validation. Taking into account the progress made on corrective actions, the delays in preparing for Validation caused by the delays with the 2015 EITI Report, and need to ensure equal treatment of countries, the EITI Board decides that Ghana's second Validation will begin on 1 July 2018.

Board decision on Republic of Congo

The Board concluded that the Republic of Congo is ineligible for an extension of the reporting deadline. The Board noted that the delayed report was published on 2 February 2018. In accordance with previous practice, the suspension was not enforced.

The EITI Board also noted that the Republic of Congo did not publish the 2016 Annual Progress Report by the deadline of 1 July 2017 and did not submit an extension request. The Board noted that the delayed report was published on 10 January 2018. In accordance with previous practice, the suspension was not enforced.

Board decision on Seychelles

The EITI Board concluded that the Seychelles is ineligible for an extension of the deadline of 31 December 2017 for the publication of the 2015 EITI Report. The Board noted that the delayed report was published on 9 January 2018. In accordance with previous practice, the suspension was not enforced.

Board decision on Sierra Leone

The EITI Board concluded that the Seychelles is ineligible for an extension of the deadline of 31 December 2017 for the publication of the 2015 EITI Report. The Board noted that the delayed report was published on 12 February 2018. In accordance with previous practice, the suspension was not enforced.

Board decision on Solomon Islands

The EITI Board notes that the Solomon Islands did not publish the 2015 EITI Report by the deadline of 31 December 2017 and did not submit an extension request. Recognising that the Solomon Islands is currently suspended due to having achieved insufficient progress during Validation, the EITI Board calls upon the government to ensure progress with the corrective actions, including the publication of an EITI Report that meets requirement 4.8 on timely EITI Reporting (i.e. a 2016 EITI Report), by the time of the second Validation commencing 8 March 2018.

Annex B – Board decision on adapted implementation of Ukraine

The EITI Board accepts the Ukrainian multi-stakeholder group's request for adapted implementation with respect to coverage of extractive industries in the Donetsk and Luhansk regions and in Crimea. The request applies to the 2016 and 2017 EITI Reports.

The EITI Standard allows for adapted implementation "where the country faces exceptional circumstances that necessitate deviation from the implementation requirements" (Requirement 8.1). In taking this

decision, the EITI Board notes the ongoing conflict in the region, and that the government is currently not able to compel companies and local government agencies in these regions to participate in the EITI process.

The EITI Board welcomes the commitment from the government and the multi-stakeholder group to continue to engage with companies and government agencies with activities in these regions with a view to ensuring full disclosure of information required by the EITI Standard.

Where comprehensive information is not obtained from these entities, the multi-stakeholder group is expected to include links to other publicly available sources of information.

It is a requirement that there continues to be full unilateral disclosure of any revenues received by the Government of Ukraine from companies and local government agencies in these regions. The 2016 and 2017 EITI Reports should include an assessment of the comprehensiveness of the information, highlighting any gaps in the information available.

Annex C – Board decisions on Validations

Board decision on Albania

1. Board Statement

Following the conclusion of Albania's Validation, the EITI Board decides that Albania has made meaningful progress overall in implementing the EITI Standard.

The Board congratulates the Government of Albania and Multi-Stakeholder Group (MSG) on the progress made in improving transparency and accountability in the extractive industries by using the process to address local concerns, both through active dissemination and outreach efforts and by expanding the scope of EITI reporting to the hydro-power sector. The Board encourages the government to continue the recent discussions on transparency in off-budget revenues and subnational transfers, and to improve the disclosures of transactions related to state-owned enterprises in order to address existing transparency gaps.

Eight years of the EITI implementation has led to tangible impacts through government reforms and host communities' greater awareness of their rights. For instance, EITI reporting of delayed subnational mining revenue transfers led to legal reform and gradual clearing of arrears in transfers to local governments. The Board encourages the government and the MSG to further entrench an enabling legal environment for EITI implementation by enacting the draft Law on Transparency in the Extractive Industries, aligned with the EU Transparency Directive, and moving towards mainstreamed transparency in government and company systems.

The Board recognises Albania's efforts to go beyond the requirements of the EITI Standard regarding expanding its scope to hydropower. The Board also takes note of the government's efforts to increase beneficial ownership transparency by including mandatory beneficial ownership reporting for all oil, gas and mining companies in the draft Law on Transparency in the Extractive Industries. The Board encourages the government to establish a transparency and accountability framework for the Trans-Adriatic Pipeline (TAP) project.

