



# THE EITI STANDARD 2016

EITI International Secretariat 24 May 2017

## **The EITI Standard**

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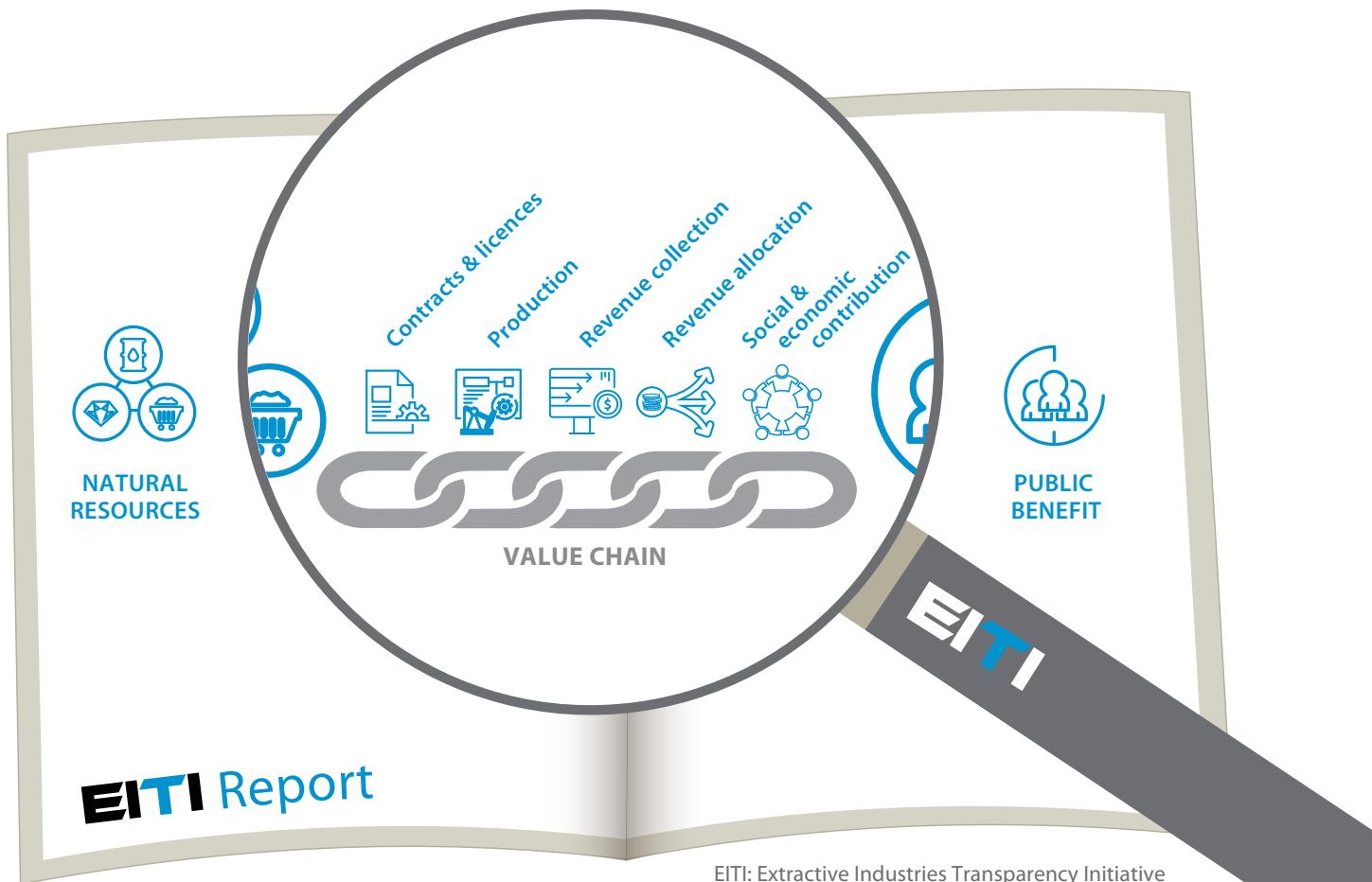
# THE EITI STANDARD

## 2016



# The EITI process

Seeing results from natural resources



EITI: Extractive Industries Transparency Initiative

**1** A national **multi-stakeholder group** (government, industry & civil society) decides how their EITI process should work.



**2** Key information about the governance of the sector is reported annually alongside **recommendations for improving sector governance.**



**3** This information is widely disseminated to **inform public debate** and ensure recommendations are followed up.





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## Foreword



I was first attracted to the role of EITI Chair when I read its Principles. They state that the wealth from a country's natural resources should benefit all its citizens and that this requires high standards of transparency and accountability. The EITI Standard, in its fifth version, seeks to deepen the link between those Principles and the working of the EITI.

This 2016 version further develops the Standard. Firstly, it encourages countries to build on their existing reporting systems and practices for EITI data collection, rather than burdening themselves by duplicating the process through EITI reporting. I am confident that this will make EITI data more timely, reliable and accessible, and the EITI process more cost effective and efficient.

Secondly, the new Standard seeks to develop the EITI's growing status as a platform for progress that is bringing greater transparency and accountability to all aspects of natural resource management, including tax transparency, commodity trading and licensing. It includes ground-breaking disclosure requirements on beneficial ownership, ensuring that the identity of the real owners of the oil, gas and mining companies operating in EITI countries will from now on be public. We all know too well that anonymous companies can contribute to fuel corruption, money laundering and tax evasion.

I commend EITI countries for their commitment to address these challenges.

Publishing reports is not a goal in itself. EITI Reports increasingly contain important recommendations aimed at improving tax collection systems, auditing procedures and other legal and administrative reforms. This is where the potential impact of the EITI is often greatest, and underscores the importance that the information and policy recommendations on improving the sector are communicated and used by the public to inform and generate debate.

Finally, after extensive consultation and piloting, this Standard introduces a new Validation system which aims to better recognise efforts to exceed the EITI Requirements and sets out fairer consequences for EITI countries that have not yet achieved compliance with the EITI Requirements.

These developments have been made possible through tough negotiation between the many varied interests. Credit is due to the previous EITI Board and its Chair, Clare Short. As the new Chair, I look forward to working with countries to implement the Standard and make the EITI less bureaucratic and more integrated into government systems; turning the recommendations into reforms; and improving the quality of the information and public debate.

A handwritten signature in cursive script that reads "Fredrik Reinfeldt". The ink is dark and the signature is fluid and personal.

**Fredrik Reinfeldt**, Chair of the EITI Board

23 February 2016



# Introduction

This EITI Standard consists of two parts: part one *Implementation of the EITI Standard*; and part two *Governance and management*.

