

Validation guide: 2023

EITI Standard

Guidance

2023 EITI Standard

This note has been issued by the EITI International Secretariat to provide guidance to implementing countries on meeting the requirements in the EITI Standard. Readers are advised to refer to the EITI Standard directly, and to contact the International Secretariat to seek further clarification.

Contact details can be found at www.eiti.org.

EITI International Secretariat
Rådhusgata 26, 0151 Oslo, Norway
+47 222 00 800
secretariat@eiti.org

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Overview

Approved by the EITI Board in June 2024, in line with the 2023 EITI Standard.

This document offers guidance to the EITI Board on assessing the EITI provisions and outlines expectations for implementing countries. Implementing countries are responsible for demonstrating progress and providing evidence. In certain cases, specific evidence is required for the EITI Board to verify compliance with a provision. In other cases, different approaches may be acceptable, and this guidance offers examples of evidence that the EITI Board may consider. Any documentation supporting the EITI Board's conclusion should be clearly referenced.

In this guidance, the requirements in the EITI Standard are referred to as “provisions” to distinguish between disclosures that are “required”, “expected” and “encouraged”. Disclosures classified as “expected” or “encouraged” are not factored into the overall Validation assessment. Where disclosures are “expected”, the EITI Board considers evidence provided by the multi-stakeholder group (MSG) and evaluates the extent to which the justification or rationale has been provided for not meeting the expectation. While countries are not disadvantaged by not implementing encouraged and expected provisions, these provisions could be factored in when evaluating whether the country could be assessed as having exceeded the requirement.

Validation comprises three components, each contributing to the country's overall score:

- **“Outcomes and impact”**: This component assesses EITI Requirements 7 and 1.5, focusing on progress in addressing national priorities and facilitating public debate. It evaluates whether a country's objectives for EITI implementation align with national priorities and evaluates stakeholder feedback on achieving these objectives. This component also examines the outcomes and impact of EITI implementation, as well as opportunities for making EITI implementation more effective.
- **“Stakeholder engagement”**: This component assesses EITI Requirements 1.1 to 1.4, including EITI protocol: Participation of civil society, examining the participation of constituencies and multi-stakeholder oversight throughout the EITI process.
- **“Transparency”**: This component assesses EITI Requirements 2 to 6, evaluating whether the country meets the disclosure requirements of the EITI Standard, including the timeliness, comprehensiveness and reliability of information.

Validation may issue recommendations to strengthen implementation, such as enhancing systematic disclosures and implementing the expected and encouraged aspects of the EITI Standard.

General guidance

Validation operates under a dual approach outlined in Article 4 of Section 1, Part 2 of the 2023 EITI Standard (“EITI Board oversight of EITI implementation”). This approach entails a technical assessment of progress in implementing all aspects of EITI Requirements, alongside the fulfilment of the broader objectives of each EITI Requirement. The assessment adheres to several guiding principles:

The EITI Standard promotes for public disclosure of information from official sources, rather than solely relying on information disclosed in standalone EITI Reports. Validation therefore takes into account all information from official sources that is publicly accessible and provided through the Validation templates at the commencement of Validation.

- Validation assesses whether the technical aspects and the underlying objective of each requirement have been achieved. In determining if the underlying objective of each requirement has been achieved, the International Secretariat considers stakeholder views, the relevance of the requirement to national priorities as well as prevailing governance challenges and public debate regarding the extractive sector. The EITI Board has the discretion to balance minor gaps against progress towards the underlying objective, potentially concluding that the requirement is fully met if the implementing country demonstrates fulfilment of the underlying objective. Such determinations are made by the EITI Board, not the International Secretariat. Procedural gaps are considered alongside the underlying objective.
- Validation documents the extent to which both the required, expected and encouraged aspects of each requirement have been addressed. However,
 - Where disclosures are “encouraged”, the findings from Validation should not be considered in the overall assessment of progress to meeting the requirement, unless it is to determine if the requirement has been “exceeded”.
 - Where disclosures are “expected”, the EITI Board should evaluate the evidence provided by the MSG on whether the data or information has been considered by the MSG. The evaluation of the overall assessment will consider the extent to which the MSG has considered the issue.
- Each requirement is assessed and assigned points according to the following scale:
 - **Exceeded** (100 points): All aspects of the requirement, including “expected” and “encouraged” aspects, have been implemented and the underlying objective of the requirement has been fulfilled through systematic disclosures in government and company systems.

- **Fully met** (90 points): The underlying objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed and the expected aspects have been considered.
 - **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the underlying objective of the requirement is mostly fulfilled.
 - **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the underlying objective of the requirement is not fulfilled.
 - **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the underlying objective of the requirement is far from fulfilled.
 - **Not applicable** (not scored): The MSG has deemed the requirement not applicable, and it is not considered in the component's average score.
- An average score for each component ("Outcomes and impact", "Stakeholder engagement" and "Transparency") is calculated from individual requirements. Additionally, an overall score is derived from the average scores of these components.
 - "Effectiveness and sustainability" indicators may earn 0, 0.5 or 1 additional point, added to the "Outcomes and impact" component score.

In cases of unclear evidence, divergent stakeholder views, or disagreement by the MSG regarding the draft assessment, the points of divergence will be described in the assessment for consideration by the EITI Board.

Component 1: Outcomes and impact

Effectiveness and sustainability indicators of EITI implementation

This section outlines five indicators that evaluate the effectiveness and sustainability of a country's EITI implementation. These indicators seek to capture the outcomes of EITI implementation and identify opportunities for improvement. They assist the MSG in formulating objectives and activities for EITI implementation, aiming to garner stakeholder support and mobilise resources for EITI implementation.

Indicator 1.1: EITI implementation addresses nationally relevant extractive sector governance challenges or risks.

This indicator could also recognise disclosures, stakeholder engagement and other efforts beyond the EITI Standard.

Key questions:

- What are the objectives of EITI implementation and how are they established?
- Does EITI implementation address relevant extractive sector challenges? If so, which ones?
- Has the MSG explored opportunities to exceed the minimum requirements of the EITI Standard? If yes, how and in what areas?
- Has the MSG engaged in discussions on other extractive sector governance issues?
- What innovative aspects are present in the objectives and activities, and how do they relate to national reform efforts, particularly regarding transparency and accountability?
- Has EITI implementation achieved desired outcomes? If objectives remain unmet, what obstacles exist and how can they be addressed?
- What are stakeholders' perspectives on the future trajectory of the EITI?
- Key evidence to be considered
- EITI work plan objectives

- MSG assessment of outcomes and impacts
- Minutes of MSG meetings and outreach and dissemination activities
- Stakeholder comments, including stakeholders not directly involved in the MSG
- Communications strategy addressing public concerns in the sector

Indicator 1.2: Extractive sector data is disclosed systematically through routine government and corporate reporting.

This indicator considers the extent to which extractive sector data is disclosed systematically through routine government and corporate reporting. It is not required to establish a linkage to efforts from the EITI.

Key questions

- To what extent is data within the scope of the EITI Standard disclosed through routine government and company reporting, rather than EITI reporting? What innovative disclosure approaches have been adopted?
- Are there plans to integrate the EITI into government and company systems in the medium term?
- Can elements of the EITI reporting process be integrated with existing government and company systems (e.g. licensing databases, national statistics, audit procedures, company filings of production data and tax payments, open budget data, etc.)?
- Are there ongoing reforms in the areas covered by EITI implementation which are conducive to mainstreaming EITI disclosures?

Key evidence to be considered

- Specific disclosures by government and company systems that do not rely on annual EITI data collection
- EITI work plan related to systematic disclosures
- MSG efforts to promote systematic disclosures
- Stakeholder comments

Indicator 1.3: There is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

Key questions

- Does the legislative and regulatory environment framework support citizen participation, including affected communities, in extractive sector decision-making? What are the most significant areas of improvement?
- Has the MSG contributed to strengthening citizen participation through policy review and advocacy?
- Are technical and financial capacity constraints impeding sustained stakeholder engagement in the EITI process?
- What is the impact of EITI implementation on communities in extractive regions?
- Has the EITI influenced civic space concerning extractives governance?

Key evidence to be considered

- MSG assessment of outcomes and impacts
- Minutes of MSG meetings and outreach activities (national and subnational)
- International civic space indicators/rankings
- Stakeholder comments
- MSG engagement with local and national decision-making fora

Indicator 1.4: Extractive sector data is accessible and used for analysis, research and advocacy.

Key questions

- Are governments and companies providing data that meets stakeholders' needs?
- Is extractive sector data available in a usable format?
- Is extractive sector data timely, aligning with EITI Requirement 4.8?
- Is there evidence of stakeholders using and analysing publicly available data?

- Has the EITI fostered public debate and strengthened accountability mechanisms at the national and subnational levels?
- How can EITI implementation be enhanced by addressing the encouraged data disclosures of the EITI Standard?

Key evidence to be considered

- News articles, reports, analyses and advocacy campaigns that make use of extractive sector data
- Efforts to publish information tailored to stakeholders
- MSG assessments of outcomes and impacts
- Minutes of MSG meetings and outreach activities
- Stakeholder comments

Indicator 1.5: The EITI has informed changes in extractive sector policies or practices.

Key questions

- Have stakeholders and decision-makers used EITI disclosures, analysis or recommendations when revising or implementing extractive sector policies or practices, or when exercising oversight of the extractive sector?
- Has EITI implementation prompted changes in government and/or company practices?
- Is there tangible evidence of improvements in government and company systems, procedures, policies and practices as a result of EITI implementation?

Key evidence to be considered

- News articles, reports, analyses and advocacy campaigns related to government and company reforms that make use of EITI disclosures
- Evidence of parliamentary use of the data
- MSG assessments of outcomes and impacts, especially follow-up on recommendations
- Minutes of MSG meetings and outreach activities

- Stakeholder comments

If the MSG deems that specific objectives or activities warrant particular attention during Validation, these should be outlined here upon the MSG's request.