The Board has determined that Albania will have 12 months, i.e. until 13 February 2019 before a second Validation to carry out corrective actions regarding the requirements relating to civil society governance (1.3), MSG governance (1.4), license allocations (2.2), license register (2.3), policy on contract transparency (2.4), state-participation (2.6), direct subnational payments (4.6), data quality (4.9), distribution of revenues (5.1), social expenditures (6.1), SOE quasi-fiscal expenditures (6.2) and follow up on recommendations

(7.3), with social expenditures and SOE quasi-fiscal expenditures being the main areas of concern. The Board highlighted the need for the CSO constituency to be more fully, actively and effectively engaged in the EITI process. The corrective actions agreed by the Board include a requirement to develop and disclose an action plan for addressing the deficiencies in civil society company engagement documented in the initial assessment and the Validation Report within three months of the Board’s decision. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Albania’s MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board’s decision followed a Validation that commenced on 1 July 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG’s comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG’s comments. The final decision was taken by the EITI Board.

2. Assessment card

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Work plan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					

informed decisions and follow up on agreed actions. In accordance with requirement 1.4.b.ii and 1.4.b.iii, the MSG should undertake effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. Members of the MSG should liaise with their constituency groups. In accordance with requirement 1.4.b.vi, the MSG should ensure an inclusive decision-making process throughout implementation, particularly as concerns industry and civil society. It is also recommended that the MSG reviews evaluation procedures for its members that all constituencies would agree to follow.

3. In accordance with requirement 2.2.a, the MSG should ensure annual disclosure of which mining, oil and gas licenses were awarded and transferred in the year(s) under review, highlighting the technical and financial requirements and any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers.
4. In accordance with requirement 2.3.b, Albania should ensure that dates of application, award and expiry, commodity(ies) covered and coordinates for all oil, gas and mining licenses held by material companies are publicly available. The government is encouraged to make this information available for licenses held by all companies, regardless of their materiality.
5. In accordance with requirement 2.4.b, Albania is required to document in future EITI Reports the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, any reforms that are planned or underway as well as an overview of contracts already published.
6. In accordance with requirement 2.6.a, the MSG should provide an explanation of the prevailing rules and practices related to SOEs' retained earnings, reinvestment and third-party funding. The government should also ensure annual disclosure of any changes in government ownership in SOEs or their subsidiaries, and provide a comprehensive account of any loans or loan guarantees extended by the state or SOEs to mining, oil, and gas companies in line with requirement 2.6.b.
7. To strengthen implementation, the MSG is strongly encouraged to ensure that future EITI Reports include Albpetrol's dividends to government in the scope of reconciliation, in line with requirement 4.5.
8. In accordance with requirement 4.6, the MSG should undertake appropriate scoping of direct subnational payments by extractive companies to LGUs, establishing a comprehensive basis for the MSG's materiality discussions regarding direct payments to LGUs. The MSG may wish to consider a sampling approach, which would allow these payments to be investigated without creating an unreasonable reporting burden.
9. In accordance with Requirement 4.9.a, the EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. In accordance with requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should:
 - Examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, and based on this examination, agree what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9. The Independent Administrator should exercise judgement and apply appropriate international professional standards in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator

should employ his/her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The Independent Administrator's inception report should document the options considered and the rationale for the assurances to be provided.

- Ensure that the Independent Administrator provides an assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - Ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.
10. In accordance with requirement 5.1.a, the MSG should ensure that the allocation of extractives revenues not recorded in the national budget are explained, with links provided to relevant financial reports as applicable. The MSG may wish to explore the extent to which it could use extractives-specific GFS classifications from its EITI summary data tables as a means of disaggregating the extractives components of common taxes in existing MoF systems.
 11. In accordance with requirement 6.1.a, the MSG should agree a clear distinction between mandatory and voluntary social expenditures prior to data collection and ensure that material mandatory social expenditures are comprehensively disclosed in future EITI Reports. Where beneficiaries of mandatory social expenditures are a third party, i.e. not a government agency, the MSG should ensure that the name and function of the beneficiary be disclosed. The MSG may wish to consider the extent to which disclosure of actual mining, oil and gas contracts (or review of key terms) would be necessary to provide a comprehensive assessment of the existence of mandatory social expenditures. The MSG may also wish to consider the feasibility of reconciling mandatory social expenditures.
 12. In accordance with requirement 6.2, the MSG should consider the existence and materiality of any quasi-fiscal expenditures undertaken by extractive SOEs and their subsidiaries, ensuring that all material quasi-fiscal expenditures are disclosed in future EITI Reports.
 13. In accordance with requirement 7.3, the MSG should take steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies, and to consider the recommendations resulting from EITI reporting. The MSG, in consultation with government stakeholders in particular, may wish to consider institutionalising its mechanisms for following up on recommendations from EITI Reports and Validation as a means of ensuring stricter attention to implementation.