Part one *Implementation of the EITI Standard* includes:

- **The EITI Principles**, which were agreed by all stakeholders in 2003. These Principles lay out the general aims and commitments by all stakeholders.
- **The EITI Requirements**, which must be adhered to by countries implementing the EITI. Some minor refinements have been made to the requirements in the 2013 EITI Standard to clarify ambiguities and inconsistencies. In addition, the requirements have been restructured and are now presented as per the extractive industry value chain. Finally, a section called **Compliance and deadlines for implementing countries** has been added, outlining the timeframes that implementing countries have to adhere to and the consequences of non-compliance with the EITI Requirements.
- **Overview of Validation**. Validation provides stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation procedure has been modified. It now begins with the preparatory steps for Validation, then continues with data collection and stakeholder consultation undertaken by the EITI International Secretariat, and an independent review by a Board-appointed Validator. The Board takes the final Validation decision. The Validation Guide, which provides guidance to the EITI Board on assessing EITI Requirements, was first agreed in 2006. It has been updated to reflect the latest changes to the Standard.
- **The protocol “Participation of civil society”**, which was approved by the EITI Board on 1 January 2015.
- **Open data policy**, which was approved by the EITI Board on 9 December 2015.

Part two *Governance and management* contains a brief introduction on how the EITI is organised. This is followed by the EITI Articles of Association, with the provisions for how the EITI Members' Association is governed. In 2013 the EITI Board approved the EITI Openness Policy, which is found after the Articles. The EITI Constituency guidelines and the EITI Association code of conduct are also included.

A diverse group of countries, companies and civil society organisations attended the Lancaster House Conference in London (2003) hosted by the UK Government. They agreed a Statement of Principles to increase transparency over payments and revenues in the extractives sector. These became known as the EITI Principles and are the cornerstone of the EITI.

### BOX 1 THE EITI PRINCIPLES

- 1** We share a belief that the prudent use of natural resource wealth should be an important engine for sustainable economic growth that contributes to sustainable development and poverty reduction, but if not managed properly, can create negative economic and social impacts.
- 2** We affirm that management of natural resource wealth for the benefit of a country's citizens is in the domain of sovereign governments to be exercised in the interests of their national development.
- 3** We recognise that the benefits of resource extraction occur as revenue streams over many years and can be highly price dependent.
- 4** We recognise that a public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development.
- 5** We underline the importance of transparency by governments and companies in the extractive industries and the need to enhance public financial management and accountability.
- 6** We recognise that achievement of greater transparency must be set in the context of respect for contracts and laws.
- 7** We recognise the enhanced environment for domestic and foreign direct investment that financial transparency may bring.
- 8** We believe in the principle and practice of accountability by government to all citizens for the stewardship of revenue streams and public expenditure.
- 9** We are committed to encouraging high standards of transparency and accountability in public life, government operations and in business.
- 10** We believe that a broadly consistent and workable approach to the disclosure of payments and revenues is required, which is simple to undertake and to use.
- 11** We believe that payments' disclosure in a given country should involve all extractive industry companies operating in that country.
- 12** In seeking solutions, we believe that all stakeholders have important and relevant contributions to make – including governments and their agencies, extractive industry companies, service companies, multilateral organisations, financial organisations, investors and non-governmental organisations.

## 2 EITI sign up

A country intending to implement the EITI is required to undertake a number of steps before applying to become an EITI candidate country. These steps relate to government engagement (1.1), company engagement (1.2), civil society engagement (1.3), the establishment of a multi-stakeholder group (1.4) and agreement on an EITI work plan (1.5). The detailed provisions are set out on pages 13-16. When the country has completed these steps and wishes to be recognised as an EITI candidate, the government should submit an EITI Candidature Application to the EITI Board (see box 2).

### BOX 2 APPLYING TO BECOME AN EITI CANDIDATE

When the country has completed the sign-up steps and wishes to be recognised as an EITI candidate, the government, with the support of the multi-stakeholder group, should submit an EITI Candidature Application, using the prescribed application form. The application should describe the activities undertaken to date and provide evidence demonstrating that each of the sign-up steps have been completed. The application should include contact details for government, civil society and private sector stakeholders involved in the EITI.

The EITI Board will review the application and assess whether the sign-up steps have been properly completed. The International Secretariat will contact stakeholders at the national level to ascertain their views on the sign-up process, and seek comments from supporting governments, international civil society groups, supporting companies, supporting organisations and investors. The International Secretariat will work closely with the senior individual appointed by the government to lead on EITI implementation in order to clarify any

outstanding issues. Based on this, and any other available information, the EITI Board's Outreach and Candidature Committee will make a recommendation, within a reasonable time period, to the EITI Board on whether a country's application should be accepted. The EITI Board will make the final decision.

The EITI Board prefers to make decisions on admitting an EITI candidate country during EITI Board meetings. Where there is a long period between meetings, the EITI Board may consider taking a decision via Board circular.

When the EITI Board admits an EITI candidate, it will also establish deadlines for publishing the first EITI Report and undertaking Validation. An implementing country's first EITI Report must be published within 18 months from the date that the country was admitted as an EITI candidate. EITI candidate countries will be required to commence Validation within two and a half years of becoming an EITI candidate. Further information on deadline policies is available in provision 8.

1. Available from the International Secretariat.

## 3 Requirements for EITI implementing countries

This section sets out the requirements that must be adhered to by countries implementing the EITI. There are two groups of implementing countries: EITI candidate and EITI compliant. EITI candidature is intended to lead, in a timely fashion, to compliance with the EITI Standard. In order to become EITI compliant, implementing countries must demonstrate through Validation that they have met all the EITI Requirements. Validation procedures are set out in section 4.

The EITI Requirements are minimum requirements and implementing countries are encouraged to go beyond them where stakeholders agree that this is appropriate. Stakeholders are encouraged to consult additional guidance materials on how to best ensure that the requirements are met, available at [www.eiti.org](http://www.eiti.org).

### Terminology

The use of the terms 'must', 'should', 'required' in the EITI Standard indicates that an issue is mandatory, and will be taken into account in the assessment of compliance with the EITI Standard.

The use of the term 'expected' in the EITI Standard indicates that the multi-stakeholder group should consider the issue, and document their discussions, rationale for disclosure/non-disclosure and any barriers to disclosure. Validation will consider and document the discussions by the multi-stakeholder group.

The use of the terms 'recommended', 'encouraged', 'may wish' and 'could' in the EITI Standard indicates that an issue is optional. Efforts by the multi-stakeholder group will be documented in Validation but will not be taken into account in the overall assessment of compliance with the EITI Standard.