Innovations and efforts to extend the scope of EITI implementation

The MSG is encouraged to highlight efforts to broaden EITI implementation beyond the EITI provisions to address national and local challenges. Documentation of objectives, outcomes and impact of these efforts is encouraged. Although not part of the Validation assessment, this information may inform the evaluation of the effectiveness and sustainability indicators.

Requirement 1.5: Work plan, monitoring and review

The objective of this requirement is to establish a consultative work planning and monitoring cycle that ensures the relevance and accountability of EITI implementation to national stakeholders, helping the EITI to achieve relevant outcomes and impacts.

Required aspects

Validation should confirm the existence of a publicly accessible EITI work plan agreed upon by the MSG, assessing whether it includes:

- Objectives that reflect national priorities, including issues related to corruption; gender equity; energy transition; revenue collection; artisanal and small-scale mining (where applicable); and other key extractive sector governance issues, as well as consultations with key stakeholders. (1.5.a.i);
- Measurable and time-bound activities to achieve the agreed objectives, recommendations from Validation and reporting, and corrective actions from Validation (1.5.a.ii);
- Justification for prioritising certain EITI Requirements, with an indication of how the activities in the work plan contribute to fulfilling those requirements, and why others are de-prioritised (1.5.a.iii);
- Costings and funding sources, including domestic and external sources of funding and technical assistance (1.5.a.iv).

- Validation should also assess if the MSG conducts an annual progress review of the work plan, covering:
- Progress and challenges in achieving work plan objectives; if any of the objective were changed; and how implementation will be adapted to better achieve those objectives. An example of when changes in objectives could occur is when major developments which affected the governance of the extractives sector happened during the year under review. In this case, the annual progress review should consider those developments and describe how they have affected the work plan objectives, activities and outcomes (1.5.b.i):
- Activities and outcomes achieved through EITI implementation (1.5.b.ii);
- A description of the mechanisms for stakeholders to provide feedback on EITI implementation, and documentation of stakeholder views (1.5.b.iii);
- Any documentation on how the MSG has taken gender considerations and inclusiveness into account (1.5.b.vi);
- An expense report to compare budget with actual spending (1.5.b.v).
- Finally, Validation should document whether the work plan, its monitoring and review activities involved consultations with national stakeholders. It should document if all MSG constituencies sought feedback from their wider constituency and whether documentation on the work plan, monitoring and review has been made widely available to the public (1.5.c) and updated annually.
- Encouraged aspects

Validation should document:

- Any efforts by the MSG to link the work plan to a monitoring framework, evaluating if activities improved extractive sector governance in policy and practice (1.5.d);

If there are publicly known corruption cases surfaced during the review period, whether the MSG discussed these cases, formulated responses and recommended measures to reduce corruption risks (1.5.e).

Requirement 7.1: Public debate

The objective of this requirement is to enable evidence-based public debate on extractive industry governance – including on corruption risks, energy transition, gender and revenue collection – through active communication of

relevant data to key stakeholders in ways that are accessible and reflect stakeholders' needs.

Required disclosures

Validation should:

- Document and evaluate whether EITI disclosures, including those from government and companies, are comprehensible, have been actively promoted, are publicly accessible to a diverse range of stakeholder groups and have contributed to public debate (7.1.a). This should include ensuring that EITI disclosures are widely accessible;
- Assess if stakeholder engagement and outreach activities consider population diversity, including age, gender, ethnicity, languages, class and educational background. Validation should consider whether information has been distributed in appropriate languages, a whether access challenges and information needs of different genders and subgroups of citizens at the national and subnational levels are considered (7.1.b.i, ii and iii).

Encouraged disclosures

Validation should assess whether the MSG has:

- Produced brief summary reports, compared revenue streams and conducted capacity-building efforts to enhance understanding of EITI disclosures, particularly on specific issues or topics that are considered priorities by national and local stakeholders (7.1.c.i and iv);
- Published thematic reports on specific areas of extractive sector management, and if they are available online (7.1.c.ii);
- Disclosed data beyond the EITI Requirements to inform public debate, such as on corruption risks, gender equity, revenue collection, the impact of the energy transition, and artisanal and small-scale mining (7.1.c.iii);
- Conducted capacity-building efforts, particularly with civil society, to enhance understanding of the disclosures and encourage data use (7.1.c.v).

Requirement 7.2: Data accessibility and open data

The objective of this requirement is to enable the broader use and analysis of information on the extractive industries, through the publication of information in open data and interoperable formats.

- Required disclosures
- Validation should document whether:

- The MSG has agreed on a policy for accessing, releasing and reusing EITI disclosures (7.2.a.i);
- EITI disclosures are available in machine-readable, open data format online (7.2.a.ii);
- The MSG has completed summary data files for each fiscal year in accordance with the approved template (7.2.a.iii).
- Expected disclosures
- Government agencies and companies are expected to publish data under an open license and made users aware that information can be reused without prior consent (7.2.ai.);
- Encouraged disclosures
- Validation should document whether:
- Governments and/or companies have made systematically disclosed data machine readable and inter-operable (e.g. by using data standards);
- EITI disclosures are structured or tagged for comparison with other publicly available data (7.2.b).

Requirement 7.3: Recommendations from EITI implementation

The objective of this requirement is to ensure that EITI implementation is a continuous learning process that contributes to policymaking, by ensuring that the MSG regularly considers findings and recommendations from the EITI process and acts on those recommendations it deems are priorities (see Requirement 1.5).

Required disclosures

- Validation should document:
- Progress by the government and the MSG in acting upon lessons learned and addressing information gaps or discrepancies;
- Progress in responding to the recommendations resulting from EITI implementation (7.3. including those made in EITI Reports);
- Whether the MSG has established a mechanism for following up on recommendations, information gaps and discrepancies;

- Whether the MSG has considered recommendations for strengthening government systems and followed up on such recommendations (7.3.a).

Component 2: Stakeholder engagement

Requirement 1.1: Government engagement

The objective of this requirement is to ensure a full, active and effective government lead for EITI implementation, through both high-level political leadership and operational engagement, as a means of facilitating all aspects of EITI implementation.

Required aspects

Validation should document whether:

- The government has issued a public statement of its intention to implement the EITI coming from appropriate levels of government (1.1.a);
- The government has appointed a senior individual to lead on the implementation of the EITI (1.1.b);
- The government is fully, actively and effectively engaged in the EITI process (1.1.c). Evidence could include input to and attendance at MSG meetings, submission of data required for the EITI reporting process, commitment to resolving bottlenecks such as legal barriers to disclosure or procurement issues, provision of funding for the EITI process, outreach to stakeholders that are not members of the MSG, use of EITI data and other information to promote public debate and formulate policies;
- Senior government officials are represented on the MSG and participate regularly (1.1.d).

Requirement 1.2: Company engagement

The objective of this requirement is to ensure that extractive companies are fully, actively and effectively engaged in the EITI, both in terms of disclosures and participation in the work of the MSG, and that the government ensures an enabling environment for this. The requirement aims to ensure that reporting companies engaged in the EITI are aligning their practices with principles of good governance as outlined in the [Expectations for EITI supporting companies](#).

Required aspects

Validation should document whether:

- Companies are fully, actively and effectively engaged in the EITI process (1.2.a). Evidence that will be reviewed include:
 - Input to and attendance at MSG meetings;
 - Submission of data required for the EITI reporting process;
 - Commitment to resolving bottlenecks such as legal barriers to disclosure or provision of funding for the EITI process;
 - Documentation of outreach to stakeholders that are not members of the MSG, in particular with regards to the work plan, annual review of progress and impact and scope of reporting;
 - Use of EITI data and other information to promote public debate.
- The constituency has agreed on a procedure for nominating their representatives on the MSG as well as the practice in the period under review, to ensure that participation in the MSG remains open and transparent;
- The constituency has agreed on a procedure for replacement of constituency members on the MSG, and what the practice has been in the period under review;
- The composition of the company constituency is representative of the companies operating in the country;
- Companies have experienced any obstacles to participation in the EITI.

Expected aspects

Validation should document whether:

- Reporting companies have published an anti-corruption policy setting out how the company manages corruption risk, including their use of beneficial ownership data. Where reporting companies have not published such policies, an explanation of the barriers to developing and publishing such policies has been published (1.2.b);
- Companies on the MSG engage in rigorous due diligence processes. Where companies on the MSG do not engage in such rigorous due diligence processes, an explanation of the barriers to such engaging in such processes has been published (1.2.b);
- There is an enabling environment for company participation in the EITI (1.2.c-d) by analysing whether relevant laws, regulations, and administrative rules or actual practice in implementation of the EITI have created obstacles to company participation in the EITI process. Where laws, regulations or

administrative rules have constituted an obstacle to industry participation, or where there is an enabling legal environment, but actual practice differs, the Validation should document the circumstances of the case and any proactive or reactive efforts to overcome the obstacles. The Validation should cite stakeholders' views on whether any obstacles to company participation have been removed (1.2.c-d).

Encouraged aspects

Validation should document whether:

- Reporting companies not on the MSG engage in rigorous due diligence processes. Companies not on the MSG are encouraged to engage in such processes, however this is not required and is not considered in the overall Validation assessment (1.2.b) unless it is to determine if the requirement has been “exceeded”.

Requirement 1.3: Civil society engagement

The objective of this requirement is to ensure that civil society is fully, actively and effectively engaged in the EITI process, and that there is an enabling environment for this. The active participation of civil society in the EITI process is key to ensuring that the transparency created by the EITI can lead to greater accountability and improved governance of oil, gas and mineral resources. The provisions related to civil society engagement seek to establish the conditions that permit this to occur over time.