The government and the MSG are encouraged to consider the other recommendations in the Validator's Report and the International Secretariat's initial assessment, and to document the MSG's responses to these recommendations in the next annual progress report

Board decision on Burkina Faso

1. Board Statement

Following the conclusion of Burkina Faso's Validation, the EITI Board decides that Burkina Faso has made

meaningful progress overall in implementing the EITI Standard.

The Board congratulates the Government of Burkina Faso and the Steering Committee on the progress made in improving transparency and accountability in the extractive industries in a period of political turmoil, including a popular uprising in 2014 and an abortive coup in 2015. During and following the transition period, the government has remained committed to keeping the space for civil society open and dynamic. The public administration is using the EITI to drive reforms in government systems and oversight of the mining sector. The Steering Committee continues to provide timely and reliable information to the public, including civil society, media and affected communities.

Burkina Faso has gradually expanded its EITI reporting in response to demand for more information, including on sub-national payments and local content. The Board encourages the government to explore opportunities to open EITIA data and support efforts to mainstream EITI implementation by working closely with the Burkina Faso Open data initiative. The Board encourages the government and the national Steering Committee to explore opportunities to improve transparency in the artisanal mining sector and implement recommendations from the recently completed mainstreaming feasibility study.

The Board recognises Burkina Faso's efforts to go beyond the requirements of the EITI Standard regarding civil society engagement (1.3) as well as disclosures on voluntary social payments (6.1). The Board encourages Burkina Faso to improve the internal governance of the EITI steering committee and to enhance transparency of state owned companies managing the state participation in the extractive sector. The Board also takes note of Burkina Faso's achievements in publishing comprehensive, timely and reliable information and the government's increased contribution to financing implementation in the country (see full assessment of EITI requirements on figure 1 below).

The Board recognizes the EITI's efforts to provide reliable data on gold production, exports, and the sector's contribution to fiscal revenues. Stakeholders engaged in the EITI process contributed in the debate that led to the adoption of the 2015 mining code, which allows for the transfer of 1% of company turnover to a local development fund that would be managed by local committees. Given its tri-partite nature and trust in the process, the Board recognizes the role of the EITI Steering Committee to provide a safe space for constructive dialogue, at the central and local level and address local communities' concerns. With respect to improved governance systems, the Board notes the elaboration of the regulations to operationalize the environmental rehabilitation fund following the publication of the first EITI report; the modernization of the mining cadastre through the implementation of a new cadastral management software; and the inter-ministerial committee for the reconciliation and validation of mining revenues collected by central government.

The Board has determined that Burkina Faso will have 18 months, i.e. until 13 August 2019 before a second Validation to carry out corrective actions regarding the requirements relating to MSG governance (1.4), and state participation (2.6) being the main areas of concern. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Burkina Faso's multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board’s decision followed a Validation that commenced on 1 April 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG’s comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG’s comments. The final decision was taken by the EITI Board.

2. Assessment card

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)				█	
	Industry engagement (#1.2)				█	
	Civil society engagement (#1.3)					█
	MSG governance (#1.4)		█			
	Work plan (#1.5)			█		
Licenses and contracts	Legal framework (#2.1)				█	
	License allocations (#2.2)				█	
	License register (#2.3)			█		
	Policy on contract disclosure (#2.4)				█	
	Beneficial ownership (#2.5)	█				
	State participation (#2.6)		█			
Monitoring production	Exploration data (#3.1)				█	
	Production data (#3.2)				█	
	Export data (#3.3)				█	
Revenue collection	Comprehensiveness (#4.1)				█	
	In-kind revenues (#4.2)	█	█	█	█	█
	Barter agreements (#4.3)	█	█	█	█	█
	Transportation revenues (#4.4)	█	█	█	█	█
	SOE transactions (#4.5)	█	█	█	█	█
	Direct subnational payments (#4.6)	█	█	█	█	█
	Disaggregation (#4.7)				█	
	Data timeliness (#4.8)				█	
	Data quality (#4.9)				█	
Revenue allocation	Distribution of revenues (#5.1)				█	
	Subnational transfers (#5.2)				█	
	Revenue management and expenditures (#5.3)	█				
Socio-economic contribution	Mandatory social expenditures (#6.1.)					█
	SOE quasi-fiscal expenditures (#6.2)	█	█	█	█	█
	Economic contribution (#6.3)			█		
Outcomes and impact	Public debate (#7.1)				█	
	Data accessibility (#7.2)	█				
	Follow up on recommendations (#7.3)			█		