The term 'EITI Report' in the context of a disclosure mechanism is used as shorthand for the information and data that should be disclosed in accordance with the EITI Standard. The data can be disclosed in the form of an EITI Report, or constitute publicly available information and data gathered or cross-referenced as part of the EITI process.

### 1

#### EITI REQUIREMENT 1

##### Oversight by the multi-stakeholder group.

**Overview:** The EITI requires effective multi-stakeholder oversight, including a functioning multi-stakeholder group that involves the government, companies, and the full, independent, active and effective participation of civil society. The key requirements related to multi-stakeholder oversight include: (1.1) government engagement; (1.2) industry engagement; (1.3) civil society engagement; (1.4) the establishment and functioning of a multi-stakeholder group; and (1.5) an agreed work plan with clear objectives for EITI implementation, and a timetable that is aligned with the deadlines established by the EITI Board.

##### 1.1 Government engagement.

- a) The government is required to issue an unequivocal public statement of its intention to implement the EITI. The statement must be made by the head of state or government, or an appropriately delegated government representative.
- b) The government is required to appoint a senior individual to lead the implementation of the EITI. The appointee should have the confidence of all stakeholders, the authority and freedom to coordinate action on the EITI across relevant ministries and agencies, and be able to mobilise resources for EITI implementation.
- c) The government must be fully, actively and effectively engaged in the EITI process.
- d) The government must ensure that senior government officials are represented on the multi-stakeholder group.

##### 1.2 Company engagement.

- a) Companies must be fully, actively and effectively engaged in the EITI process.
- b) The government must ensure that there is an enabling environment for company participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI. The fundamental rights of company representatives substantively engaged in the EITI, including but not restricted to members of the multi-stakeholder group, must be respected.
- c) The government must ensure that there are no obstacles to company participation in the EITI process.

##### 1.3 Civil society engagement.

In accordance with the civil society protocol:<sup>2</sup>

- a) Civil society must be fully, actively and effectively engaged in the EITI process.

<sup>2</sup> The civil society protocol is contained in section 5 of the EITI Standard.

## Requirements for EITI implementing countries

### 1. Oversight by the multi-stakeholder group

- b) The government must ensure that there is an enabling environment for civil society participation with regard to relevant laws, regulations, and administrative rules as well as actual practice in implementation of the EITI. The fundamental rights of civil society substantively engaged in the EITI, including but not restricted to members of the multi-stakeholder group, must be respected.
- c) The government must ensure that there are no obstacles to civil society participation in the EITI process.
- d) The government must refrain from actions which result in narrowing or restricting public debate in relation to implementation of the EITI.
- e) Stakeholders, including but not limited to members of the multi-stakeholder group must:
  - i. Be able to speak freely on transparency and natural resource governance issues.
  - ii. Be substantially engaged in the design, implementation, monitoring and evaluation of the EITI process, and ensure that it contributes to public debate.
  - iii. Have the right to communicate and cooperate with each other.
  - iv. Be able to operate freely and express opinions about the EITI without restraint, coercion or reprisal.

#### **1.4 Multi-stakeholder group.**

- a) The government is required to commit to work with civil society and companies, and establish a multi-stakeholder group to oversee the implementation of the EITI. In establishing the multi-stakeholder group, the government must:
  - i. Ensure that the invitation to participate in the group is open and transparent.
  - ii. Ensure that stakeholders are adequately represented. This does not mean that they need to be equally represented numerically. The multi-stakeholder group must comprise appropriate stakeholders, including but not necessarily limited to: the private sector; civil society, including independent civil society groups and other civil society such as the media and unions; and relevant government entities which can also include parliamentarians. Each stakeholder group must have the right to appoint its own representatives, bearing in mind the desirability of pluralistic and diverse representation. The nomination process must be independent and free from any suggestion of coercion. Civil society groups involved in the EITI as members of the multi-stakeholder group must be operationally, and in policy terms, independent of government and/or companies.
  - iii. Consider establishing the legal basis of the group.

# Requirements for EITI implementing countries

## 1. Oversight by the multi-stakeholder group

- b) The multi-stakeholder group is required to agree clear public Terms of Reference (ToRs) for its work. The ToRs should, at a minimum, include provisions on:

### **The role, responsibilities and rights of the multi-stakeholder group:**

- i. Members of the multi-stakeholder group should have the capacity to carry out their duties.
- ii. The multi-stakeholder group should undertake effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. The multi-stakeholder group should also widely disseminate the public information that results from the EITI process such as the EITI Report.
- iii. Members of the multi-stakeholder group should liaise with their constituency groups.

### **Approval of work plans, EITI Reports and annual progress reports:**

- iv. The multi-stakeholder group is required to approve annual work plans, the appointment of the Independent Administrator, the Terms of Reference for the Independent Administrator, EITI Reports and annual progress reports.
- v. The multi-stakeholder group should oversee the EITI reporting process and engage in Validation.

### **Internal governance rules and procedures:**

- vi. The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner. Any member of the multi-stakeholder group has the right to table an issue for discussion. The multi-stakeholder group should agree and publish its procedures for nominating and changing multi-stakeholder group representatives, decision-making, the duration of the mandate and the frequency of meetings. This should include ensuring that there is a process for changing group members that respects the principles set out in Requirement 1.4.a. Where the multi-stakeholder group has a practice of per diems for attending EITI meetings or other payments to multi-stakeholder group members, this practice should be transparent and should not create conflicts of interest.
- vii. There should be sufficient advance notice of meetings and timely circulation of documents prior to their debate and proposed adoption.
- viii. The multi-stakeholder group must keep written records of its discussions and decisions.

## **1.5 Work plan.**

The multi-stakeholder group is required to maintain a current work plan, fully costed and aligned with the reporting and Validation deadlines established by the EITI Board. The work plan must:

