Liberia 2016 Validation comparison matrix

Requirement	International Secretariat's initial assessment (source)	Comments from stakeholders on the Secretariat's initial report (source)	Independent Validator's assessment (source)	Comments from stakeholders on the Validation report (source)	Next steps
Requirement 2.2 – License allocations. a) Implementing countries are required to disclose the following information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report during the accounting period covered by the EITI Report: i. a description of the process for transferring or awarding the license; ii. the technical and financial criteria used; iii. information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and iv. any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards. It is required that the information set out above is disclosed for all license awards and	The International Secretariat's initial assessment is that Liberia has made inadequate progress towards meeting this requirement. While the EITI Report did not provide information on all mining licenses and petroleum blocks held by material companies, some of the information required under 2.3 was available on the two cadastres available online and through the NOCAL website for petroleum blocks. In mining, the EITI Report provided license-holder name, dates of award and expiry, but only dates of application for 15 of the 30 active licenses and no information on commodity covered or license coordinates (nor guidance on how to access them). The MLME cadastre provided license-holder name, dates of application and expiry and GPS coordinates but no information on commodity covered or dates of award. However, given the information on	The LEITI Secretariat stated: "There were no awards or transfer of Petroleum rights during the period July 1, 2013 to June 30, 2014. The transfer of COP's 80% share occurred in April 2013 which was outside the 2013/2014 reporting period (Annex 5; P74 list of leased oil blocks); therefore requirement for disclosure of information on non-trivial deviation or all provisions of Sub-requirement 2.2a do not apply to the LEITI 2013/2014 report. (ref 2.2b) and 2.2 of the Validation Guide. A count shows that Information about 47 licenses were disclosed contrary to the assertion that information about 9 licenses were omitted (Ref: Annexes 2 & 4; pp 68, 69 & 71) With respect to processes leading to the awards of the licenses during We hereto attach final copy of the Post-Award Process Audit for your consideration.	The independent Validator found: "The information provided on the forestry sector is vague and indeterminate with respect to timing, and no information was provided for the agricultural sector. The National Secretariat clarified, however, that an annex to the EITI Report shows there were no awards or transfer of petroleum rights during the reporting period of 2013-2014, and that information on the process for awarding and transferring licenses may be found in their Post-Award Process Audit. In view of the foregoing, we disagree with the International Secretariat that Liberia's progress is inadequate in meeting this requirement and find that its progress is MEANINGFUL."	Stakeholders did not provide any comments to the Validator's assessment.	On 15 February the Validation Committee agreed to recommend to the Board that requirement 2.2 be assessed as "meaningful progress" (Board Paper 36-5-D). In the absence of further comments from the MSG, it is suggested that this recommendation is retained.

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transfers taking place during the accounting year covered by the EITI Report, including license allocations pertaining to companies that are not included in the EITI Report, i.e. where their payments fall below the agreed materiality threshold. Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them. b) Where companies covered in the EITI Report hold licenses that were allocated prior to the accounting period of the EITI Report, implementing countries are encouraged, if feasible, to disclose the information set out in 2.2(a) for these licenses. c) Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government	duration of licenses provided in Section 3.1 (p.20), it is possible to calculate the date of award for all licenses on the MLME cadastre. The MLME cadastre appears to cover all licenses covered by material companies in the 2013-14 EITI Report. The EITI Report and the NOCAL website provide information on the eight oil and gas PSCs including contractor and operator names, dates of contract signature, amendment and ratification by legislature as well as commodities covered, but not license coordinates (or guidance on how to access them). However, while both the EITI Report and NOCAL website list an 80:20 split between ExxonMobil and COPL on Block 13, we note that the actual split was diluted to 83:17 in April 2013.137 The inaccuracy of information in NOCAL's PSC register is a concern. However, the NBC cadastre provides information on oil and gas PSCs including company names, equity split, dates of award and expiry and commodities covered. While license	Information on statutory allocation procedures for mineral production license – Ref: Pg. 19 (Mining Rights Allocation – (i) Mining Rights Process). We therefore conclude that the initial assessment of Inadequate Progress is a bit harsh."			