	Outcomes and impact of implementation (#7.4)				
Overall assessment:	Meaningful progress				

Legend to the assessment card

	No progress. All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
	Inadequate progress. Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
	Meaningful progress. Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
	Satisfactory progress. All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
	Beyond. The country has gone beyond the requirements.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

3. Corrective actions

1. In line with Requirement 1.4, the MSG should task each stakeholder group to clarify their internal nominations and representation procedures to improve the transparency and participation in the process. The MSG should also agree a process to ensure greater accountability of MSG representatives to the constituencies and ensure that its per diem practice is publicly codified. As a matter of urgency, the MSG should agree a clear and formalised ToRs in line with Requirement 1.4.b. The MSG may also wish to formalise its relations with local multi-stakeholder chapters to guide developments and ensure that vibrant discussions at the local level are fed into the national MSG's discussions.
2. In line with Requirement 1.5, the MSG should agree a work plan linked to national priorities and that is the product of wide consultation with stakeholders. The MSG is encouraged to consider how more meaningful discussions through the EITI, linking to national priorities, could encourage more active participation by all stakeholder groups.
3. In line with Requirement 2.2, the MSG should ensure comprehensive disclosure of the mining, oil and gas licenses awarded and transferred in the year(s) under review, a description of the detailed procedures for transferring mining, oil and gas licenses, including technical and financial criteria assessed, and highlight any non-trivial deviations in practice in the award and transfer of licenses in the year(s) under review.
4. In line with Requirement 2.3, the MSG should ensure comprehensive disclosure of the dates of application and license coordinates for all licenses held by material companies, if not for all extractives licenses irrespective of the license-owner's identity. This information may be made available through government and company reporting systems as a routine feature of their management systems.

5. In line with Requirement 2.4, the MSG should encourage comprehensive disclosure on actual practice of contract disclosure in the mining sector as well as the implication of the revised government policy on contract transparency.
6. In line with Requirement 2.5, to strengthen implementation and prepare for full disclosure of beneficial ownership by 2020, it is recommended that the MSG continues to pilot beneficial ownership reporting in future EITI reporting.
7. In line with Requirement 2.6, the MSG should ensure comprehensive disclosure of the extractives companies in which the government, or any SOE, holds equity and the terms associated with this equity. It should also work with government stakeholders to clarify and document the rules and practice related to the financial relation between SOEs and the government (such as those related to retained earnings, reinvestment and third-party funding) as well as the existence of any loans or loan guarantees from the state or any SOE to companies operating in the mining sector.
8. In line with Requirement 3.2, the MSG is encouraged to comprehensively disclose production volumes and values for each mineral commodity produced in the year under review. The MSG may wish to work with relevant government entities to distinguish between official data on industrial and artisanal production. The MSG may also ensure that information on domestic prices of all minerals is published as part of routine government disclosures.
9. In line with Requirement 3.3, the MSG is encouraged to ensure comprehensive disclosure of the official figures for export volumes and values for each of the minerals exported in the year(s) under review. The MSG may also wish to distinguish between industrial and artisanal production in future disclosures.
10. In line with requirement 4.1, it is recommended that the national secretariat revise the scope and thresholds of reporting to expedite the reporting process and facilitate mainstreamed disclosures.
11. In line with requirement 4.9, the MSG may wish to liaise with key revenue collecting agencies and sector regulators to explore means of embedding disclosures of EITI-required information in routine government and company systems to ensure timelier disclosures.
12. In line with Requirement 6.3, the MSG should ensure comprehensive disclosure, in absolute and relative terms, of the extractive industries' contribution to employment as well as an overview of informal activities, such as artisanal mining.
13. In line with Requirement 7.3, the MSG should ensure broad consultations on all recommendations from Burkina Faso's EITI process, including Validation as a means of building stakeholder buy-in to following up on concrete reforms. The MSG should act upon lessons learned and identify, investigate and address the causes of any discrepancies in company and government reporting, establishing a clear timeframe and responsibilities for implementation of reforms. The MSG, in consultation with government stakeholders in particular, may wish to consider institutionalising its mechanisms for following up on recommendations from the EITI process, including Validation, as a means of ensuring closer attention to implementation

The government and the National Steering Committee are encouraged to consider the other recommendations in the Validator's Report and the International Secretariat's initial assessment, and to document the Steering Committee's responses to these recommendations in the next annual progress report.