Required aspects

Validation should document whether:

- Civil society is fully, actively and effectively engaged in the EITI process (1.3.a). Evidence that will be reviewed include:
 - Input to and attendance at MSG meetings;
 - Documentation of outreach to civil society organisations that are not members of the MSG, in particular with regards to the work plan, annual review of progress and impact and scope of reporting;
 - Use of EITI data and other information to promote public debate.
- The constituency has agreed on a procedure for nominating their representative on the MSG as well as the practice in the period under review, to ensure that participation in the MSG remains open and transparent;

- The constituency has agreed on a procedure for replacement of constituency members on the MSG, and what the practice has been in the period under review;
- The composition of the civil society constituency is representative of the organisations active on issues related to extractive industries, including among others, and not limited to, fiscal transparency and accountability, anti-corruption, gender, environment, economic development, open data, youth organisations, journalists, trade organisations; Validation will document if members of civil society on the MSG represent regions where extractive industries are concentrated, as well as any representation of language minorities, where extractive industries is present;
- Civil society engaged in the extractives sector has experienced any obstacles to participation in the EITI.

Validation should capture stakeholder views on any developments in the broader enabling environment that have the potential to impact civil society engagement in the EITI.

In assessing civil society engagement and the environment for civil society participation, the Validation should apply the guidance set out in the “Protocol: Participation of civil society” (Section 5 of Part 1 of the 2023 EITI Standard) in a manner consistent with past Validations. According to the protocol:

- Civil society representatives are defined as “substantively involved in the EITI process, including but not limited to members of the MSG”.
- Civil society participation in the EITI process includes “activities related to preparing for EITI sign-up; MSG meetings; CSO constituency side-meetings on EITI, including interactions with MSG representatives; producing EITI Reports; producing materials or conducting analysis on EITI Reports; expressing views related to EITI activities; and expressing views related to natural resource governance.”
- Data within the scope of the EITI Standard refers to required aspects of EITI provisions and any encouraged aspects that the MSG has agreed to include in the scope of the EITI.

For contextual purposes, Validation should provide an overview of the broader enabling environment for civil society participation in extractive sector in the country being assessed. This overview will draw on internationally recognised indicators and assessments such as those produced by Civicus, the International Center for not- for-profit Law (ICNL), United Nations bodies, Freedom House, OECD, regional organisations. Validation will assess whether legal or practical restrictions related to the broader enabling environment have in practice

restricted civil society participation in the EITI process, as defined above, in the period under review. The detail and depth of this assessment will consider the broader environment for civil society participation.

Validation should capture stakeholder views on any developments in the broader enabling environment that have the potential to impact civil society engagement in the EITI.

In assessing the civil society provisions, the Validation will apply the following tests (summarised from the “Protocol: Participation of civil society”):

Expression

Civil society representatives are able to engage in public debate related to the EITI process and express opinions about the EITI process without restraint, coercion or reprisal.

Based on available indicators and assessments, Validation should summarise the extent to which:

- The legal framework provides for freedom of expression, including legal protections for freedom of expression.
- There are any laws that have potential to restrict freedom of expression related to extractive sector governance.
- The legal guarantees for freedom of expression are respected in practice.

Validation should consider the extent to which:

- Civil society representatives are able to speak freely in public about the EITI process including for example during MSG meetings, EITI events including for the promulgation of EITI Reports, public events, in the media, etc.
- Actual practice, including diverse stakeholder views or substantive evidence provided by independent third parties, indicates that self-censorship or self-imposed restriction by civil society representatives has taken place related to the EITI process due to fear of reprisal and whether such barriers have impacted civil society representatives' dissemination of information and public comment on the EITI process.

In cases where there are concerns about potential breaches of the "Protocol: Participation of civil society", Validation should consider the following guiding questions and related evidence:

- Is there evidence that civil society representatives substantively engaged in the EITI are hindered or refrain from engaging in public debate, expressing opinions, and seeking and imparting information related to issues within the scope of the EITI Standard?
- Is there evidence of civil society publicly expressing views on issues related to the EITI Standard that are critical towards the government and/or extractive companies?

Standard been subject to threats and attacks, such as legal proceedings, intimidation, harassments (including smear campaigns) or verbal or physical threats? Is it reasonable to expect that intimidation, harassment or threats are undertaken or endorsed by government officials or security forces?

- Are there topics related to the EITI Standard that civil society are avoiding expressing their critical opinion on? Are there reasonable grounds to consider that this is due to fear of reprisal, such as evidence of prior retaliation?
- Has the threat of administrative measures, sanctions, or bars on publication discouraged civil society representatives from communicating information and opinions related to the EITI Standard to the press, or the press from publishing such information and opinions?
- Have the authorities provided for protective measures in the event of attacks or threats against members of civil society exercising their right to freedom of expression on issues related to the EITI Standard?

Operation

Civil society representatives are able to operate freely in relation to the EITI process.

Based on available indicators and assessments, Validation should summarise the extent to which:

- The legal framework imposes rules related to the operation of civil society, including the registration of civil society groups, approval for activities, other administrative requirements and access to funding.
- The legal framework is applied in a way that may seek to hinder civil society's activities related to, for example, politically sensitive topics.

Validation should consider the extent to which:

- The legal, regulatory, administrative and actual environment has affected civil society representative's ability to participate in the EITI process. This could for example include:
 - The extent to which legal, regulatory or administrative obstacles affect the ability of civil society representatives to participate in the EITI process.

- Any evidence suggesting that the fundamental rights of civil society representatives have been restricted in relation to the implementation of the EITI process, such as restrictions on freedom of expression or freedom of movement.

In cases where there are concerns about potential breaches of the “Protocol: Participation of civil society”, the Validation should consider the following guiding questions and related evidence:

- In practice, have registration requirements or related fees hindered civil society groups in carrying out activities relating to the EITI? Has the government interfered with the registration of civil society groups carrying out such activities, including through a pattern of delay or arbitrary application of registration requirements?
- Have unregistered civil society groups been subject to penalties for carrying out activities relating to the EITI process? Have unregistered civil society organisations (CSOs) found it difficult to participate in the EITI process?
- Have reporting or regulatory requirements been applied unfairly or disproportionately to hinder or interfere with CSOs carrying out activities relating to the EITI? Is it likely that these decisions are related to the CSOs’ engagement in the EITI?
- Have restrictions on access to foreign funding prevented CSOs substantively engaged in the EITI from accessing needed resources or financial services? Have such government procedures related to access to funding hindered the EITI- related activities of CSOs engaged in the EITI?
- Has government approval for CSO activities relating to the EITI process been delayed or denied?
- Are CSOs substantially engaged in the EITI subject to government harassment, frequent inspections, monitoring or requests for documentation? Can a link be reasonably established between EITI-related activities and such practices?
- Are CSOs substantially engaged in the EITI subject to threats and violence from third parties? Does the government adequately investigate such threats and violence and protect CSOs against these risks in accordance with national laws and international commitments?
- Is there evidence of state-controlled CSOs carrying out activities related to the EITI process that have constrained independent CSOs from fully, effectively and actively engaging in the EITI?

Association

Civil society representatives are able to communicate and cooperate with each other regarding the EITI process.

Based on available indicators and assessments, the Validation will summarise the extent to which:

- There are legal or practical restrictions in place that may affect civil society's ability to communicate with each other, either domestically or internationally. These may include restrictions on domestic or foreign travel, use of communication channels, or attendance at or organisation of events.

Validation should consider the extent to which:

- Civil society representatives on the MSG may seek and are not restricted from engaging other CSOs that are not part of the MSG, including capturing their input for MSG discussions and communicating outcomes of MSG deliberations.
- Formal or informal communication channels between civil society representatives on the MSG and the wider civil society constituency have not been restricted.
- Civil society representatives on the MSG have not been restricted from engaging in outreach to broader civil society, including related to discussions about MSG representation and the EITI process.

In cases where there are concerns about potential breaches of the "Protocol: Participation of civil society", Validation should consider the following guiding questions and related evidence:

- Do civil society representatives communicate and cooperate on the EITI process through, for example, coalitions and networks? Which actors or groups are involved? Which communication channels are used?
- Alternatively, is there any evidence of unjustified interference, monitoring or surveillance of communication (including online) between CSOs engaging in activities related to the EITI? These communications may include, for example, setting the constituency's objectives for EITI implementation, sharing information about the EITI, coordinating advocacy related to topics covered by the EITI Standard or agreeing procedures for the representation of the constituency in the EITI.

discussions and communicating outcomes of MSG deliberations?

- Are civil society representatives able to consult, engage with, share with and seek information from local communities regarding issues related to the EITI Standard or the MSG's work?
- Are there restrictions on the ability of CSOs to contact and cooperate with colleagues in civil society, business and government, either within or outside the country related to discussions about MSG representation and the EITI process? Such restrictions may include, for example, travel restrictions or barriers to organising meetings and establishing networks related to the EITI.

Engagement

Civil society representatives are able to be fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process.

Validation should consider the extent to which:

- Civil society representatives are able to fully contribute and provide input to the EITI process.
- Civil society representatives consider that they have adequate capacity to participate in the EITI.

Validation should consider the following guiding questions and related evidence:

- What is the level of attendance and participation of civil society in MSG meetings, MSG working groups, outreach and other EITI events?
- Can civil society representatives freely, meaningfully and actively take part in dialogues and deliberations to push for civil society perspectives and ideas when participating in the EITI process?
- Is there evidence of input and advocacy by civil society on issues related to the EITI (statements in the media, research, position papers produced by civil society, etc.)?
- Are the interests of civil society reflected in EITI implementation, including the EITI work plan objectives and activities, the scope of the EITI reporting process, the annual review of outcomes and impact, Validation or other relevant issues?

- Are there any obstacles which hinder or prevent civil society from participating in EITI meetings, events and activities? Is there evidence that civil society input has been marginalised or is not being considered?
- Do civil society representatives have the adequate capacity and support to participate meaningfully in the EITI, with sufficient information, resources, time, and opportunities for coordination to support meaningful and effective interventions in EITI activities?
- Is there evidence that technical, financial or other capacity constraints affecting civil society have been considered or that plans for addressing such constraints have been agreed upon and effectuated by the MSG?