# Requirements for EITI implementing countries

## 1. Oversight by the multi-stakeholder group

- a) Set EITI implementation objectives that are linked to the EITI Principles and reflect national priorities for the extractive industries. Multi-stakeholder groups are encouraged to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business.
- b) Reflect the results of consultations with key stakeholders, and be endorsed by the multi-stakeholder group.
- c) Include measurable and time bound activities to achieve the agreed objectives. The scope of EITI implementation should be tailored to contribute to the desired objectives that have been identified during the consultation process. The work plan must:
  - i. Assess and outline plans to address any potential capacity constraints in government agencies, companies and civil society that may be an obstacle to effective EITI implementation.
  - ii. Address the scope of EITI reporting, including plans for addressing technical aspects of reporting, such as comprehensiveness (4.1) and data reliability (4.9).
  - iii. Identify and outline plans to address any potential legal or regulatory obstacles to EITI implementation, including, if applicable, any plans to incorporate the EITI Requirements within national legislation or regulation.
  - iv. Outline the multi-stakeholder group's plans for implementing the recommendations from Validation and EITI reporting.
  - v. Outline plans for disclosing beneficial ownership information in accordance with clauses 2.5(c)-(f), including milestones and deadlines.
- d) Identify domestic and external sources of funding and technical assistance where appropriate in order to ensure timely implementation of the agreed work plan.
- e) Be made widely available to the public, for example published on the national EITI website and/or other relevant ministry and agency websites, in print media or in places that are easily accessible to the public.
- f) Be reviewed and updated annually. In reviewing the work plan, the multi-stakeholder group should consider extending the detail and scope of EITI reporting including addressing issues such as revenue management and expenditure (5.3), transportation payments (4.4), discretionary social expenditures (6.1.b), ad hoc subnational transfers (5.2.b), beneficial ownership (2.5) and contracts (2.4). In accordance with Requirement 1.4.b (viii), the multi-stakeholder group is required to document its discussion and decisions.
- g) Include a timetable for implementation that is aligned with the reporting and Validation deadlines established by the EITI Board (8.1-8.4) and that takes into account administrative requirements such as procurement processes and funding.



## 2

### EITI REQUIREMENT 2

#### **Legal and institutional framework, including allocation of contracts and licenses.**

**Overview:** The EITI requires disclosures of information related to the rules for how the extractive sector is managed, enabling stakeholders to understand the laws and procedures for the award of exploration and production rights, the legal, regulatory and contractual framework that apply to the extractive sector, and the institutional responsibilities of the State in managing the sector. The EITI Requirements related to a transparent legal framework and award of extractive industry rights include: (2.1) legal framework and fiscal regime; (2.1) license allocations (2.3) register of licenses; (2.4) contracts; (2.5) beneficial ownership; and (2.6) state-participation in the extractive sector.

#### **2.1 Legal framework and fiscal regime.**

- a) Implementing countries must disclose a description of the legal framework and fiscal regime governing the extractive industries. This information must include a summary description of the fiscal regime, including the level of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies.
- b) Where the government is undertaking reforms, the multi-stakeholder group is encouraged to ensure that these are documented.

#### **2.2 License allocations.**

- a) Implementing countries are required to disclose the following information related to the award or transfer of licenses pertaining to the companies covered in the EITI Report during the accounting period covered by the EITI Report:
  - i. a description of the process for transferring or awarding the license;
  - ii. the technical and financial criteria used;
  - iii. information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and
  - iv. any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.

It is required that the information set out above is disclosed for all license awards and transfers taking place during the accounting year covered by the EITI Report, including license allocations pertaining to companies that are not included in the EITI Report, i.e. where their payments fall below the agreed materiality threshold. Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.

## Requirements for EITI implementing countries

### 2. Legal and institutional framework, including allocation of contracts and licenses

- b) Where companies covered in the EITI Report hold licenses that were allocated prior to the accounting period of the EITI Report, implementing countries are encouraged, if feasible, to disclose the information set out in 2.2(a) for these licenses.
- c) Where licenses are awarded through a bidding process during the accounting period covered by the EITI Report, the government is required to disclose the list of applicants and the bid criteria.
- d) Where the requisite information set out in 2.2(a-c) is already publicly available, it is sufficient to include a reference or link in the EITI Report.
- e) The multi-stakeholder group may wish to include additional information on the allocation of licenses in the EITI Report, including commentary on the efficiency and effectiveness of licensing procedures.

#### 2.3 Register of licenses.

- a) The term license in this context refers to any license, lease, title, permit, contract or concession by which the government confers on a company(ies) or individual(s) rights to explore or exploit oil, gas and/or mineral resources.
- b) Implementing countries are required to maintain a publicly available register or cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report:
  - i. License holder(s).
  - ii. Where collated, coordinates of the license area. Where coordinates are not collated, the government is required to ensure that the size and location of the license area are disclosed in the license register and that the coordinates are publicly available from the relevant government agency without unreasonable fees and restrictions. The EITI Report should include guidance on how to access the coordinates and the cost, if any, of accessing the data. The EITI Report should also document plans and timelines for making this information freely and electronically available through the license register.
  - iii. Date of application, date of award and duration of the license.
  - iv. In the case of production licenses, the commodity being produced.

It is expected that the license register or cadastre includes information about licenses held by all entities, including companies and individuals or groups that are not included in the EITI Report, i.e. where their payments fall below the agreed materiality threshold. Any significant legal or practical barriers preventing such comprehensive disclosure should be documented and explained in the EITI Report, including an account of government plans for seeking to overcome such barriers and the anticipated timescale for achieving them.

## Requirements for EITI implementing countries

### 2. Legal and institutional framework, including allocation of contracts and licenses

- c) Where the information set out in 2.3.b is already publicly available, it is sufficient to include a reference or link in the EITI Report. Where such registers or cadastres do not exist or are incomplete, the EITI Report should disclose any gaps in the publicly available information and document efforts to strengthen these systems. In the interim, the EITI Report itself should include the information set out in 2.3.b above.

#### **2.4 Contracts.**

- a) Implementing countries are encouraged to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.
- b) It is a requirement that the EITI Report documents the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway. Where applicable, the EITI Report should provide an overview of the contracts and licenses that are publicly available, and include a reference or link to the location where these are published.
- c) The term contract in 2.4(a) means:
  - i. The full text of any contract, concession, production-sharing agreement or other agreement granted by, or entered into by, the government which provides the terms attached to the exploitation of oil gas and mineral resources.
  - ii. The full text of any annex, addendum or rider which establishes details relevant to the exploitation rights described in 2.4(c)(i) or the execution thereof.
  - iii. The full text of any alteration or amendment to the documents described in 2.4(c)(i) and 2.4(c)(ii).
- d) The term license in 2.4(a) means:
  - i. The full text of any license, lease, title or permit by which a government confers on a company(ies) or individual(s) rights to exploit oil, gas and/or mineral resources.
  - ii. The full text of any annex, addendum or rider that establishes details relevant to the exploitation rights described in in 2.4(d)(i) or the execution thereof.
  - ii. The full text of any alteration or amendment to the documents described in 2.4(d)(i) and 2.4(d)(ii).

#### **2.5 Beneficial ownership.**

- a) It is recommended that implementing countries maintain a publicly available register of the beneficial owners of the corporate entity(ies) that bid for, operate or invest in extractive assets, including the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Where possible, beneficial ownership information should be incorporated in existing filings by companies to corporate regulators, stock

## Requirements for EITI implementing countries

### 2. Legal and institutional framework, including allocation of contracts and licenses

exchanges or agencies regulating extractive industry licensing. Where this information is already publicly available, the EITI Report should include guidance on how to access this information.