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is required to disclose the list of applicants and the bid criteria. d) Where the requisite information set out in 2.2(a-c) is already publicly available, it is sufficient to include a reference or link in the EITI Report. e) The multi-stakeholder group may wish to include additional information on the allocation of licenses in the EITI Report, including commentary on the efficiency and effectiveness of licensing procedures.	coordinates are not explicitly provided in the NBC cadastre, it is possible to zoom in to within 60m on the map user interface. It is a concern that the EITI Report did not refer to a public cadastre of mining licenses, providing only a link (but no description) to the NOCAL webpage providing information on active blocks.				
2.6 State Participation. Where state participation in the extractive industries gives rise to material revenue payments, implementing countries must disclose: a) An explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings,	The International Secretariat assessed progress as inadequate. The initial assessment noted that "While the EITI Report described the SOE in the oil and gas sector, NOCAL, as well as the general rules related to its financial relations with the government, it did not clarify the level of state ownership in either NOCAL or in mining projects like ArcelorMittal's. The EITI Report did not cover changes in government ownership in the period under review, the rules and practices related to	No comments	The Validator agreed with the Secretariat that this requirement was inadequate.	LEITI argues that a) NOCAL is 100% state-owned, b) it's up to the EITI/Validator to demonstrate the state owns a share in mining projects like AM's and c) LEITI's report reflected everything they could and an assessment of IP is too harsh.	On 15 February the Validation Committee agreed to recommend to the Board that requirement 2.2 be assessed as "inadequate progress" (Board Paper 36-5-D). The Validation Committee may wish to consider amending this recommendation in light of the MSG comments.

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reinvestment and third-party financing. For the purpose of EITI reporting, a SOE is a wholly or majority government- owned company that is engaged in extractive activities on behalf of the government. Based on this, the multi-stakeholder group is encouraged to discuss and document its definition of SOEs taking into account national laws and government structures. b) Disclosures from the government and SOE(s) of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project	reinvestment and third-party financing, nor the existence of any loans or loan guarantees from the government or NOCAL to any extractives companies." The assessment demonstrates that the State of Liberia owns 15% in Arcelor Mittal Liberia. This is also visible on p.32 of the Arcelor Mittal 2015 Fact Book.				

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cycle, e.g., full-paid equity, free equity, carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government and SOE(s) have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed.					
Requirement 3.1 – Overview of the extractive sector, including exploration. Implementing countries should disclose an overview of the extractive industries, including any significant exploration activities.	The International Secretariat's initial assessment is that Liberia has made satisfactory progress in meeting this requirement. The 2013-14 EITI Report provided an overview of the mining and petroleum sectors, including significant exploration activities. However, the lack of a description of informal activities is a concern given the prevalence of artisanal and small-scale mining for gold and diamonds.	The LEITI Secretariat did not make any comments on the initial assessment of requirement 3.1.	The independent Validator stated: "We disagree that Liberia has made satisfactory progress and find instead that its progress has been MEANINGFUL. Information is insufficient with respect to artisanal and small-scale mining, forestry, and agriculture."	Stakeholders stated: the LEITI report for 13/14 justly provided a clear overview of the extractive sector of Liberia to the requirement of the EITI standard. The standard requires implementing countries to "disclose an overview" of the Extractive Industries (EI) including significant exploration activities. The Standard is silent on the elements of that overview. The artisanal and small-scale mining sector falls below materiality for the	On 15 February the Validation Committee agreed to recommend to the Board that requirement 3.1 be assessed as "meaningful progress" (Board Paper 36-5-D). The Validation Committee may wish to consider amending this recommendation in light of the MSG comments. In Ottawa, the Committee's discussion focused on coverage of ASM. In other cases, this has been assessed at requirement 6.3.

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				period…. The LEITI Report discussed the significant issues of the sectors to the best of the knowledge of the report's author. For the validator to base her conclusion on reducing LEITI's rating to meaningful on a concern expressed about artisanal and small scale mining activities is unfair to the level of work done in the report, most especially where it is absent from the EITI Validation Guide. Additionally, there is no such thing as "artisanal and small-scale forestry and agriculture".	
Requirement 4.4 – Transportation revenues. Where revenues from the transportation of oil, gas and minerals are material, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (4.7). Implementing countries could disclose: a) A description of the transportation	The International Secretariat's initial assessment is that Liberia this requirement was not applicable to Liberia in the period under review. While the 2013-14 EITI Report did not cover transportation revenues, the 2014 annual activity report and the 2015 annual progress report noted the potential for transportation revenues but only under two agreements in future, not at the present time (nor in 2014). Stakeholders consulted confirmed the government did not receive any revenues	The LEITI Secretariat did not make any comments on the initial assessment of requirement 4.4.	The independent Validator stated: "We disagree that this provision is not applicable to Liberia and find that progress is INADEQUATE. There is some discussion of transportation revenues related to the forestry sector, but no documented discussion by the MSG on whether these are material. Neither was there discussion by the MSG on this issue with respect to the agricultural sector. There would typically be fees associated with ore transport permits in the mining sector, but there	Stakeholders stated: "The LEITI was informed by the Validation assessment team fielded to Liberia in August 2016 that Liberia's expansion of the EITI scope to the forestry and agriculture sectors is laudable but progress made therein would not positively affect the nation's rating during these validation processes mainly because those sectors are outside the EITI traditional scope, which we believe informed their assessment that 4.4 was not applicable to Liberia… Additionally, the validator's assertion that	On 15 February the Validation Committee agreed to recommend to the Board that requirement 4.4 be assessed as "not applicable" (Board Paper 36-5-D). The MSG's comments on this issue reinforce this finding.

