

EITI VALIDATION

Germany Validation mission

November 2018

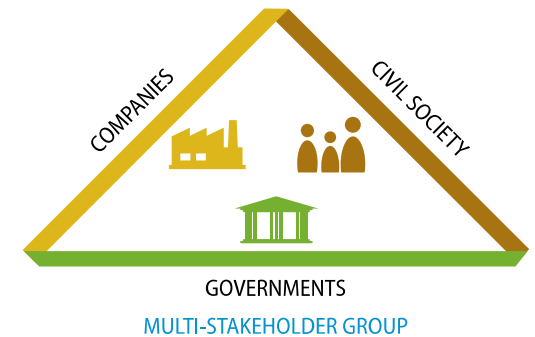
Goals of Validation under the EITI Standard

- *Building the most complete dossier possible reflecting work in implementing the EITI Standard*
- *Ensuring all EITI countries are assessed to the same requirements*
- *Identifying opportunities to reinforce EITI's impact and drive meaningful reforms.*

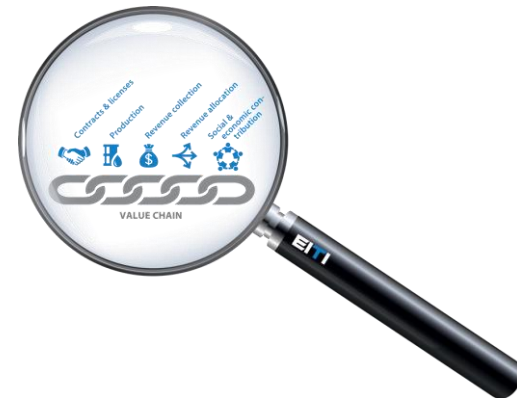
Scope of Validation: three parts to the EITI Standard



Governance



EITI reporting



Outcomes & impacts



Assessing EITI provisions: Validation Guide

The same methodology described in the Validation Guide is applied to all Validations, including first and subsequent.



VALIDATION GUIDE

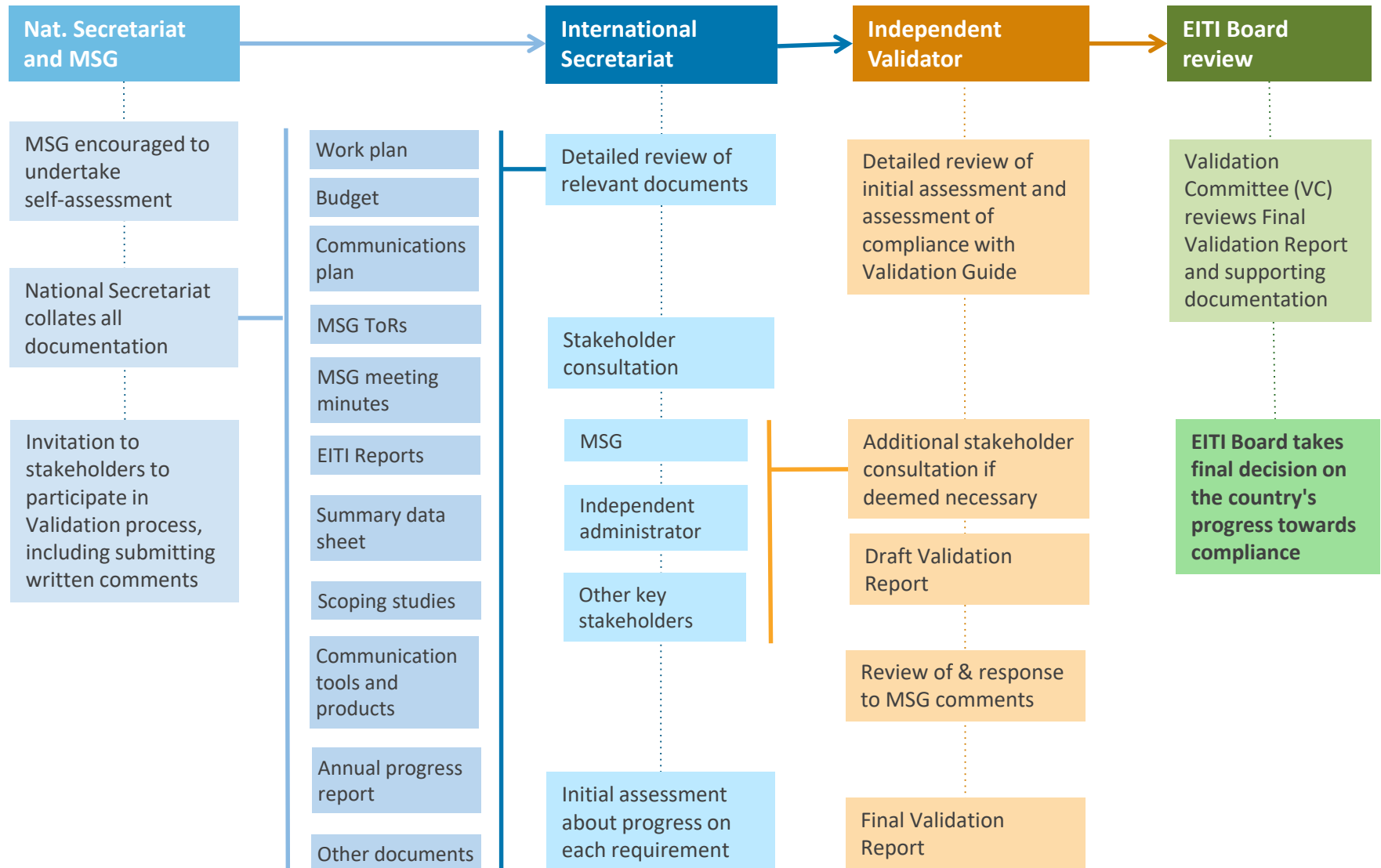
Approved by the EITI Board on 27 May 2016