Access to public decision-making

Civil society representatives are able to speak freely on transparency and natural resource governance issues, and ensure that the EITI contributes to public debate.

Based on available indicators and assessments, Validation should summarise the extent to which:

- Governments, whether at the national or local level, enable public participation in policy making for extractive sector governance, both in policy and practice.
- The legal framework and its application facilitate access to information related to the extractive sector.

Validation should consider the extent to which:

- Civil society representatives are able to use the EITI process to promote public debate for example through public events, workshops and conferences organised by or with participation of civil society to inform the public about the EITI process and outcomes.
- Civil society representatives are able to engage in activities and debates about natural resource governance, including for example conducting analysis and advocacy on natural resource issues, use of EITI data, engagement with media outlets, development of tools to communicate the findings of the EITI reports, etc.

In cases where there are concerns about potential breaches of the “Protocol: Participation of civil society”, Validation should consider the following guiding questions and related evidence:

- Are civil society representatives using publicly available data on the extractive sector and recommendations arising from the EITI process in their advocacy? Evidence could include studies, public events, participation in parliamentary hearings, outreach to the press, publication of research material, etc.
- Are there restrictions to civil society's ability to use the EITI process and related disclosures to contribute to public debate? Evidence could include, for example, legal or administrative barriers to publishing research on the extractive sector or reprisal following advocacy related to the EITI.

Documentation

Available documentation from the MSG and CSOs engaged in the EITI process as well as outcomes from direct consultation with relevant stakeholders, including but not limited to members of the MSG, should be taken into account when gathering the above evidence. For contextual purposes, the EITI Board will review the broader environment in which the EITI operates for example by reference to indicators or other types of assessments relevant to the issues addressed in 2.1-2.5 above.

In assessing adherence to the “Protocol: Participation of civil society”, Validation should consider the impact of any legal or practical restrictions on civil society participation in EITI implementation and civil society's contribution to public debate on extractive sector governance. This involves focusing on the practical implications of any restrictions and assessing whether there are patterns of restrictions that compromise civil society's possibility to fully engage in EITI implementation. The Validation Committee should compare the potential effects of such restrictions with civil society's actual contributions to public debate to achieve a balanced assessment of civil society engagement in practice.

Validation should consider the extent to which:

- The MSG has monitored adherence to the “Protocol: Participation of civil society” and documented its discussions related to any shortcomings identified, as well as activities undertaken to address them.
- Where the MSG has not monitored adherence to the “Protocol: Participation of civil society” and documented its discussions related to any shortcomings identified, the rationale for not doing so is publicly documented, including any barriers to addressing this expectation.

Validation should consider the following guiding questions and related evidence:

- Has the MSG documented its discussions to monitor adherence to the “Protocol: Participation of civil society”?
- Has the MSG documented its discussions related to any shortcomings identified?
- Has the MSG documented activities undertaken to address any shortcomings in adherence to the “Protocol: Participation of civil society” identified?

In recognition of the International Covenant on Civil and Political Rights, freedom of expression, operation and association may be limited by lawful means necessary in the interests of national security or public safety, public order, the protection of public health or morals or the protection of the rights and freedoms of others. For assessment purposes, consultations with local stakeholders will be considered in assessing whether these limitations are reasonably imposed in the overall context of national priorities and implemented in a manner compatible with the above components of the “Protocol: Participation of civil society”.

Requirement 1.4: Multi-stakeholder group

The objective of this requirement is to ensure that there is an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation that in a way that balances the interests of the three main constituencies (government, industry and civil society) interests and that it arrives at decisions in a consensual manner. As a precondition for achieving this objective, the MSG must include adequate representation of key stakeholders appointed on the basis of open, fair and transparent constituency procedures; make decisions in an inclusive manner; and report to wider constituencies.

Required aspects

Validation should confirm that an MSG has been formed and that it comprises the appropriate stakeholders. The evidence should include:

- MSG formation and composition;
- Information about outreach to stakeholders prior to the establishment of the MSG (1.4.a.i), including whether the invitation to participate in the group was open and transparent;
- Whether establishing the legal basis for the MSG has been considered;

- Information on the membership of the MSG, and the process by which each stakeholder group nominated their representatives (1.4.a.ii). With regards to representation on the MSG, the Validation should provide evidence that civil society and companies have appointed their own representatives. This could for example include:
 - Evidence of civil society and company outreach efforts to engage a diverse range of stakeholders in the EITI process prior to nomination of MSG representatives, including outreach activities, stakeholder mapping etc.;
 - Details about the civil society and company MSG representation nomination process, including information about election processes, any criteria for diverse representation agreed by civil society (regional, ethnic, indigenous, gender, issues, community groups etc.) and companies (sectors, international, domestic, industry bodies etc.) where applicable; and
 - Where MSG members have changed, details about the reasons for the change and the process for re-nominating members.
- Where MSG membership has changed, documentation of whether there has been any suggestion of coercion or attempts to include members that will not challenge the status quo and whether internal rules for changing MSG representatives have been followed (1.4.a.ii; 1.4.b.vi);
- Stakeholder views on whether they are adequately represented, including any evidence that stakeholders have provided input to and agreed with the MSG's policy regarding the number of MSG representatives from each stakeholder group, alternates and rotation (1.4.a.ii) as well as stakeholder views on whether their representation sufficiently reflects the diversity of their constituency. (Note: There is no requirement that stakeholders are equally represented numerically.) Stakeholder views should be sought on how the MSG has considered gender balance on the MSG, including documentation of the MSG's discussions and actions to improve gender balance in each constituency's representation on the MSG.

Validation should assess whether:

- Civil society representatives on the MSG are operationally and in policy terms independent of government and companies (1.4.a.ii). In making this assessment, the Validation will consider:
 - Evidence of any civil society constituency discussions or agreed consistency policies related to ensuring policy and operational independence from members of parliament from the ruling party, other political parties aligned with the government, or extractive companies;

- Evidence that any potential conflict of interests or issues affecting the independence of civil society representatives on the MSG have been transparently disclosed;
- Details about the articles of association, objectives, work programmes and funding sources of CSOs represented on the MSG.
- The MSG includes appropriate stakeholders and whether MSG members appear to have sufficient capacity to carry out their duties (1.4.b.i);
- There is any indication of MSG members not abiding by the EITI Code of Conduct (1.4.b.iv);
- Decision-making is conducted in an inclusive way which treats each constituency as a partner (1.4.b.vii). For further guidance, see the Guidance Note "[Establishment and governance of multi-stakeholder groups](#)". The Validation should assess whether the decision-making rules agreed by the MSG are being followed, including by consulting documentation and stakeholder views on how MSG decisions have been taken and whether all stakeholders are involved in decision-making;
- Records of MSG discussions and decisions are kept and published (1.4.b.x).

Validation should confirm that the MSG has agreed Terms of Reference (ToRs) that give the MSG a say over implementation. The Validation will document whether the ToRs:

- Outline the role and responsibilities of MSG members and whether they are effectively carrying out their tasks, including evidence of outreach activities and liaison with constituency groups (1.4.b.i-iii);
- Give the MSG a mandate to approve work plans, the appointment of the Independent Administrator including the ToR for the Independent Administrator's work, EITI Reports and annual activity reports, engage in Validation, and to consider issues related to anti-corruption, energy transition reforms, gender equity and artisanal and small-scale mining; (1.4.b.v-vii); and
- Include internal governance rules and procedures (1.4.b.viii-x) and assess whether these are followed, including whether per diem practices have been published.

The Validation should also note any concerns with regards to adherence to the ToRs. Validation will assess actual practice of these roles and responsibilities of the MSG as outlined in the EITI Standard (Requirement 1.5.b.i-x) regardless of whether they are reflected in the TORs.

Component 3:

Transparency

In assessing whether the EITI's disclosure provisions have been fulfilled (EITI Requirements 2-6, as outlined in this section), Validation should state a clear view based on whether disclosures are made in accordance with the following three principles:

- **Data timeliness:** In accordance with Requirement 4.8, data disclosed should be no older than the second to last complete accounting period.
- **Data comprehensiveness:** EITI Requirements related to comprehensiveness refer to the financial data disclosed in accordance with Requirement 4. However, the Validation should comment on any MSG discussions related to ensuring that the information disclosed in accordance with Requirements 2, 3, 5 and 6 is comprehensive, and whether there are any gaps in the information provided, including whether all entities complied with the agreed procedures for disclosure and provided the requested information.
- **Data reliability:** EITI Requirements related to data assurance refer to the financial data disclosed in accordance with Requirement 4. However, the Validation should comment on any MSG discussions related to ensuring that the information disclosed in accordance with Requirements 2, 3, 5 and 6 is reliable, and whether there are any reliability gaps in the information provided.

Module: Overview of the extractive industries

Requirement 3.1: Exploration activities

The objective of this requirement is to ensure public access to an overview of the extractive sector in the country and its potential, including recent, ongoing and planned significant exploration activities.

Required disclosures

Validation should document whether:

- An overview of the extractive industries, including all major extractives projects and any significant exploration activities, has been disclosed (3.1.a).

Encouraged disclosures

Validation should document public disclosures and MSG discussions on:

- Available data on proven economic oil, gas or mineral reserves (3.1.b).

Requirement 6.3: Contribution of the extractive sector to the economy

The objective of this requirement is to ensure a public understanding of the extractive industries' contribution to the national economy and the level of natural resource dependency in the economy.

Required disclosures

Validation should document whether the following has been disclosed:

- Available information about the contribution of the extractive industries to the economy for the year(s) covered by EITI disclosures has been disclosed (6.3), including:
- The size of the extractive industries in absolute terms and as a percentage of gross domestic product (GDP) (6.3.a.i);
- An estimate of the informal sector activity, including but not necessarily limited to artisanal and small-scale mining. The estimate can draw on credible third-party sources (6.3.a.i);
- Total government revenues from the extractive sector, and its percentage contribution towards total government revenue (6.3.a.ii);
- Exports of the extractive sector, and its percentage contribution towards total exports of the country (6.3.a.iii);
- Number of employed persons in the extractive sector (both public and private), by gender, occupational level, company, project and between local and foreign nationals where available, as well as their percentage contribution towards total employment numbers (6.3.a.iv);
- Key regions/areas where production is concentrated.