Board decision on Kazakhstan

1. Board Statement

Following the conclusion of Kazakhstan's Validation, the EITI Board decides that Kazakhstan has made meaningful progress overall in implementing the EITI Standard.

The Board congratulates the Government of Kazakhstan and National Stakeholders Council (NSC) on the progress made in improving transparency and accountability in the extractive industries by providing timely and reliable information to the public, including civil society, media and affected communities. It is notable how Kazakhstan has gradually expanded its EITI reporting in response to demand for more information, including on local content, social investments and transportation of oil, gas and minerals. The Board encourages the government to continue the recent discussions on transparency in contracts and beneficial ownership, and to improve the disclosures of transactions related to state-owned enterprises in order to address existing transparency gaps.

After ten years of EITI reports, Kazakhstan has taken important steps towards "EITI mainstreaming", including by providing public access to relevant financial data the government's database for tracking contractual obligations as well as the launch of the online license cadastre. The Board encourages the government and the NSC to explore opportunities for fully transitioning to mainstreamed implementation by implementing the recommendations of the recently completed feasibility study.

The Board recognises Kazakhstan's efforts to go beyond the requirements of the EITI Standard regarding disclosures related to the legal framework (requirement 2.1), exploration data (3.1), export data (3.3), data timeliness (4.8), distribution of revenues (5.1) revenue management and expenditures (5.3), and data accessibility (7.2). The Board also takes note of the government's efforts to increase beneficial ownership transparency by proposing mandatory beneficial ownership reporting by oil, gas and mining companies in the draft new Law on Subsoil.

The Board has determined that Kazakhstan will have 18 months, i.e. until 13 August 2019 before a second Validation to carry out corrective actions regarding the requirements relating to MSG governance (1.4), license register (2.3), state-participation (2.6), production data (3.2), barter arrangements (4.3), transportation (4.4), data quality (4.9), social expenditures (6.1), SOE quasi-fiscal expenditures (6.2) and outcomes and impact of EITI implementation (7.4), with SOE quasi-fiscal expenditures being the main area of concern. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, Kazakhstan's multi-stakeholder group may request an extension of this timeframe, or request that Validation commences earlier than scheduled.








The Board's decision followed a Validation that commenced on 1 July 2017. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a draft Validation report to the MSG for comment. The MSG's comments on the report were taken into consideration by the independent Validator in finalising the Validation report and the independent Validator responded to the MSG's comments. The final decision was taken by the EITI Board.

2. Assessment card

EITI Requirements		LEVEL OF PROGRESS				
		No	Inadequate	Partial	Substantial	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Work plan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					
Socio-economic contribution	Social expenditures (#6.1)					
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)					
Outcomes and impact	Public debate (#7.1)					
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)					
	Outcomes and impact of implementation (#7.4)					

:

Legend to the assessment card

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

3. Corrective actions

The EITI Board agreed the following corrective actions to be undertaken by Kazakhstan. Progress in addressing these corrective actions will be assessed in a second Validation commencing on 13 August 2019:

1. In accordance with requirement 1.4.a.i and 1.4.a.ii on MSG governance, civil society should agree a process for ensuring diverse and representative participation of civil society in the National Stakeholder Council. The invitation to participate in the work of the NSC must be open, transparent and independent. In accordance with requirement 1.4.a.ii and the NSC MoU, civil society members of the NSC should also make sure that their funding sources and affiliations are transparent.
2. In accordance with requirement 2.3 on license registers, the government should publish the date of application for licenses and contracts, as well as the date of award and duration of the licenses and contracts, ideally on the online license register.
3. In accordance with requirement 2.6 on state-participation, the government should engage SOEs in the EITI process and ensure that future EITI Reports comprehensively:
 - lists all SOEs and all subsidiaries engaged in exploration, production or transportation of oil, gas and minerals. For each of these SOEs and subsidiaries, any ownership held in oil, gas and mining assets should be disclosed, as well as any changes in ownership during the financial year and the terms and valuations related to such changes in ownership. The terms attached to the equity stake of the SOE and/or subsidiary in each of their projects should also be transparent.
 - Describes the rules and practices regarding the financial relationship between each SOE and/or subsidiary and the government, e.g. the rules and practices governing transfers of funds between the SOE/SOE subsidiary and the state, retained earnings, reinvestments and third-party financing. The description could also include other benefits such as e.g. preferential rights to licenses and contracts, etc.
 - Details on any loans or loan guarantees provided by the government and SOEs, to any private companies or subsidiaries or affiliates that are engaged in oil, gas and mining activities.
4. In accordance with requirement 3.2 on production data, the government should disclose production values for minerals and metals.
5. In accordance with requirement 4.3 on barter arrangements, the government and the NSC should establish the relevance and applicability of barter arrangements, i.e. whether oil, gas and minerals