The following document provides guidance to the EITI Board on assessing the EITI provisions. In some cases, there is specific evidence that the EITI Board must see to ensure that a provision has been satisfied. In other cases, there are different approaches that a country might take to address an EITI provision, and this guidance provides examples of the types of evidence that the EITI Board might consider. Where documentation supporting the EITI Board's conclusion is available, a reference to the source should be provided.

For the purpose of the guidance below, the requirements in the EITI Standard are referred to as 'provisions'. In order to avoid ambiguity about which disclosures are 'required', 'expected' and 'recommended/encouraged'. Where disclosures are 'recommended/encouraged', the guidance below clearly states that the findings from Validation should not be considered in the overall assessment of compliance with the EITI Standard. Where disclosures are 'expected', the guidance below clearly states that the EITI Board should evaluate the evidence provided by the MSG, but that the findings should not be considered in assessing overall compliance with the EITI Standard.

The assessment of the EITI provisions should be structured in three parts as per the illustration below. Part I is the assessment of the MSG oversight of the EITI process (provisions 1.1 – 1.5); Part II is the assessment of the EITI disclosure provisions including the timeliness, comprehensiveness and reliability of the information (provisions 2-6); and Part III is the assessment of the outcomes and impact of EITI implementation (provision 7). The Validation may, where appropriate, make recommendations on strengthening implementation including embedding the EITI in government systems.

VALIDATION PROCEDURE



EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1) (+)					
	Industry engagement (#1.2) (+)					
	Civil society engagement (#1.3) (+)					
	MSG governance (#1.4) (+)					
	Workplan (#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) (+)					
Monitoring production	State participation (#2.6) (+)					
	Exploration data (#3.1) (+)					
	Production data (#3.2) (+)					
Revenue collection	Export data (#3.3) (+)					
	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) (+)					
Revenue allocation	Data quality (#4.9) (+)					
	Distribution of extractive industry revenues (#5.1) (+)					
	Subnational transfers (#5.2) (+)					
Socio-economic contribution	Revenue management and expenditures (#5.3) (+)					
	Mandatory social expenditures (#6.1) (+)					
	SOE quasi-fiscal expenditures (#6.2) (+)					
Outcomes and impact	Economic contribution (#6.3) (+)					
	Public debate (#7.1) (+)					
	Data accessibility (#7.2) (+)					
	Follow up on recommendations (#7.3) (+)					
Outcomes and impact of implementation (#7.4) (+)						
Overall assessment						

Level of overall progress

- Overview of assessments and brief key descriptions
- Ukraine example: <https://eiti.org/ukraine#ukraines-progress-by-requirement>

Validation - Implications

FIRST VALIDATION

After 2.5 years

Board's assessment of overall progress:

- 1. Satisfactory Progress **Compliant** ●
- 2. Meaningful Progress (MP) **Candidate** ●
- 3. Inadequate Progress **Suspended** ●
- 4. No Progress **Delisted** ●

Countries that achieve compliance are revalidated after 3 years.

SECOND VALIDATION

3-18 months later

- 1. Satisfactory Progress **Compliant** ●
- 2a. MP (with improvements) **Candidate** ●
- 2b. MP (no improvements) **Suspended** ●
- 3. Inadequate Progress **Delisted** ●
- 4. No Progress **Delisted** ●

- 1. Satisfactory Progress **Compliant** ●
- 2. Meaningful Progress **Candidate** ●
- 3. Inadequate Progress **Delisted** ●
- 4. No Progress **Delisted** ●

THIRD VALIDATION

3-18 months later

- 1. Satisfactory Progress **Compliant** ●
- 2. Meaningful Progress **Suspended** ●
- 3. Inadequate Progress **Delisted** ●
- 4. No Progress **Delisted** ●

- 1. Satisfactory Progress **Compliant** ●
- 2a. MP (with improvements) **Suspended** ●
- 2b. MP (no improvements) **Delisted** ●
- 3. Inadequate Progress **Delisted** ●
- 4. No Progress **Delisted** ●