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arrangements including: the product; transportation route(s); and the relevant companies and government entities, including SOE(s), involved in transportation. b) Definitions of the relevant transportation taxes, tariffs or other relevant payments, and the methodologies used to calculate them. c) Disclosure of tariff rates and volume of the transported commodities. d) Disclosure of revenues received by government entities and SOE(s), in relation to transportation of oil, gas and minerals. e) Where practicable, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling material payments and revenues associated with the transportation of oil, gas and minerals.	from the transportation of oil, gas or minerals.		is no discussion of regulatory or permitting fees collected for transporting ore in the same manner as this was discussed for forestry."	"There would typically be fees associated with ore transport permits in the mining sector" suggests a mere guess, something that lacks direct evidence. The judgment made based on this premise is unfair in the absence of evidence. There is no mention of material transport revenue in the report of the factfinding-team that carried out the initial assessment in Liberia. It is also important to note that the LEITI 7th Report (3.1 p.21) describes material taxes paid by mining companies, void of transport revenue. It is then clear that transport revenue was not applicable in the management of the Liberian extractive sectors during FY2013/14."	
Requirement 4.5 – Transactions related to state-owned enterprises.	The International Secretariat's initial assessment is that Liberia has made satisfactory progress in meeting this	The LEITI Secretariat did not make any comments on the initial assessment of requirement 4.5.	The independent Validator stated: "We disagree that Liberia has made satisfactory progress and find instead	Stakeholders stated: "We contend that the information disclosed about ad hoc transfers from NOCAL is fully	On 15 February the Validation Committee agreed to recommend to the Board that requirement 4.5 be

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The multi-stakeholder group must ensure that the reporting process comprehensively addresses the role of state-owned enterprises (SOEs), including material payments to SOEs from oil, gas and mining companies, and transfers between SOEs and other government agencies.	requirement. While the description of NOCAL's transactions with the government appears insufficiently specific, the EITI Report comprehensively disclosed and reconciled statutory payments from the SOE to government. However, the lack of reference to ad hoc transfers from NOCAL is a concern. In preparing its next EITI Report, the MSG may wish to identify all types of payments made by NOCAL to different government entities during the scoping phase, to ensure appropriate reference is made to ad hoc transfers.		that its progress has been MEANINGFUL. The required disclosures are incomplete, for example, there is insufficient information about ad hoc transfers from NOCAL. Moreover, there is no consideration of this issue as it may pertain to the forestry and agricultural sectors."	captured beyond the LEITI 2013/14 report with links provided in the NOCAL website, which contain additional details of NOCAL expenditures including ad hoc transfer as SOEs. Additionally, the 2014/15 national Budget contains expenditure information on all SOEs including NOCAL. The LEITI would again like the validator, International Secretariat and the Board's responsible committee to imagine the Ebola era where human contact was strictly prohibited and also documentation, which would have involved human contact. Documentation of Ad-hoc transfer made during such time was almost impossible. We concur with the EITI Secretariat's initial rating of satisfactory owing to specific and unique country context at the time."	assessed as "satisfactory progress" (Board Paper 36-5-D). The MSG's comments on this issue reinforce this finding.
Requirement 6.1 – Social expenditures by extractive companies. a) Where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive	The International Secretariat's initial assessment is that Liberia has made meaningful progress towards meeting this requirement. While the 2013-14 EITI Report provided companies' disclosures of mandatory	The LEITI Secretariat did not make any comments on the initial assessment of requirement 6.1.	The independent Validator stated: "We agree with the International Secretariat's factual findings in its Initial Assessment, but disagree with its conclusion that Liberia's progress has been meaningful. We	Stakeholders stated: "Materiality definition set at the scoping phase, which was extensively discussed by the MSG, covered ALL payments, including mandatory and voluntary social contributions. Templates approved by the MSG	On 15 February the Validation Committee agreed to recommend to the Board that requirement 6.1 be assessed as "meaningful progress" (Board Paper 36-5-D). The MSG's comments on this issue reinforce this finding.