Expected disclosures

Validation should document:

- Where required information is not available from official sources, stakeholder attempts to provide other estimates of economic contributions that are methodologically sound.

Encouraged disclosures

Validation should document whether:

- Companies have disclosed information on the gender pay gap, where available.

Module: Legal and fiscal framework

Requirement 2.1: Legal framework

The objective of this requirement is to ensure public understanding of all aspects of the regulatory framework for the extractive industries, including the legal framework, fiscal regime, roles of government entities and reforms; as well as laws and regulations related to addressing corruption risks in the extractive sector.

Required disclosures

Validation should document whether the following has been disclosed:

- A summary description of the fiscal regime, including the level of fiscal devolution;
- An overview of the relevant laws and regulations, including laws related to preventing corruption in the extractive sector;
- A description of the different types of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals;
- Information on the roles and responsibilities of the relevant government agencies (2.1.a);
- An overview of national energy transition commitments, policies and plans that are relevant to the extractive industries (2.1.b).

Encouraged disclosures

Validation should document whether the following has been disclosed:

- A summary description of carbon pricing mechanisms or carbon taxes that are material to the extractive industries (2.1.c);
- Information on public subsidies and other forms of state support that are material to the extractive industries, as well as any related ongoing reforms. Disclosures could include producer subsidies as well as pre-tax and post-tax consumer subsidies, in accordance with guidance from the Global Subsidies Initiative. Subsidies that are defined as quasi-fiscal expenditures by a state-

owned enterprise (SOE) must be disclosed in accordance with Requirement 6.2 (2.1.d);

- Information about reforms that are underway, including national energy transition commitments, policies and plans (2.1.e);
- Information about policies related to the artisanal and small-scale mining sector, where applicable (2.1.f);
- Information about planned or ongoing reforms (2.1.f).

Requirement 2.4: Contract and license disclosures

The objective of this requirement is to ensure the public accessibility of all licenses and contracts underpinning extractive activities (at least from 2021 onwards) as a basis for the public's understanding of the contractual rights and obligations of companies operating in the country's extractive industries. The requirement further aims to ensure that contract disclosure is contributing to stakeholders' ability to monitor compliance with contractual obligations.

Required disclosures

Validation should document:

- Whether all extractive contracts and licenses including material exploration contracts that are granted, entered into or amended from 1 January 2021 have been publicly disclosed. In assessing these disclosures, Validation will evaluate:
 - If the full text of the contract or license including any annex, addendum, or rider has been disclosed (2.4.d.ii);
 - If the full text of any amendment of the contracts and licenses have been disclosed (2.4.d.iii).
- Whether legal and practical barriers to contract disclosure have been identified and addressed;
- Whether the MSG has determined which exploration contracts to disclose based on materiality and practicality (2.4.d.i);
- Whether the MSG has documented the government's policy on contract transparency. This should include a description of whether legislation or government policy addresses the issue of disclosure of contracts and licenses, including whether it requires or prohibits disclosure of contracts and licenses. If there is no existing legislation, an explanation of where the government policy is embodied should be included, and the MSG should

document its discussion on what constitutes government policy on contract disclosures and any government reforms that are planned or underway (2.4.c.i);

- Whether the MSG has published a list of all active contracts and licenses, including exploration contracts. The overview should indicate which contracts and licenses are publicly available and how to access them. If a contract or license is not published, the legal or practical barriers must be documented and explained. (2.4.c.ii);
- An explanation for any deviations in disclosure practice from legislative or government policy requirements concerning the disclosure of contracts and licenses (2.4.c.iii).

Expected disclosures

Validation should document whether:

- The MSG agreed and published a plan for disclosing contracts with a clear time frame for implementation and addressing any barriers to comprehensive disclosure (2.4.b).

Encouraged disclosures

Validation should document whether the following has been disclosed:

- Any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals, as well as material exploration contracts that predate 1 January 2021 (2.4.a).

Requirement 6.4: Environmental and social impact

The objective of this requirement is to provide a basis for stakeholders to assess the adequacy of the regulatory framework and monitoring efforts to manage the environmental and social impact of extractive industries, and to assess extractive companies' adherence to environmental and social obligations.

Required disclosures

Validation should document whether:

- An overview of relevant legal provisions and administrative rules governing environmental and social impact management and monitoring of extractive investments in the country. This must include information on rules regarding environmental permits and licenses, including social, gender and

environmental impact assessments, as well as rehabilitation, decommissioning and closure programmes, and information on the roles and responsibilities of relevant government agencies in implementing the rules and regulations (6.4.a);

- Public environmental, social and gender impact assessments, monitoring reports, permits and licenses that are mandated by law or contract, are publicly accessible in practice (6.4.b).

Encouraged disclosures

Validation should document whether:

- Information on any reforms that are planned or underway related to legal provisions and administrative rules governing environmental and social impact management and monitoring in the extractive sector (6.4.a) is disclosed;
- Companies disclose further information about their social, gender and environmental management and impact (6.4.c);
- Information on the monitoring and enforcement practices related to the environmental and social impact of extractive industries is disclosed. This could include information on environmental and social monitoring activities that have been undertaken related to water, land, emissions and human rights, and the outcomes of these activities (6.4.d);
- Information on environmental sanctioning processes, including any sanctions applied, is disclosed (6.4.e);

Module: Licenses

Requirement 2.2: Contract and license allocations

The objective of this requirement is to provide a public overview of awards and transfers of oil, gas and mining licenses, the statutory procedures for license awards and transfers and whether these procedures are followed in practice. This can allow stakeholders to identify and address possible weaknesses in the license allocation process, including those that make the process vulnerable to corruption.

Required disclosures

Validation should document whether:

- The information about the process for awarding or transferring the license(s) set out in Requirement 2.2.a has been comprehensively disclosed for all

contract and license awards and transfers taking place during the accounting period covered by the most recent EITI disclosures. This includes information on license recipients, awardees or transferees (2.a.iii);

- The above information includes awards and transfers applicable to companies that fall below the agreed materiality threshold;
- The government has disclosed the list of applicants, including their beneficial owners in accordance with Requirement 2.5, and the bid criteria related to any bidding processes that took place in the accounting period covered by EITI reporting (2.2.c);
- Requirements related to free and prior informed consent (FPIC) (2.2.a.ii) have been disclosed;
- The MSG has discussed any material deviations from applicable legal and regulatory framework (2.2.a.iv).

Expected disclosures

Validation should document whether:

- The process for awarding or transferring a license mandates consultations with impacted communities and whether a description of how the consultation process was conducted, including the number of people consulted, disaggregated by gender, and a summary of views on the project's impacts were collected and considered (2.2.a.ii).

Encouraged disclosures

Validation should document whether the following has been disclosed:

- In cases where governments can select different methods for awarding a contract or license (e.g. competitive bidding or direct negotiations), the description of the process for awarding or transferring a license includes an explanation of the rules that determine which procedure should be used and why a particular procedure was selected, including instances of expedited or “fast-tracked” awards or transfer processes. Validation should document the rationale for this choice, the award and transfer processes to which these processes applied; the procedures and criteria used; the institutions involved and the outcomes of the award and transfer processes (2.2.a);
- Any legal and practical barriers to disclosures of information regarding license awards and transfers in the period under review (2.2.a). Where no clear technical and financial criteria for awarding or transferring licenses exists, this should be documented by the Validation;

- Where companies covered by the EITI reporting hold licenses that were not awarded or transferred during the financial year covered by EITI reporting, information related to the allocation of these licenses (2.2.b);
- Any additional information about the allocation of licenses, including whether the EITI Report includes commentary on the efficiency and effectiveness of these systems, a description of procedures, actual practices and grounds for renewing, suspending or revoking a contract or license and information regarding changes in majority ownership of license holding companies (2.2.d).

Requirement 2.3: License register

The objective of this requirement is to ensure the public accessibility of comprehensive information on property rights related to extractive deposits and projects.

Required disclosures

Validation should document whether:

- The information set out in Requirement 2.3.a-b has been disclosed for all the licenses held by companies covered in the EITI reporting process.

Encouraged disclosures

Validation should document whether:

- The information set out in Requirement 2.3.b is also available for the licenses held by entities not covered by the EITI reporting process, and if not, document the reasons for any gaps (2.3.b-c);
- The MSG has documented and explained the barriers to provision of this information and any government plans to overcome these barriers, where information about licenses held by entities not covered by the EITI reporting process is missing;
- Publicly available license registers are linked to other government platforms that disclose or hold information on the legal and beneficial owners of oil, gas and mining companies in accordance with Requirement 2.5 (2.3.d).

Module: Ownership

Requirement 2.5: Beneficial ownership

The objective of this requirement is to enable the public to know who ultimately owns and controls the companies operating in the country's extractive

industries, particularly those identified by the MSG as high-risk, to help deter improper and corrupt practices in the management of extractive resources and to help monitor the ownership of politically exposed persons.