- b) It is required that the EITI Report documents the government's policy and multi-stakeholder group's discussion on disclosure of beneficial ownership. This should include details of the relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to beneficial ownership disclosure.
- c) As of 1 January 2020, it is required that implementing countries request, and companies disclose, beneficial ownership information for inclusion in the EITI Report. This applies to corporate entity(ies) that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract and should include the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. Any gaps or weaknesses in reporting on beneficial ownership information must be disclosed in the EITI Report, including naming any entities that failed to submit all or parts of the beneficial ownership information. Where a country is facing constitutional or significant practical barriers to the implementation of this requirement by 1 January 2020, the country may seek adapted implementation in accordance with requirement 8.1.
- d) Information about the identity of the beneficial owner should include the name of the beneficial owner, the nationality, and the country of residence, as well as identifying any politically exposed persons. It is also recommended that the national identity number, date of birth, residential or service address, and means of contact are disclosed.
- e) The multi-stakeholder group should agree an approach for participating companies assuring the accuracy of the beneficial ownership information they provide. This could include requiring companies to attest the beneficial ownership declaration form through sign off by a member of the senior management team or senior legal counsel, or submit supporting documentation.
- f) Definition of beneficial ownership:
  - i. A beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity.
  - ii. The multi-stakeholder group should agree an appropriate definition of the term beneficial owner. The definition should be aligned with (f)(i) above and take international norms and relevant national laws into account, and should include ownership threshold(s). The definition should also specify reporting obligations for politically exposed persons.
  - iii. Publicly listed companies, including wholly-owned subsidiaries, are required to disclose the name of the stock exchange and include a link to the stock exchange filings where they are listed.
  - iv. In the case of joint ventures, each entity within the venture should disclose

## Requirements for EITI implementing countries

### 2. Legal and institutional framework, including allocation of contracts and licenses

its beneficial owner(s), unless it is publicly listed or is a wholly-owned subsidiary of a publicly listed company. Each entity is responsible for the accuracy of the information provided.

- g) The EITI Report should also disclose the legal owners and share of ownership of such companies.

#### **2.6 State participation.**

Where state participation in the extractive industries gives rise to material revenue payments, implementing countries must disclose:

- a) An explanation of the prevailing rules and practices regarding the financial relationship between the government and state-owned enterprises (SOEs), e.g., the rules and practices governing transfers of funds between the SOE(s) and the state, retained earnings, reinvestment and third-party financing. For the purpose of EITI reporting, a SOE is a wholly or majority government-owned company that is engaged in extractive activities on behalf of the government. Based on this, the multi-stakeholder group is encouraged to discuss and document its definition of SOEs taking into account national laws and government structures.
- b) Disclosures from the government and SOE(s) of their level of ownership in mining, oil and gas companies operating within the country's oil, gas and mining sector, including those held by SOE subsidiaries and joint ventures, and any changes in the level of ownership during the reporting period. This information should include details regarding the terms attached to their equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g., full-paid equity, free equity, carried interest. Where there have been changes in the level of government and SOE(s) ownership during the EITI reporting period, the government and SOE(s) are expected to disclose the terms of the transaction, including details regarding valuation and revenues. Where the government and SOE(s) have provided loans or loan guarantees to mining, oil and gas companies operating within the country, details on these transactions should be disclosed.

### 3

#### EITI REQUIREMENT 3

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##### Exploration and production.

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**Overview:** The EITI requires disclosures of information related to exploration and production, enabling stakeholders to understand the potential of the sector. The EITI Requirements related to a transparency in exploration and production activities include: (3.1) information about exploration activities; (3.2) production data; and (3.3) export data.

**3.1 Exploration.** Implementing countries should disclose an overview of the extractive industries, including any significant exploration activities.

**3.2 Production.** Implementing countries must disclose production data for the fiscal year covered by the EITI Report, including total production volumes and the value of production by commodity, and, when relevant, by state/region. This could include sources of the production data and information on how the production volumes and values disclosed in the EITI Report have been calculated.

**3.3 Exports.** Implementing countries must disclose export data for the fiscal year covered by the EITI Report, including total export volumes and the value of exports by commodity, and, when relevant, by state/region of origin. This could include sources of the export data and information on how the export volumes and values disclosed in the EITI Report have been calculated.

### 4

#### EITI REQUIREMENT 4

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##### Revenue collection.

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**Overview:** An understanding of company payments and government revenues can inform public debate about the governance of the extractive industries. The EITI requires a comprehensive reconciliation of company payments and government revenues from the extractive industries. The EITI Requirements related to revenue collection include: (4.1) comprehensive disclosure of taxes and revenues; (4.2) sale of the state's share of production or other revenues collected in kind; (4.3) Infrastructure provisions and barter arrangements; (4.4) transportation revenues; (4.5) SOE transactions; (4.6) subnational payments; (4.7) level of disaggregation; (4.8) data timeliness; and (4.9) data quality.

##### 4.1 Comprehensive disclosure of taxes and revenues.

- a) In advance of the reporting process, the multi-stakeholder group is required to agree which payments and revenues are material and therefore must be disclosed, including appropriate materiality definitions and thresholds. Payments and revenues are considered material if their omission or misstatement could significantly affect the comprehensiveness of the EITI Report. A description of each revenue stream, related materiality definitions

# Requirements for EITI implementing countries

## 4. Revenue collection

and thresholds should be disclosed. In establishing materiality definitions and thresholds, the multi-stakeholder group should consider the size of the revenue streams relative to total revenues. The multi-stakeholder group should document the options considered and the rationale for establishing the definitions and thresholds.

- b) The following revenue streams should be included:
- i. The host government's production entitlement (such as profit oil)
  - ii. National state-owned company production entitlement
  - iii. Profits taxes
  - iv. Royalties
  - v. Dividends
  - vi. Bonuses, such as signature, discovery and production bonuses
  - vii. License fees, rental fees, entry fees and other considerations for licences and/or concessions
  - viii. Any other significant payments and material benefit to government
- Any revenue streams or benefits should only be excluded where they are not applicable or where the multi-stakeholder group agrees that their omission will not materially affect the comprehensiveness of the EITI Report.
- c) Implementing countries must provide a comprehensive reconciliation of government revenues and company payments, including payments to and from state-owned enterprises, in accordance with the agreed scope. All companies making material payments to the government are required to comprehensively disclose these payments in accordance with the agreed scope. An entity should only be exempted from reporting if it can be demonstrated that its payments and revenues are not material. All government entities receiving material revenues are required to comprehensively disclose these revenues in accordance with the agreed scope.
- d) Unless there are significant practical barriers, the government is additionally required to provide aggregate information about the amount of total revenues received from each of the benefit streams agreed in the scope of the EITI Report, including revenues that fall below agreed materiality thresholds. Where this data is not available, the Independent Administrator should draw on any relevant data and estimates from other sources in order to provide a comprehensive account of the total government revenues.