- are fully or partially exchanged for any goods or services. This should include assessment of whether any bilateral swap agreements with Russia could qualify as a barter arrangement.
6. In accordance with requirement 4.4 on transportation, the government and the NSC should strengthen its plans for overcoming barriers to full transparency in revenues from transportation of oil, gas and minerals in the country, including by engaging more directly with transportation companies.
 7. In accordance with requirement 4.9 and the Standard Terms of Reference for Independent Administrators, the NSC should make sure that the production of future EITI Reports includes the development of an inception report. The NSC should also ensure that the Independent Administrator carries out a review of prevailing auditing and accounting practices in government agencies and that the approach to data assurance for government agencies is reflected in the inception report. Alternatively, the NSC is encouraged to explore opportunities for fully transitioning to mainstreamed implementation.
 8. In accordance with requirement 6.1, the NSC should clarify the various types of mandatory social expenditures that exist and ensure that all material social expenditures are covered in the next EITI Report.
 9. In accordance with requirement 6.2, the government and the NSC should ensure that SOEs disclose any material quasi-fiscal expenditures. Quasi-fiscal expenditures include arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.
 10. In accordance with requirement 7.4, the NSC should ensure that the next annual progress report includes an assessment of the impact of the implementation of the work plan and other EITI activities. In addition, the NSC should ensure that the production of the annual progress report is an opportunity for wider stakeholders to provide feedback and input to the EITI process in Kazakhstan.

The government and the National Stakeholder Council is encouraged to consider the other recommendations in the Validator's Report and the International Secretariat's initial assessment, and to document the NSC's responses to these recommendations in the next annual progress report. For example, in its consideration of further amendments to laws affecting civil society and in its practice of enforcing these laws, the government should take care to ensure that such measures do not affect the ability of civil society to effectively participate in the EITI. The MSG is also encouraged to continue its work on the governance challenges associated with environmental payments. Specifically, there are concerns that environmental rehabilitation payments and environmental fines are not spent on environmental reclamation as intended, but on other budget needs. Further transparency in these transactions would be desirable, notably tracking payment and receipt of environmental fees and fines as well as transparency in spending of the money earmarked for environmental rehabilitation through the EITI.

Board decision on Mongolia

1. Board Statement

The EITI Board agrees that Mongolia has fully addressed the corrective actions from the country’s first Validation. Consequently, Mongolia has made satisfactory progress overall with implementing the EITI Standard.

The Board recognises Mongolia’s pioneering efforts in ensuring accessible, regular disclosure of information on the sector to its citizens, not least through the EITI Mongolia Data Portal <https://e-reporting.eitimongolia.mn/>. The second Validation has confirmed Mongolia’s efforts to use EITI reporting as a diagnostic to drive reforms in the management of extractives licenses, state participation in the mining sector, including quasi-fiscal expenditures, subnational transfers and social expenditures. While some discrepancies between rules and practice in the governance of the extractive industries persist, the Board considered that the latest EITI Report adequately reflected practical challenges in the sector. Gradual improvements in the multi-stakeholder group’s cohesion and oversight are reflected in the quality of the 2016 EITI Report, although the Board encourages stakeholders to continue enhancing the dynamism of its dissemination, outreach and assessment of impact.

The Board welcomes ongoing efforts to ensure systematic disclosure of requirements 2-6 on EITI reporting. The Board takes note of these developments and looks forward to working together with Mongolian stakeholders on these issues.

The Multi-Stakeholder Working Group (MSWG) should continue to ensure adherence to the EITI Principles and Requirements. Where concerns are raised about whether implementation of the EITI has fallen below the required standard, the EITI Board reserves the right to require the country to undergo a new Validation. In accordance with Requirement 8.3.b, stakeholders may petition the EITI Board if they consider that Mongolia’s status should be reviewed. Otherwise, in accordance with Requirement 8.3.d.i, Mongolia will be revalidated in three years, with the next Validation commencing on 13 February 2021.