Required disclosures

Validation should document whether:

- The MSG has agreed an appropriate, publicly available definition of the term beneficial owner that is aligned with Requirement 2.5.f.i, takes international norms and relevant national laws into account, includes ownership threshold(s), informed by the type and level of risk that the country aims to address, and specifies reporting obligations for politically exposed persons as defined by the MSG or applicable regulations (2.5.f.ii);
- The MSG has specified reporting obligations for politically exposed persons (PEPs) and requested full disclosure of PEPs' beneficial ownership regardless of their level of ownership. The level of the ownership threshold for beneficial ownership reporting and whether it is set at 10% or less will be documented, but should not be considered in assessing compliance with the EITI Standard (2.5.f);
- There are laws, regulations or policies in place to back establishing and maintaining a public register of beneficial owners of all corporate entity(ies) that apply for, operate or hold a participating interest in an exploration or production oil, gas or mining license or contract (2.5.a);
- Where full beneficial ownership information is incorporated in existing filings by companies to corporate regulators, stock exchanges or agencies regulating extractive industry licensing, the EITI Report includes guidance on how to access that information, including the name of the stock exchange and a link to the stock exchange filings where they are listed (2.5.a);
- The government's policy and multi-stakeholder group's discussion on disclosure of beneficial ownership is documented, including details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway (2.5.b);
- The implementing country has requested beneficial ownership information to be publicly disclosed by all corporate entity(ies) that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract and whether the legal framework backs the request for public disclosure (2.5.c);
- The requested information includes the identity(ies) of their beneficial owner(s), including nationality, country of residence, and identification of

politically exposed persons, the level of ownership and details about how ownership or control is exerted (2.5.c-d);

- All corporate entity(ies) that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract have disclosed the information (2.5.c);
- The disclosed information includes the identity(ies) of their beneficial owner(s), including the name of the beneficial owner, the nationality, and the country of residence, the level of ownership and details about how ownership or control is exerted. The Validation should also document whether information on national identity number, date of birth, residential or service address, and contact information are disclosed, but this should not be considered in assessing compliance with the EITI Standard (2.5.d);
- Politically exposed persons are identified, without materiality threshold (2.5.f.ii);
- The MSG had assessed and documented gaps or weaknesses in disclosure of beneficial ownership information, including an assessment of the materiality of omissions and the reliability of beneficial information, and whether the government or MSG agreed and documented plans to overcome the identified challenges (2.5.c);
- The government or MSG have documented efforts to address gaps and weaknesses in data and to strengthen the reporting and disclosure systems (2.5.e);
- Entities that failed to disclose all or parts of the beneficial ownership information have been named (2.5.c);
- The relevant government entity or the MSG has established an approach for participating companies to assure the accuracy of the beneficial ownership information they provide (2.5.e);
- Companies, including entities within joint ventures, have complied with the assurances established by the relevant government entity or the MSG (2.5.e);
- For publicly listed companies, including wholly owned subsidiaries, the name of the stock exchange has been disclosed and a link included to the stock exchange filings where they are listed, either in the public register or in the EITI Report (2.5.f.iii);
- In the case of joint ventures, the beneficial owner(s) of each entity within the venture is disclosed, unless it is publicly listed or is a wholly owned subsidiary of a publicly listed company (2.5.f.iv);

- In the case of state-owned enterprises (SOEs), the name of the state(s) owning or controlling the SOE, the level of ownership and details about how ownership or control is exerted, is disclosed. If the SOE is not fully owned by the state, beneficial ownership information must be disclosed in accordance with Requirement 2.5.c (2.5.f.v);
- Information about legal owners and share of ownership of applicable companies is publicly available (2.5.g);

Encouraged disclosures

Validation should document whether:

- The country maintains a publicly available register of the beneficial owners of the corporate entity(ies) that apply for or hold a participating interest in an exploration or production oil, gas or mining license or contract, including the identity(ies) of their beneficial owner(s); the level of ownership; and details about how ownership or control is exerted (2.5.a);
- The country incorporates beneficial ownership information in existing filings by companies to corporate regulators, stock exchanges or agencies regulating extractive industry licensing (2.5.a). Note that where this information is already publicly available, EITI reporting must include guidance on how to access (required disclosure, see above);
- The country adopted an ownership threshold of 10% or lower for beneficial ownership reporting (2.5.f.ii);
- The national identity number, date of birth, residential or service address, and means of contact of beneficial owners are disclosed (2.5.d);
- The multi-stakeholder group reviewed the rigour, comprehensiveness and reliability of ownership information disclosed in the stock exchange filings (2.5.f.iii);
- Companies disclose of their full ownership structure, including the full chain of legal entities leading to the beneficial owner (2.5.g). Note that the publication of direct legal owners is required.

Module: State participation

Requirement 2.6: State participation

The objective of this requirement is to ensure an effective mechanism for transparency and accountability for state-owned enterprises (SOEs) and state participation more broadly through a public understanding of whether SOEs'

management is undertaken in accordance with the relevant regulatory framework. This information provides the basis for continuous improvements in the SOE's contribution to the national economy, whether financially, economically or socially, and strengthens understanding of the extent to which SOE investment decisions are aligned with long-term public interests.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Whether there are any state-owned enterprises (SOEs) engaged in the extractive sector as defined by the EITI Standard, i.e. an SOE is a wholly or majority (50% +1 share) government-owned company that is engaged in extractive activities on behalf of the government;
- Whether state participation in the extractive sector gives rise to material revenues in the period under review;
- MSG discussions on the above considerations.

Required disclosures

Where there are material SOEs in the extractive sector, Validation should document whether the following are disclosed:

- An explanation of the role of SOEs in the sector and the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (2.6.a.i). This should include rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third- party financing, including those related to SOE joint ventures and subsidiaries;
- Disclosures from the government and SOE(s) of their level of ownership in oil, gas and mining 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 must include details regarding the terms attached to their equity stake, including their level of responsibility for covering expenses at various phases of the project cycle (e.g. full-paid equity, free equity or carried interest) (2-6.a.ii);
- Where the government and SOE(s) have provided loans or loan guarantees to oil, gas and mining companies operating within the country, details on these transactions must be disclosed, including loan tenor and terms (i.e. repayment schedule and interest rate) (2.6.a.ii);

- SOEs audited financial statements, or the main financial items (i.e. balance sheet, profit/loss statement, cash flows) where financial statements are not available. Legal and regulatory barriers inhibiting the timely disclosure of audited financial statements must be clearly documented by the reporting entity (2.6.b);
- A description of the rules and practices related to SOEs' operating and capital expenditures, procurement, subcontracting and corporate governance, e.g. composition and appointment of the Board of Directors, Board's mandate, code of conduct (2.6.c).

Expected disclosures

- 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 (2.6.a. ii).

Encouraged disclosures

Validation should document whether the following are disclosed:

- SOEs' investments in the extractive industries (including assets and liabilities) and how their investment decisions are aligned with energy transition and climate risk considerations;
- Where feasible, SOEs are encouraged to disclose the identity and beneficial ownership of their agents or intermediaries, suppliers or contractors for material transactions (2.6.e);
- MSGs are encouraged to discuss and document their definition of SOEs (2.6.a.i);
- Multi-stakeholder groups are encouraged to consider comparing loans terms with commercial lending terms (2.6.a.ii).

Requirement 4.2: In-kind revenues

The objective of this requirement is to ensure transparency in the sale of oil, gas and/or mineral resources or other revenues collected in kind to allow the public to assess whether the sales values correspond to market values, and to ensure the traceability of the proceeds from the sale of those commodities to the national Treasury.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Whether the state receive any revenues in-kind, either directly or through a SOE, in the period under review. Validation should refer to the MSG's definition of in-kind revenues;
- Whether these in-kind revenues are material in the period under review. Validation should document and evaluate the MSG's definition of materiality with regards to in-kind revenues.

Required disclosures

Where in-kind revenues exist and are considered material, Validation should document whether:

- These have been fully disclosed (4.2.a);
- The volumes and values of in-kind revenues have been disaggregated to levels commensurate with the reporting of other payments and revenue streams (i.e. disaggregated by contract or the legal agreements that give rise to payments made by buying companies (4.7);
- Disclosures include payments related to swap agreements and resource-backed loans (in cash or in kind), where applicable (4.2.a);
- The MSG has considered efforts to address gaps and irregularities in the disclosed information.

Expected disclosure

- The MSG is expected to consider whether disclosures should be broken down by individual sale, type of product and price (4.2.a).

Encouraged disclosures

Validation should document whether:

- EITI disclosures include information such as the type of product, price, market and sale volume, ownership of the product sold and nature of contract (4.2.a.);
- The EITI disclosures include description of the process for selecting the buying companies, the technical and financial criteria used to make the selection, the list of selected buying companies, including beneficial ownership information (where available), the identity of intermediaries or agents (where applicable), and any material deviations from the applicable legal and regulatory framework governing the selection of buying companies (4.2.b);

- The related sales agreement(s) with buying companies have been disclosed (4.2.c);
- Companies buying oil, gas and minerals from the state, including state-owned enterprises (or appointed third parties), have disclosed volumes received from the state or state-owned enterprise and payments made for the purchase of oil, gas and solid minerals (4.2.d);
- The sales of the SOE's own production or equity oil;
- The MSG has considered the reliability of data on in-kind revenues and considered further efforts to address any gaps, inconsistencies and irregularities in the information disclosed in accordance with Requirement 4.9 (4.2.e).

Requirement 4.5: SOE transactions

The objective of this requirement is to ensure the traceability of payments and transfers involving state-owned enterprises (SOEs) and strengthen public understanding of whether revenues accruable to the state are effectively transferred to the state and of the level of state financial support for SOEs.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Whether any of the material SOEs collect payments from extractive companies on behalf of the state in the period under review;
- Whether these transfers are material in the period under review;
- Whether any of the material SOEs make payments to government or receive transfers from government in the period under review and whether these payments and transfers are material in the period under review.

Required disclosures

The Validation should document whether the following are disclosed:

- A description of the role of any SOEs operating in the country;
- All material company payments made to SOEs on behalf of the state have been fully disclosed (in accordance with Requirement 4.5);
- All material SOE payments to government have been fully disclosed (in accordance with Requirement 4.5);

- All material government transfers to SOEs have been fully disclosed (in accordance with Requirement 4.5);
- Transactions specific to SOEs and payment streams common to all companies (covered under Requirement 4.1.) are clearly distinguished.

Requirement 6.2: SOE quasi-fiscal expenditures

The objective of this requirement is to ensure that where SOEs undertake extractive-funded expenditures on behalf of the government that are not reflected in the national budget, these are disclosed to ensure accountability in their management.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Whether extractive SOEs undertake quasi-fiscal expenditures;
- Whether these quasi-fiscal expenditures are material in the period under review.