### **4.2 Sale of the state's share of production or other revenues collected in kind.**

Where the sale of the state's share of production or other revenues collected in kind is material, the government, including state-owned enterprises, are required to disclose the volumes sold and revenues received. The published data must be disaggregated by individual buying company and to levels commensurate with the reporting of other payments and revenue streams (4.7).

### 4. Revenue collection

Reporting could also break down disclosures by the type of product, price, market and sale volume. Where practically feasible, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling the volumes sold and revenues received by including the buying companies in the reporting process.

#### **4.3 Infrastructure provisions and barter arrangements.**

The multi-stakeholder group and the Independent Administrator are required to consider whether there are 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. To be able to do so, the multi-stakeholder group and the Independent Administrator need to gain a full understanding of: the terms of the relevant agreements and contracts, the parties involved, the resources which have been pledged by the state, the value of the balancing benefit stream (e.g. infrastructure works), and the materiality of these agreements relative to conventional contracts. Where the multi-stakeholder group concludes that these agreements are material, the multi-stakeholder group and the Independent Administrator are required to ensure that the EITI Report addresses these agreements, providing a level of detail and transparency commensurate with the disclosure and reconciliation of other payments and revenues streams. Where reconciliation of key transactions is not feasible, the multi-stakeholder group should agree an approach for unilateral disclosure by the parties to the agreement(s) to be included in the EITI Report.

#### **4.4 Transportation revenues.**

Where revenues from the transportation of oil, gas and minerals are material, the government and state-owned enterprises (SOEs) are expected to disclose the revenues received. The published data must be disaggregated to levels commensurate with the reporting of other payments and revenue streams (4.7). Implementing countries could disclose:

- a) A description of the transportation arrangements including: the product; transportation route(s); and the relevant companies and government entities, including SOE(s), involved in transportation.
- b) Definitions of the relevant transportation taxes, tariffs or other relevant payments, and the methodologies used to calculate them.
- c) Disclosure of tariff rates and volume of the transported commodities.
- d) Disclosure of revenues received by government entities and SOE(s), in relation to transportation of oil, gas and minerals.
- e) Where practicable, the multi-stakeholder group is encouraged to task the Independent Administrator with reconciling material payments and revenues associated with the transportation of oil, gas and minerals.



## 4. Revenue collection

### **4.5 Transactions related to state-owned enterprises.**

The multi-stakeholder group must ensure that the reporting process comprehensively addresses the role of state-owned enterprises (SOEs), including material payments to SOEs from oil, gas and mining companies, and transfers between SOEs and other government agencies.

### **4.6 Subnational payments.**

It is required that the multi-stakeholder group establish whether direct payments, within the scope of the agreed benefit streams, from companies to subnational government entities are material. Where material, the multi-stakeholder group is required to ensure that company payments to subnational government entities and the receipt of these payments are disclosed and reconciled in the EITI Report.

### **4.7 Level of disaggregation.**

The multi-stakeholder group is required to agree the level of disaggregation for the publication of data. It is required that EITI data is presented by individual company, government entity and revenue stream. Reporting at project level is required, provided that it is consistent with the United States Securities and Exchange Commission rules and the forthcoming European Union requirements.

### **4.8 Data timeliness.**

- a) Implementing countries are required to produce their first EITI Report within 18 months of being admitted as an EITI candidate. Thereafter, implementing countries are expected to produce EITI Reports on an annual basis.
- b) Implementing countries must disclose data no older than the second to last complete accounting period, e.g. an EITI Report published in calendar/financial year 2016 must be based on data no later than calendar/financial year 2014. Multi-stakeholder groups are encouraged to explore opportunities to disclose data as soon as practically possible, for example through continuous online disclosures or, where available, by publishing additional, more recent contextual EITI data than the accounting period covered by the EITI revenue data. In the event that EITI reporting is significantly delayed, the multi-stakeholder group should take steps to ensure that EITI Reports are issued for the intervening reporting periods so that every year is subject to reporting.
- c) The multi-stakeholder group is required to agree the accounting period covered by the EITI Report.

### **4.9 Data quality and assurance.**

- a) The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards.
- b) It is a requirement that payments and revenues are reconciled by a credible, Independent Administrator, applying international auditing standards, and with publication of the administrator's opinion regarding that reconciliation including discrepancies, should any be identified.

# Requirements for EITI implementing countries

## 5. Revenue allocations

- i. The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards.
  - ii. The Independent Administrator must be perceived by the multi-stakeholder group to be credible, trustworthy and technically competent. The multi-stakeholder group should endorse the appointment of the Independent Administrator.
  - iii. The multi-stakeholder group and the Independent Administrator are required to agree a Terms of Reference for the EITI Report based on the standard Terms of Reference and the 'agreed upon procedure for EITI Reports'<sup>3</sup> endorsed by the EITI Board. Should the multi-stakeholder group wish to adapt or deviate from these agreed upon procedures, approval from the EITI Board must be sought in advance (Requirement 8.1).
- c) Where the assessment in 4.9(a) concludes that there is (i) routine disclosure of the data required by the EITI Standard in requisite detail, and (ii) that the financial data is subject to credible, independent audit, applying international standards, the multi-stakeholder group may seek Board approval to mainstream EITI implementation in accordance with the 'Agreed upon procedure for mainstreamed disclosures'.<sup>4</sup> Without such prior approval, adherence to 4.9.b is required.

## 5

### EITI REQUIREMENT 5

#### Revenue allocations.

**Overview:** The EITI requires disclosures of information related to revenue allocations, enabling stakeholders to understand how revenues are recorded in the national and where applicable, subnational budgets. The EITI Requirements related to revenue allocations include: (5.1) distribution of revenues; (5.2) subnational transfers; and (5.3) revenue management and expenditures.

#### 5.1 Distribution of extractive industry revenues.

Implementing countries must disclose a description of the distribution of revenues from the extractive industries.

- a) Implementing countries should indicate which extractive industry revenues, whether cash or in kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable,

3. Available from the International Secretariat and on [eiti.org/guidance](http://eiti.org/guidance).

4. Available from the International Secretariat and on [eiti.org/guidance](http://eiti.org/guidance).

# Requirements for EITI implementing countries

## 5. Revenue allocations

e.g., sovereign wealth and development funds, subnational governments, state-owned enterprises, and other extra-budgetary entities.