2. Assessment card

EITI Requirements		Level of progress					Direction of Progress
Categories	Requirements	No progress	Inadequate	Meaningful	Satisfactory	Beyond	
Mongolia Second Validation scorecard							
MSG oversight	Government engagement (#1.1)						
	Industry engagement (#1.2)						
	Civil society engagement (#1.3)						
	MSG governance (#1.4)						--->
	Work plan (#1.5)						
Licenses and contracts	Legal framework (#2.1)						
	License allocations (#2.2)						--->
	License register (#2.3)						--->
	Policy on contract disclosure (#2.4)						
	Beneficial ownership (#2.5)						
	State participation (#2.6)						--->
Monitoring production	Exploration data (#3.1)						
	Production data (#3.2)						
	Export data (#3.3)						
Revenue collection	Comprehensiveness (#4.1)						
	In-kind revenues (#4.2)						

	Barter agreements (#4.3)						
	Transportation revenues (#4.4)						
	SOE transactions (#4.5)						--->
	Direct subnational payments (#4.6)						
	Disaggregation (#4.7)						
	Data timeliness (#4.8)						
	Data quality (#4.9)						--->
Revenue allocation	Distribution of revenues (#5.1)						
	Subnational transfers (#5.2)						--->
	Revenue management & expenditures (#5.3)						
Socio-economic contribution	Mandatory social expenditures (#6.1)						--->
	SOE quasi-fiscal expenditures (#6.2)						--->
	Economic contribution (#6.3)						
Outcomes and impact	Public debate (#7.1)						
	Data accessibility (#7.2)						
	Follow up on recommendations (#7.3)						
	Outcomes & impact of implementation (#7.4)						--->
Overall assessment	Satisfactory progress						--->

Legend to the assessment card

- No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
- Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
- Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
- Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
- Beyond.** The country has gone beyond the requirements.
- This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
- The MSG has demonstrated that this requirement is not applicable in the country.

Board decision on Timor Leste

1. Board Statement

The EITI Board agrees that Timor-Leste has fully addressed the corrective actions from the country's first Validation. Consequently, Timor-Leste has made satisfactory progress overall in implementing the EITI Standard.

The EITI Board commends Timor-Leste for addressing the corrective actions by improving the level of disclosures in EITI Reports and by enabling more meaningful participation by the civil society and companies.

The Board also welcomed progress in mainstreaming EITI implementation, are encouraged the Multi-Stakeholder Working Group (MSWG) to consider further the opportunities to improve government and company disclosures.








The Multi-Stakeholder Working Group (MSWG) should continue to ensure adherence to the EITI Principles and Requirements. Where concerns are raised about whether implementation of the EITI has fallen below the required standard, the EITI Board reserves the right to require the country to undergo a new Validation. In accordance with Requirement 8.3.b, stakeholders may petition the EITI Board if they consider that Timor Leste’s status should be reviewed. Otherwise, in accordance with Requirement 8.3.d.i, Timor-Leste will be revalidated in three years, with the next Validation commencing on 13 February 2021.

2. Assessment card

EITI Requirements		Level of progress					Direction of Progress
		No progress	Inadequate	Meaningful	Satisfactory	Beyond	
Categories	Requirements						
Timor-Leste Second Validation scorecard							
MSG oversight	Government engagement (#1.1)						
	Industry engagement (#1.2)						--->
	Civil society engagement (#1.3)						--->
	MSG governance (#1.4)						--->
	Work plan (#1.5)						
Licenses and contracts	Legal framework (#2.1)						
	License allocations (#2.2)						
	License register (#2.3)						
	Policy on contract disclosure (#2.4)						
	Beneficial ownership (#2.5)						
	State participation (#2.6)						
Monitoring production	Exploration data (#3.1)						
	Production data (#3.2)						
	Export data (#3.3)						
Revenue collection	Comprehensiveness (#4.1)						
	In-kind revenues (#4.2)						
	Barter agreements (#4.3)						
	Transportation revenues (#4.4)						
	SOE transactions (#4.5)						
	Direct subnational payments (#4.6)						
	Disaggregation (#4.7)						--->
	Data timeliness (#4.8)						
	Data quality (#4.9)						--->
Revenue allocation	Distribution of revenues (#5.1)						
	Subnational transfers (#5.2)						
	Revenue management & expenditures (#5.3)						
Socio-economic contribution	Mandatory social expenditures (#6.1)						--->
	SOE quasi-fiscal expenditures (#6.2)						
	Economic contribution (#6.3)						

Outcomes and impact	Public debate (#7.1)							
	Data accessibility (#7.2)							
	Follow up on recommendations (#7.3)							
	Outcomes & impact of implementation (#7.4)							--->
Overall assessment	Satisfactory progress							--->

Legend to the assessment card

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

Annex D – Participant List decisions on Validations

(Board members not attending in grey)

Chair

Mr Fredrik REINFELDT

Countries

Implementing Countries

Ms Olga BIELKOVA, Member of Parliament, Ukraine

Alt: **Mr Ruslan BAIMISHEV**, Director of Subsoil Use Department Ministry for Investments and Development, Republic of Kazakhstan