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investment, implementing countries must disclose and, where possible, reconcile these transactions. Where such benefits are provided in kind, it is required that implementing countries disclose the nature and the deemed value of the in kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, it is required that the name and function of the beneficiary be disclosed. Where reconciliation is not feasible, countries should provide unilateral company and/or government disclosures of these transactions. b) Where the multi-stakeholder group agrees that discretionary social expenditures and transfers are material, the multi-stakeholder group is encouraged to develop a reporting process with a view to achieving transparency commensurate with the disclosure of other payments and revenue streams to government entities. Where reconciliation of key transactions is not	social expenditures disaggregated by cash and in-kind, albeit without setting an explicit materiality threshold for social expenditures, it did not disclose the nature of in-kind mandatory social expenditures nor the identity of any non-government beneficiaries. There is no evidence of the MSG's attempts to reconcile mandatory social expenditures nor of any barriers to such a reconciliation. It is also unclear from stakeholder consultations whether the mandatory social expenditures reported in the 2013-14 EITI Report are comprehensive.		find that Liberia's progress in implementing this provision has been INADEQUATE given that most of the requirements under this provision are unmet. The MSG neither discussed nor documented the issue of materiality with respect to this requirement. Disclosures of such expenditures are insufficient with respect to their nature and deemed value of in-kind benefits."	during the Scoping phase which were used for data collection contained provisions for both mandatory and voluntary social contributions reporting. Additionally, Page 84 specifically lists the Major Social Payments. - In further strengthening LEITI's efforts to publicize companies' Social Obligations, a contract Matrix Project was undertaken by the LEITI Secretariat which simplified agreements across the oil, mining, agriculture and forestry sectors for the period up to June 30, 2015. Report was published on the LEITI Website and disseminated in a nationwide exercise by the LEITI Secretariat in 2015. - We also attach evidence of additional efforts made by the LEITI to document and disclose Social payments by companies as you will see in the LEITI 5th Reconciliation Report. [Based on the] genuine and concerted efforts that we have made to cover mandatory social obligations (cash and In-kind) we contend that no less than meaningful	

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possible, e.g., where company payments are in kind or to a non-governmental third party, the multi-stakeholder group may wish to agree an approach for voluntary unilateral company and/or government disclosures.				Progress has been made in meeting this requirement."	
Requirement 6.2 – Quasi-fiscal expenditures. Where state participation in the extractive industries gives rise to material revenue payments, implementing countries must include disclosures from SOE(s) on their 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	The International Secretariat's initial assessment is that Liberia has made inadequate progress towards meeting this requirement. There is no evidence of the MSG's discussions related to the existence or materiality of quasi-fiscal expenditures and the 2013-14 EITI Report did not refer to quasi-fiscal expenditures.	The LEITI Secretariat did not make any comments on the initial assessment of requirement 6.2.	The independent Validator stated: "We disagree that Liberia's progress is inadequate and find instead that it has made NO PROGRESS. The MSG did not discuss or document the issue of materiality with respect to this requirement, nor did it develop a reporting process that took such expenditures into account. The MSG should clarify whether payments made by NOCAL to the University of Liberia constitute quasi-fiscal or mandatory social expenditures."	Stakeholders stated: "We contend that while the LEITI may not have achieved 100% regarding meeting this Requirement, we do believe that genuine and considerable efforts have been made toward meeting this Requirement… We also clarify that NOCAL's payment to the University of Liberia for the period of the LEITI 2013/14 report was a social payment instead of Quasi-fiscal expenditure. To conclude, we think that the Validator's assessment of 'NO Progress' is unrealistic and also ignores the many strides the LEITI has done under difficult circumstances to meet this Requirement. We therefore believe that no less than a Meaningful Progress has been made.	On 15 February the Validation Committee agreed to recommend to the Board that requirement 6.2 be assessed as "no progress" (Board Paper 36-5-D). The Validation Committee may wish to consider whether the MSG's comments justify a finding of "inadequate progress".

Requirement	**International Secretariat's initial assessment** (source)	**Comments from stakeholders on the Secretariat's initial report** (source)	**Independent Validator's assessment** (source)	**Comments from stakeholders on the Validation report** (source)	**Next steps**
subsidiaries and joint ventures.					