- b) Multi-stakeholder groups are encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual.

### **5.2 Subnational transfers.**

- a) Where transfers between national and subnational government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism, the multi-stakeholder group is required to ensure that material transfers are disclosed. Implementing countries should disclose the revenue sharing formula, if any, as well as any discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational entity. The multi-stakeholder group is encouraged to reconcile these transfers. Where there are constitutional or significant practical barriers to the participation of subnational government entities, the multi-stakeholder group may seek adapted implementation in accordance with Requirement 8.1.
- b) The multi-stakeholder group is encouraged to ensure that any material discretionary or ad hoc transfers are also disclosed and where possible reconciled.

### **5.3 Revenue management and expenditures.**

The multi-stakeholder group is encouraged to disclose further information on revenue management and expenditures, including:

- a) A description of any extractive revenues earmarked for specific programmes or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use.
- b) A description of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports.
- c) Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence. This may include the assumptions underpinning forthcoming years in the budget cycle and relating to projected production, commodity prices and revenue forecasts arising from the extractive industries and the proportion of future fiscal revenues expected to come from the extractive sector.

### 6

#### EITI REQUIREMENT 6

##### **Social and economic spending.**

**Overview:** The EITI requires disclosures of information related to social expenditures and the impact of the extractive sector on the economy, helping stakeholders to assess whether the extractive sector is leading to the desirable social and economic impacts and outcomes. The EITI Requirements related to social and economic spending include: (6.1) social expenditures by companies; (6.2) SOE quasi-fiscal expenditures; and (6.3) an overview of the contribution of the extractive sector to the economy.

##### **6.1 Social expenditures by extractive companies.**

- a) Where material social expenditures by companies are mandated by law or the contract with the government that governs the extractive investment, implementing countries must disclose and, where possible, reconcile these transactions. Where such benefits are provided in kind, it is required that implementing countries disclose the nature and the deemed value of the in kind transaction. Where the beneficiary of the mandated social expenditure is a third party, i.e. not a government agency, it is required that the name and function of the beneficiary be disclosed. Where reconciliation is not feasible, countries should provide unilateral company and/or government disclosures of these transactions.
- b) Where the multi-stakeholder group agrees that discretionary social expenditures and transfers are material, the multi-stakeholder group is encouraged to develop a reporting process with a view to achieving transparency commensurate with the disclosure of other payments and revenue streams to government entities. Where reconciliation of key transactions is not possible, e.g., where company payments are in kind or to a non-governmental third party, the multi-stakeholder group may wish to agree an approach for voluntary unilateral company and/or government disclosures.

##### **6.2 Quasi-fiscal expenditures.**

Where state participation in the extractive industries gives rise to material revenue payments, implementing countries must include disclosures from SOE(s) on their quasi-fiscal expenditures. Quasi-fiscal expenditures include arrangements whereby SOE(s) undertake public social expenditure such as payments for social services, public infrastructure, fuel subsidies and national debt servicing, etc. outside of the national budgetary process. The multi-stakeholder group is required to develop a reporting process with a view to achieving a level of transparency commensurate with other payments and revenue streams, and should include SOE subsidiaries and joint ventures.

##### **6.3 The contribution of the extractive sector to the economy.**

Implementing countries must disclose, when available, information about the contribution of the extractive industries to the economy for the fiscal year covered by the EITI Report. It is required that this information includes:

# Requirements for EITI implementing countries

## 7. Outcomes and impact

- a) The size of the extractive industries in absolute terms and as a percentage of Gross Domestic Product as well as an estimate of informal sector activity, including but not necessarily limited to artisanal and small scale mining.
- b) Total government revenues generated by the extractive industries (including taxes, royalties, bonuses, fees, and other payments) in absolute terms and as a percentage of total government revenues.
- c) Exports from the extractive industries in absolute terms and as a percentage of total exports.
- d) Employment in the extractive industries in absolute terms and as a percentage of the total employment.
- e) Key regions/areas where production is concentrated.

### 7

#### EITI REQUIREMENT 7

##### Outcomes and impact.

**Overview:** Regular disclosure of extractive industry data is of little practical use without public awareness, understanding of what the figures mean, and public debate about how resource revenues can be used effectively. The EITI Requirements related to outcomes and impact seek to ensure that stakeholders are engaged in dialogue about natural resource revenue management. EITI Reports lead to the fulfilment of the EITI Principles by contributing to wider public debate. It is also vital that lessons learnt during implementation are acted upon, that discrepancies identified in EITI Reports are explained and, if necessary, addressed, and that EITI implementation is on a stable, sustainable footing.

##### 7.1 Public debate.

The multi-stakeholder group must ensure that the EITI Report is comprehensible, actively promoted, publicly accessible and contributes to public debate. Key audiences should include government, parliamentarians, civil society, companies and the media. The multi-stakeholder group is required to:

- a) Produce paper copies of the EITI Report, and ensure that they are widely distributed. Where the report contains extensive data, e.g. voluminous files, the multi-stakeholder group is encouraged to make this available online.
- b) Agree a clear policy on the access, release and re-use of EITI data. Implementing countries are encouraged to publish EITI under an open license, and to make users aware that information can be reused without prior consent.
- c) Make the EITI Report available in an open data format (xlsx or csv) online and publicise its availability.
- d) Ensure that the EITI Report is comprehensible, including by ensuring that it is written in a clear, accessible style and in appropriate languages.

## Requirements for EITI implementing countries

### 7. Outcomes and impact

- e) Ensure that outreach events, whether organised by government, civil society or companies, are undertaken to spread awareness of and facilitate dialogue about the EITI Report across the country.

#### **7.2 Data accessibility.**

The multi-stakeholder group is encouraged to make EITI Reports machine readable, and to code or tag EITI Reports and data files so that the information can be compared with other publicly available data by adopting Board-approved EITI data standards. As per Requirement 5.1(b), the multi-stakeholder group is encouraged to reference national revenue classification systems, and international standards such as the IMF Government Finance Statistics Manual. The multi-stakeholder group is encouraged to:

- a) Produce brief summary reports, with clear and balanced analysis of the information, ensuring that the authorship of different elements of the EITI Report is clearly stated.
- b) Summarise and compare the share of each revenue stream to the total amount of revenue that accrues to each respective level of government.
- c) Where legally and technically feasible, consider automated online disclosure of extractive revenues and payments by governments and companies on a continuous basis. This may include cases where extractive revenue data is already published regularly by government or where national taxation systems are trending towards online tax assessments and payments. Such continuous government reporting could be viewed as interim reporting, and as an integral feature of the national EITI process which is captured by the reconciled EITI Report issued annually.
- d) Undertake capacity-building efforts, especially with civil society and through civil society organisations, to increase awareness of the process, improve understanding of the information and data from the reports, and encourage use of the information by citizens, the media, and others.