Mr Montty GIRIANNA, President, EITI National Committee, Indonesia

Alt: **Ms Maria Teresa S. HABITAN**, Assistant Secretary, Department of Finance, Philippines

Ms Zainab AHMED, Federal Minister of State Ministry of Budget and National Planning, Nigeria

Alt: **Mr José Fernandes ROSA CARDOSO**, National Coordinator, São Tomé e Príncipe

Mr Didier Vincent Kokou AGBEMADON, National Coordinator, Togo

Alt: **Mr Mankeur NDIAYE**, President, EITI National Committee, Senegal

Ms Agnès Solange ONDIGUI OWONA, National Coordinator, Cameroon

Alt: **Ms Marie-Thérèse HOLENN AGNONG**, National Coordinator, Democratic Republic of Congo

Mr Victor HART, Chair of TTEITI, Trinidad and Tobago

Alt: **Mr Carlos Andres CANTE**, Vice Minister of Mines, Colombia

Supporting Countries

Mr Mark PEARSON, Director General, Planning, Delivery and Results Branch, Natural Resources Canada

Alt: **Mr Chris DAVY**, Director of Policy Analysis and Public Diplomacy, Bureau of Energy Resources, U.S. State Department, USA

Mr Bent GRAFF, Senior Policy Advisor, Development Policy & Financing, Ministry of Foreign Affairs, Denmark

Alt: **Ms Rhona BIRCHALL**, Extractives Adviser, Governance & Extractives Team, Department for International Development (DFID), UK

Ms Rosmarie SCHLUP, Head Macroeconomic Support, Economic Cooperation and Development State Secretariat for Economic Affairs (SECO), Switzerland

Alt: **Mr Dirk-Jan KOCH**, Special Envoy for Natural Resources, Ministry of Foreign Affairs, Netherlands

Civil Society Organisations

Mr Daniel KAUFMANN, President, Natural Resource Governance Institute (NRGI)

Alt: **Ms Jana MORGAN**, Director of Advocacy and Campaigns at ICAR - International Corporate Accountability Roundtable, USA

Mr Gubad IBADOGLU, Senior Researcher, Economic Research Center, Azerbaijan

Alt: **Mr Oleksiy ORLOVSKY**, International Renaissance Foundation, Ukraine

Ms Faith NWADISHI, Executive Director, Koyenum Immalah Foundation/National Coordinator Publish What You Pay, Nigeria

Alt: Mr Brice MACKOSSO, Commission Justice et Paix, Republic of Congo

Ms Ana Carolina GONZÁLEZ ESPINOSA, Universidad Externado de Colombia, Colombia

Alt: Mr César GAMBOA, Derecho, Ambiente y Recursos naturales, Perú

Ms Cielo MAGNO, Bantay Kita, Philippines

Alt: Mr Moses KULABA, Governance and Economic Policy Forum, Tanzania

Companies including Investors

Mr Stuart BROOKS, Manager, International Relations, Chevron

Alt: Ms Laura LOGAN, Corporate Issues Advisor, Public and Government Affairs, Exxon Mobil Corporation

Mr Dominic EMERY, Vice-President, Long-Term Planning, BP

Alt: Mr Alan McLEAN, Executive Vice President, Tax and Corporate Structure, Royal Dutch Shell

Ms Simone NIVEN, Group executive Corporate Relations, External Affairs, Rio Tinto

Alt: Mr James ENSOR, Executive Director, BHP Billiton Foundation

Mr Erik NÜRNBERG, Manager Legal, Statoil ASA, Norway

Alt: Mr Jean-François LASSALLE, Senior Adviser to the President E&P, Total

Mr Jim MILLER, Vice President, Environmental Affairs, Freeport-McMoRan, Copper&Gold Inc.

Alt: Mr Carlos ARANDA, Manager Technical Services, Southern Peru Copper Corporation

Mr Sasja BESLIK, Head of Responsible Investments at Nordea Asset Management

Board Secretary

Mr Jonas MOBERG, Head, EITI International Secretariat, Oslo

Observers

Mr Pertti Anttinen, Senior Adviser, Steering and coordination of development cooperation, Department for Africa and the Middle East, Ministry for Foreign Affairs, Finland

Mr Koen Van ACOLEYEN, Head of Transitional Development and Governance Unit (D5.2) / D4D Policy Coordinator (D0), Ministry of Foreign Affairs, Foreign Trade and Development Cooperation, Belgium

Ms Laurence ARNOULD, Spécialiste de programme, Organisation internationale de la Francophonie, France

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