FOURTH VALIDATION

3-18 months later

- 1. Satisfactory Progress **Compliant** ●
- 2. Meaningful Progress **Delisted** ●
- 3. Inadequate Progress **Delisted** ●
- 4. No Progress **Delisted** ●

Results of Validation under the EITI Standard to date

Row Labels	Albania: 2017	Burkina Faso: 2017	Cameroon: 2017	Colombia: 2018	Côte d'Ivoire: 2017	Ghana: 2016	Honduras: 2017	Iraq: 2017	Kazakhstan: 2017	Kyrgyz Republic: 2016	Liberia: 2016	Madagascar: 2017	Mali: 2016	Mauritania: 2016	Mongolia: 2016	Mongolia: 2018	Mozambique: 2017	Niger: 2016	Nigeria: 2016	Norway: 2016	Peru: 2016	Philippines: 2017	Republic of the Congo: 2017	Sao Tome and Principe: 2016	Sao Tome and Principe: 2018	Senegal: 2017	Seychelles: 2018	Solomon Islands: 2016	Tajikistan: 2016	Tanzania: 2017	Timor-Leste: 2016	Timor-Leste: 2018	Togo: 2017	Ukraine: 2017	Zambia: 2017	
Government engagement (#1.1)																																				
Industry engagement (#1.2)																																				
Civil society engagement (#1.3)																																				
MSG governance (#1.4)																																				
Workplan (#1.5)																																				
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)																																				
Exploration data (#3.1)																																				
Production data (#3.2)																																				
Export data (#3.3)																																				
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 management and expenditures (#5.1)																																				
Subnational transfers (#5.2)																																				
Distribution of revenues (#5.3)																																				
Mandatory social expenditures (#6.1)																																				
SOE quasi-fiscal expenditures (#6.2)																																				
Economic contribution (#6.3)																																				
Public debate (#7.1)																																				
Data accessibility (#7.2)																																				
Follow up on recommendations (#7.3)																																				
Outcomes and impact of implementation (#7.4)																																				
Overall Progress (#0.0)																																				

37 Validations

Only 5 countries have reached satisfactory progress:

Colombia

Mongolia

Philippines

Senegal

Timor-Leste



Microsoft Excel
Worksheet



The EITI Standard applies unevenly

Applicability of EITI Requirements

(out of 30)

Nigeria	30
Kyrgyzstan	29
Mongolia	28
Tajikistan	27
Ghana	27
Peru	26
Mauritania	26

Liberia	26
Azerbaijan	25
Solomon Islands	24
Mali	24
Timor Leste	23
Sao Tome & Principe	22

1. Overview of second Validation methodology
2. **Germany's Validation**
3. Next steps

KEY TOPICS TO COVER THIS WEEK

1. Effectiveness of multi-stakeholder engagement by *all* constituencies
2. Evidence of using MSG as platform for discussing mining, oil and gas sector management
3. Use and access of data by all, to influence public debate and reform
4. How to translate this into tangible impact
5. Disclosures (next page)

KEY TOPICS TO COVER THIS WEEK:

DISCLOSURES

1. Licenses allocation and registers:
 - a) Licenses actually awarded or transferred in 2016 (#2.2)
 - b) Availability of overview of licenses (#2.3)
 - c) Policy on disclosure of full licenses (#2.4)
2. Subnational payments (#4.6):
 - a) Are there material payments that are not reconciled?

KEY TOPICS TO COVER THIS WEEK:

DISCLOSURES

3. Subnational transfers (#5.2):
 - a) Are actual material transfers between municipalities, states and the Federal Government disclosed?
4. Agreements between companies and government agencies:
 - a) Policy on disclosure (#2.4)?
 - b) Did they give rise to material social expenditure (#6.1)?

OUTLINE

1. *Overview of second Validation methodology*
2. *Germany's second Validation*
3. **Next steps**



Germany's Validation: Target timeline

Validation schedule

Maximum period for each step, subject to discussion with the MSG

Step 1

Data collection
and stakeholder
consultation

Max: 12 weeks

Step 2

Independent
Validation

Max: 8 weeks

Step 3

Board review

Varies

Germany's Validation: Target timeline

Please note that the timeline is provisional.

- International Secretariat finalises data collection and Validators draft Validation Report in December.
- Stakeholder comments to the draft Validation report in January (3 weeks).
- Discussion by the EITI Board's Validation Committee in early February.
- Decision at 42nd EITI Board meeting on 26-28 February?

Thank you!

www.eiti.org



Author: **Lydia Kilpi**

Date: **12 November 2018**

Occasion: **Germany EITI MSG meeting, Germany's Validation**

Email: **secretariat@eiti.org** - Telephone: **+47 22 20 08 00**

Address: **EITI International Secretariat, Skippergata 22, 0154 Oslo, Norway**