Validation will document the MSG's definition of materiality with regards to quasi-fiscal expenditures by SOEs, including SOE subsidiaries and joint ventures, with reference to the IMF's definition of quasi-fiscal expenditures (as quoted under "terminology" of the requirement).

Required disclosures

Where quasi-fiscal expenditures exist and are material, Validation should:

- Document the reporting process developed by the MSG for disclosure of quasi-fiscal expenditures;
- Verify that quasi-fiscal expenditures have been disclosed accordingly, including by SOE subsidiaries and joint ventures.

Module: Production and exports

Requirement 3.2: Production data

The objective of this requirement is to ensure public understanding of extractive commodity(ies) production levels and the valuation of extractive commodity output, as a basis for assessing expected government revenues from the extractive industries and the potential for government revenue leakages linked to under-reported production.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Whether there is any production of extractive commodities in the period under review.

Required disclosures

Validation should document whether the following are disclosed:

- Total production volumes and the value of production by commodity have been disclosed, including whether this information is further disaggregated by project, where available (3.2.a). Where production data is not disaggregated by project, whether an explanation of the barriers to disclosure has been published;
- An estimate of production resulting from artisanal and small-scale activities, where applicable and available (3.2.a);
- The sources of and the methods for calculating production volumes and values, including existing mechanisms to monitor and verify the accuracy of production data and any weaknesses related to the comprehensiveness and reliability of publicly available production data (3.2.b).

Expected disclosures

- Production data, in line with national and international commodity classification standards. Where such disclosures of production data using such standards have not been made, an explanation of the barriers to disclosures should be published (3.2.c).

Encouraged disclosures

Validation should document whether:

- The MSG has disclosed companies' disclosures of realised sales volumes and values by project (3.2.d).

Requirement 3.3: Export data

The objective of this requirement is to ensure public understanding of extractive commodity(ies) export levels and the valuation of extractive commodity exports, as a basis for assessing expected government revenues from the extractive industries and the potential for government revenue leakages linked to under-reported exports.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Whether there any exports of extractive commodities in the period under review.

Required disclosures

Validation should document whether the following are disclosed:

- Total export volumes and the value of exports by commodity, including whether this information is further disaggregated by company (3.3.a);
- Total export volumes and the value of exports by commodity disaggregated by transaction. Where such disclosures of export data by transaction have not been made, an explanation of the barriers should be published (3.3.a);
- An estimate of export resulting from artisanal and small-scale activities has been disclosed, where applicable and available (3.3.a);
- Whether the sources of and the methods for calculating export volumes and values, including existing mechanisms to monitor and verify the accuracy of export data and any weaknesses related to the comprehensiveness and reliability of publicly available export data (3.3.b).

Expected disclosures:

- Presentation of export data is in line with national and international commodity classification standards. Where such disclosures of export data using such standards have not been made, an explanation of the barriers to disclosures should be published (3.3.c).

Encouraged disclosures

Validation should document whether the following are disclosed:

- Possible deviations between export values and market prices and/or import values reported by the destination (3.3.b);
- Realised sales volumes and values by project by exporting companies and buyers of commodities, including commodity traders (3.3.d);
- Export data by region, destination and buyer (3.3.e);
- Whether the buyer is a related party (3.3.e).

Requirement 3.4: Greenhouse gas emissions

The objective of this requirement is to enable public understanding and debate of greenhouse gas emissions associated with the extractive sector.

Encouraged disclosures:

Validation is expected to document whether:

- Companies disclose greenhouse gas (GHG) emissions. These disclosures should be made in alignment with existing leading disclosure standards;
- The MSG has requested disaggregated disclosures, where feasible.

Module: Revenue collection

Requirement 4.1: Comprehensiveness

The objective of this requirement is to ensure comprehensive disclosures of company payments and/or government revenues from oil, gas and mining as the basis for detailed public understanding of the contribution of the extractive industries to government revenues.

Required disclosures

Validation should document whether:

- All material payments by oil, gas and mining companies to governments and/or all material revenues received by or on behalf of governments are disclosed to a wide audience in a publicly accessible, comprehensive and comprehensible manner (4.1.a);
- The government has disclosed the amount of total revenues received from oil, gas and mining companies, disaggregated by revenue stream unless there are significant practical barriers (4.1.b);
- The MSG has agreed which payments and revenues are material and therefore must be disaggregated in accordance with requirement 4.7; and whether appropriate materiality definitions and thresholds for revenue streams and reporting streams were agreed (4.1.c);
- The options considered by the MSG and the rationale for establishing the definitions and thresholds are documented (4.1.c);
- The revenue streams considered material are comprehensively disclosed by all government agencies receiving material revenues from oil, gas and mining

companies within the agreed scope, unless the MSG has agreed to unilateral disclosure by companies (4.1.d);

- Material payments to the government by oil, gas and mining companies are comprehensively disclosed in accordance with the agreed scope, unless the MSG has agreed to unilateral disclosure by the government (4.1.d).

Expected disclosures

Validation should document whether:

- Implementing countries and companies are routinely disclosing the requisite information through government and corporate reporting, whether this information is collated and if it addresses any concerns abouts gaps and data quality in EITI Reports (4.1.a);
- Companies have publicly disclosed their audited financial statements, or the main items where financial statements were not available at the country level (4.1.e).

Encouraged disclosures

Validation should document whether:

- Companies have disclosed tax deductions and incentives in the period under review (4.1.e).

Requirement 4.3: Barter agreements

The objective of this requirement is to ensure public understanding of infrastructure provisions and barter-type arrangements, including resource-backed loans, which provide a significant share of government benefits from an extractive project, that is commensurate with other cash-based company payments and government revenues from oil, gas and mining, as a basis for comparability to conventional agreements.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Were there any agreements, or sets of agreements involving the provision of goods and services (including loans, grants and infrastructure works), in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities, active in the period under review? This includes the provision of goods and services collateralised by future

streams of income from their natural resource wealth that meets the International Monetary Fund's definition of collateralised sovereign debt;

- Were cash or in-kind transactions related to any of these agreements, or sets of agreements, material in the period under review? Validation should document and evaluate the MSG's definition of materiality with regards to infrastructure provisions and barter arrangements.

Required disclosures

Where infrastructure provisions and barter arrangements exist and are considered material, the Validation should document whether:

- These revenue flows or value transfers have been fully disclosed (4.3.b);
- The MSG has agreed a procedure to address data quality and assurance of the information set out above, in accordance with Requirement 4.9 (4.3.c).

Encouraged disclosures

Validation should document whether the following is disclosed:

- The underlying barter or infrastructure agreement, including resource-backed loan agreements (4.3.b).

Requirement 4.4: Transportation revenues

The objective of this requirement is to ensure transparency in government and state-owned enterprise (SOE) revenues from the transit of oil, gas and minerals as a basis for promoting greater accountability in extractive commodity transportation arrangements involving the state or SOEs.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Did the government, or any extractive SOE, receive any revenues from the transportation of extractive commodities in the period under review?
- Were any of these transportation revenues material? Validation is expected to document and evaluate the MSG's definition of materiality with regards to transportation revenues.

Required disclosures

Where transportation revenues exist and are considered material, Validation is expected to document:

- Transportation revenue flows to levels of disaggregation commensurate with other payments and revenues streams (4.7).

Encouraged disclosures

Where revenues from the transportation of oil, gas and minerals exist, Validation should document whether:

- A description of transportation arrangements, including the product; transportation route(s); and the relevant companies and government entities, involved in transportation (including SOEs) has been disclosed (4.4.b.i);
- There are definitions of the relevant transportation taxes, tariffs or other relevant payments, and the methodologies used to calculate them (4.4.b.ii);
- Tariff rates and volume of the transported commodities are disclosed (4.4.b.iii);
- Revenues received by government entities and SOE(s) in relation to transportation of oil, gas and minerals have been disclosed (4.4.b.iv.).

Requirement 4.7: Disaggregation

The objective of this requirement is to ensure disaggregation in public disclosures of company payments and government revenues from oil, gas and mining that enables the public to assess the extent to which the government can monitor its revenue receipts as defined by its legal and fiscal framework, and that the government receives what it ought to from each individual extractive project.

Required disclosures

Validation should document whether:

- The financial data disclosed is disaggregated by individual project, company, government entity and revenue stream;
- The MSG documented its definition of “project” and whether it is aligned with the EITI’s definition of project;
- There is a list of projects that material companies are engaged in. Where the MSG groups several extractives’ activities into one project, it should provide evidence that the projects are operationally and geographically interconnected in line with EITI’s definition;

- The MSG has identified what revenue streams are levied on project-level.

Requirement 4.8: Data timeliness

The objective of this requirement is to ensure that public disclosures of company payments and government revenues from oil, gas and mining are sufficiently timely to be relevant to inform public debate and policymaking.

Required disclosures

Validation should document whether

- Disclosures are no older than the second to last complete accounting period (4.8.b);
- The MSG has agreed the accounting period covered by EITI disclosures (4.8.a).

Expected disclosures

Validation should document whether:

- Implementing countries published regular and timely information in accordance with the EITI Standard and the agreed EITI work plan and in accordance with Requirement 7.2(b-c), including the submission of summary data (see Requirement 7.2) on an annual basis (4.8.a).

Requirement 4.9: Data quality

The objective of this requirement is to ensure that appropriate measures have been taken to ensure the reliability of disclosures of company payments and/or government revenues from oil, gas and mining. The aim is for the EITI to contribute to strengthening routine government and company audit and assurance systems and practices, so that stakeholders can have confidence in the reliability of the financial data on payments and revenues and of other extractive industry data.

Required disclosures

Validation should:

- Document if and when the MSG agreed a procedure to address data quality and assurance based on one of the standard procedures endorsed by the EITI Board (4.9.c);

- Review the standard procedures agreed by the MSG and document whether these align with the standard procedures endorsed by the EITI Board. The procedures should ensure that the payments and revenues disclosed are subject to credible, independent audit, applying international auditing standards (4.9.a-c).

Validation should highlight any major deviations (4.9.c). If the EITI Board have approved that the MSG deviates from the standard procedures of 4.9.c, Validation should document whether:

- The rationale for deviating from the standard procedures continues to be applicable;
- There is routine disclosure of the data required by the EITI Standard in requisite detail;
- Financial data is subject to credible, independent audits, applying international standards, and;
- There is sufficient data retention of historical data.

If the MSG applied a procedure in accordance with the standard procedures endorsed by the EITI Board, Validation should document if and when the MSG have:

- Agreed on reporting templates;
- Undertaken a review of the audit and assurance procedures in companies and government entities participating in EITI reporting;
- Agreed on the assurances to be provided by the participating companies and government entities to assure the credibility of the data, including the types of assurances.

Encouraged disclosures

Validation should document whether:

- The MSG has agreed an approach to data reliability for the disclosure of non-revenue information in accordance with EITI Requirements 2, 3, 5 and 6 (4.9.c).

Requirement 4.10: Project costs

The objective of this requirement is to increase public understanding about exploration and production costs in the country's extractive sector and about government policies and practices to monitor companies' costs.

Required disclosures

Validation should document whether the following is disclosed:

- Government policies and practices for monitoring oil, gas and mining project costs and managing revenue loss risks. This must include the disclosure of relevant laws, regulations and policies, as well as actions undertaken to monitor costs.

Expected disclosures

Validation should document whether the following is disclosed:

- Final cost and tax audit reports, or summaries of those reports, including costs deemed as non-recoverable and costs deemed non-deductible and any additional revenues to be collected as a result.

Encouraged disclosures

Validation should document whether:

- Companies and implementing countries disclose declared costs disaggregated by project, and by costs related to operating and capital expenditures. Operating expenditures declared in the reporting year may include amortisation or depreciation of costs incurred in prior years. Companies and implementing countries are encouraged to disclose costs incurred since the commencement of the project.

Module: Revenue management

Requirement 5.1: Distribution of revenues

The objective of this requirement is to ensure the traceability of extractive revenues to the national budget and ensure the same level of transparency and accountability for extractive revenues that are not recorded in the national budget.

Required disclosures

Validation should document whether the following is disclosed:

- Description of how extractive sector revenues are distributed in the country (5.1.a);
- Which cash or in-kind revenues collected from oil, gas and mining companies are recorded in the national budget or in the budgets of subnational government entities, such as states or municipalities;

- For revenues not recorded in the national budget, an explanation of allocation and value of each of these revenues should be explained with links to sources where information on these revenues could be found such as subnational budgets, extra-budgetary entities, development or sovereign wealth funds, and SOEs.

Encouraged disclosures

Validation should document:

- References to any national revenue classification systems or international data standards (5.1.b).

Requirement 5.3: Additional information on revenue management & expenditures

The objective of this requirement is to strengthen public oversight of the management of extractive revenues; the use of extractive revenues to fund specific public expenditures; and the assumptions underlying the budget process, including considerations related to revenue sustainability.

Expected disclosures

Validation should comment on whether the following is disclosed:

- Any forecasts related to future revenues from the extractive sector, including the underlying assumptions related to projected production levels, projected project costs and projected commodity prices, where they exist. Where such disclosures have not been made, an explanation of the barriers to disclosure should be published (5.3.b).

Encouraged disclosures

Validation should document whether the following is disclosed:

- A description of any extractive revenues earmarked for specific programmes or geographic regions, including a description of the methods for ensuring efficiency and accountability in their use (5.3.a.i.);
- A description of the country's budget and audit processes and links to publicly available information about budgeting and expenditure (5.3.a.ii);
- Any further information to strengthen public understanding and debate around issues of revenue sustainability and resource dependence, including the assumptions underpinning forthcoming years in the budget cycle and the

proportion of future fiscal revenues expected to come from the extractive sector (5.3.a.iii);

- An explanation on how energy transition and climate risk considerations have been considered in revenue forecasting (5.3.b);
- Oil, gas and mining companies have disclosed projected project production levels, and estimated timelines related to cost recovery, when requested by the MSG (5.3.c).

Module: Subnational contributions

Requirement 4.6: Direct subnational payments

The objective of this requirement is to enable stakeholders to gain an understanding of benefits that accrue to local governments through transparency in companies' direct payments to subnational entities and to strengthen public oversight of subnational governments' management of their internally generated extractive revenues.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Do extractives companies make payments to subnational government entities directly? What are the applicable legal and regulatory provisions?
- Were these payments material in the period under review?

Required disclosures

Validation should document and evaluate:

- The MSG's definition of materiality with regards to direct subnational payments;
- Whether subnational revenues are comprehensively disclosed for each revenue stream, each company and each subnational unit in accordance with Requirement 4.6;
- Whether the MSG has agreed on a procedure to address data quality and assurance in accordance with Requirement 4.9.

Requirement 5.2: Subnational transfers

The objective of this requirement is to enable stakeholders at the local level to assess whether the transfer and management of subnational transfers of

extractive revenues are in line with statutory entitlements.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Are there transfers between national and subnational government entities that are related to extractive sector revenues and mandated by a constitution, statute or other revenue sharing mechanism?
- Were these transfers material in the period under review?

Required disclosures

Validation should document whether the following has been publicly disclosed:

- Material transfers between the central government and each relevant subnational government entity (5.2.a);
- Revenue sharing formula (5.2.a);
- Any discrepancy between the expected transfer (calculated in accordance with the relevant revenue sharing formula) and the actual amount transferred, disaggregated by local government unit (5.2.a).

Encouraged disclosures

Validation should document whether the following has been disclosed:

- Explanations for any discrepancies between the expected transfer and the actual amount transferred. (5.2.a)
- MSG agreement of a procedure for addressing data quality in accordance with Requirement 4.9 (5.2.a);
- Material discretionary or ad hoc transfers between national and subnational government (5.2.b);
- Further information on actual disbursements and how extractive revenues earmarked for specific programmes or investments at the subnational level are managed, and actual disbursements, including how those programmes address woman and other marginalised groups.

Requirement 6.1: Social expenditures and environmental payments

The objective of this requirement is to enable public understanding of extractive companies' social and environmental contributions, and to provide a basis for assessing extractive companies' compliance with their legal and contractual obligations to undertake social and environmental expenditures.

Applicability of the requirement

In determining the applicability of the requirement, Validation will consider:

- Are companies required to undertake social expenditures to government agencies and/or third parties by law or the terms of the contract governing their extractive investment? Were these social expenditures material in the period under review? Validation should document the MSG's definition of materiality with regards to mandatory social expenditures (6.1.a);
- Are companies required to undertake environmental payments to government agencies by law or the terms of the contract governing their extractive investment? Were these environmental payments material in the period under review? Validation should document the MSG's definition of materiality with regards to mandatory environmental payments (6.1.b);
- Are companies required to undertake environmental expenditures to third parties by law or the terms of the contract governing their extractive investment? Were these environmental expenditures material in the period under review? Validation is expected to document the MSG's definition of materiality with regards to mandatory environmental expenditures if the MSG decided to include them in the scope of EITI reporting;
- Are companies undertaking discretionary social expenditures to government agencies and/or third parties? Are companies undertaking discretionary environmental expenditures to government agencies and/or third parties? Validation should document the MSG's considerations and materiality thresholds if the MSG decided to include additional revenue streams in the scope of EITI reporting.

Required disclosures

Validation should evaluate:

- Whether material mandatory social expenditures to government agencies and/or third parties have been disclosed, with appropriate attention to data quality (4.9);
- Whether material social expenditures that are provided in-kind are disclosed, with the nature and the deemed value of the in-kind transaction (6.1.a);

- Whether third-party beneficiaries of mandatory social expenditures are disclosed including their name and function (6.1.a);
- Whether gender disaggregated data on the beneficiaries of mandatory social expenditures have been disclosed, where available (6.1.a);
- Whether company and/or government unilaterally discloses those transactions where reconciliation is not feasible (6.1.a);
- Whether material mandatory environmental payments to government agencies have been disclosed, with appropriate attention to data quality (in line with Requirement 4.9).

Expected disclosures:

Validation should document whether the following is disclosed:

- The contracts, and any other documents required by law, that describe the level and allocation of material mandatory social expenditures to government agencies and/or third parties. Where such disclosures of relevant documents have not been made, an explanation of the barriers to disclosure should be published (6.1.a);
- The contracts that mandate environmental payments to government agencies. Where such disclosures of relevant documents have not been made, an explanation of the barriers to disclosure has been published (6.1.b).

Encouraged disclosures

Validation should document whether:

- The MSG's procedure for data quality and assurance of information on social and environmental expenditures includes an evaluation of whether the legal or contractual obligations on social and environmental expenditures or payments are followed in practice (6.1.c);
- The MSG has developed a reporting process and disclosed material discretionary social expenditures to third parties, discretionary social payments to government, mandatory environmental expenditures to third parties, discretionary environmental expenditures to third parties and discretionary environmental payments to government commensurate with the disclosure of other payments and revenues (see Requirement 4.7) (6.1.d);
- Where available, discretionary social expenditures to third parties, mandatory environmental expenditures to third parties and/or discretionary environmental expenditures to third parties are disaggregated by beneficiary

and by their gender of the beneficiaries of those expenditures and transfers (6.1.d);

- The MSG agreed a procedure to address data quality and assurance (in accordance with Requirement 4.9) of material discretionary social expenditures to third parties, discretionary social payments to government, mandatory environmental expenditures to third parties, discretionary environmental expenditures to third parties and discretionary environmental payments to government (6.1.d).



Extractive Industries
Transparency Initiative

Rådhusgata 26
0151 Oslo
Norway

+47 222 00 800
secretariat@eiti.org
eiti.org