#### **7.3 Discrepancies and recommendations from EITI Reports.**

With a view to strengthen the impact of EITI implementation on natural resource governance, as per Requirement 7.4, the multi-stakeholder group is required to take steps to act upon lessons learnt; to identify, investigate and address the causes of any discrepancies; and to consider the recommendations resulting from EITI reporting.

#### **7.4 Review the outcomes and impact of EITI implementation.**

The multi-stakeholder group is required to review the outcomes and impact of EITI implementation on natural resource governance.

- a) The multi-stakeholder group is required to publish annual progress reports.<sup>5</sup> The annual progress reports must include:
  - i. A summary of EITI activities undertaken in the previous year.

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5. A standard template is available from the International Secretariat and on [eiti.org/guidance](http://eiti.org/guidance), guidance note 5.

# Requirements for EITI implementing countries

## 7. Outcomes and impact

- ii. An assessment of progress with meeting and maintaining compliance with each EITI Requirement, and any steps taken to exceed the requirements. This should include any actions undertaken to address issues such as revenue management and expenditure (5.3), transportation payments (4.4), discretionary social expenditures (6.1), ad hoc subnational transfers (5.2), beneficial ownership (2.5) and contracts (2.4).
  - iii. An overview of the multi-stakeholder group's responses to and progress made in addressing the recommendations from reconciliation and Validation in accordance with Requirement 7.3. The multi-stakeholder group is required to list each recommendation and the corresponding activities that have been undertaken to address the recommendations and the level of progress in implementing each recommendation. Where the government or the multi-stakeholder group has decided not to implement a recommendation, it is required that the multi-stakeholder group documents the rationale in the annual progress report.
  - iv. An assessment of progress with achieving the objectives set out in its work plan (Requirement 1.5), including the impact and outcomes of the stated objectives.
  - v. A narrative account of efforts to strengthen the impact of EITI implementation on natural resource governance, including any actions to extend the detail and scope of EITI reporting or to increase engagement with stakeholders.
  - vi. An evaluation of the implementation of the beneficial ownership roadmap.
- b) All stakeholders should be able to participate in the production of the annual progress report and reviewing the impact of EITI implementation. Civil society groups and industry involved in the EITI, particularly, but not only those serving on the multi-stakeholder group, should be able to provide feedback on the EITI process and have their views reflected in the annual progress report.
  - c) The multi-stakeholder group is required to submit a Validation Report in accordance with the deadlines established by the EITI Board (section 8).

### 8

#### EITI REQUIREMENT 8

##### **Compliance and deadlines for implementing countries.**

**Overview:** This section outlines the timeframes established by the EITI Board for publication of EITI Reports (8.2), annual progress reports (8.4) and Validation (8.3). It outlines the consequences of non-compliance with the deadlines and the requirements for EITI implementation. It also explains the possibility and criteria for countries to apply for adapted implementation (8.1) and extensions (8.5).

##### **8.1 Adapted implementation.**

Should the multi-stakeholder group conclude that it faces exceptional circumstances that necessitate deviation from the implementation requirements, it must seek prior EITI Board approval for adapted implementation. The request must be endorsed by the multi-stakeholder group and reflected in the work plan. The request should explain the rationale for the adapted implementation.

The EITI Board will only consider allowing adaptations in exceptional circumstances. In considering such requests, the EITI Board will place a priority on the need for comparable treatment between countries and ensuring that the EITI Principles are upheld, including ensuring that the EITI process is sufficiently inclusive, and that the EITI Report is comprehensive, reliable and will contribute to public debate.

##### **8.2 EITI reporting deadlines.**

The EITI requires timely publication of EITI Reports (Requirement 4.8). If the EITI Report is not published by the required deadline, the country will be suspended. The suspension will be lifted if the EITI Board is satisfied that the outstanding EITI Report is published within six months of the deadline. If the outstanding reports are not published within six months of the deadline, the suspension will remain in force until the EITI Board is satisfied that the country has published an EITI Report that covers data no older than the second to last complete accounting period (Requirement 4.8). If the suspension is in effect for more than one year the EITI Board will delist the country.

##### **8.3 EITI Validation deadlines and consequences.**

###### **a) Assessment of progress with EITI implementation**

- i. **Assessment of each EITI Requirement.** The Validation process will assess the country's progress in complying with each of the EITI Requirements. Detailed guidance on the types of evidence that are required in order to make an assessment on individual requirements is set out in the Validation Guide available at [www.eiti.org](http://www.eiti.org). The level of progress and compliance with each individual EITI Requirement shall be indicated by applying one of the following designations:

*Satisfactory progress.* In order for the EITI Board to conclude that a country has made satisfactory progress, Validation needs to demonstrate that all aspects of the requirement have been implemented and that the broader objective of the requirement has been fulfilled.



## Requirements for EITI implementing countries

### 8. Compliance and deadlines for implementing countries

*Meaningful progress.* In order for the EITI Board to conclude that a country has made meaningful progress, Validation needs to demonstrate that significant aspects of the requirement have been implemented and that the broader objective of the requirement is being fulfilled.

*Inadequate progress.* In order for the EITI Board to conclude that a country has made inadequate progress, Validation needs to demonstrate that significant aspects of the requirement have not been implemented and that the broader objective of the requirement is far from fulfilled.

*No progress.* In order for the EITI Board to conclude that a country has made no progress, Validation needs to demonstrate that all or nearly all aspects of the requirement remain outstanding, and that the broader objective of the requirement is not fulfilled.

- ii. **Overall assessments.** Pursuant to the Validation Process, the EITI Board will make an assessment of overall compliance with all requirements in the EITI Standard. In determining a country's overall assessment, the EITI Board will apply the same minimum threshold tests for the overall assessment as used for the assessment of the individual requirements outlined in provision 8.3(i) above. The Board will also take into account provision 8.3(c)(i) below, as well as the following factors:
  - the advice and recommendations of Validators and the Validation Committee;
  - the nature of the outstanding requirements and how close the requirements are to being met;
  - the magnitude and complexity of the extractive sector of the country;
  - other barriers to meeting requirements such as but not limited to state fragility and recent or ongoing political change, and the extent to which the multi-stakeholder group has undertaken actions to resolve barriers encountered;
  - the good faith efforts undertaken by the multi-stakeholder group to comply with the requirements;
  - the reasons and justifications for not complying with the requirements; and
  - any plans agreed by the multi-stakeholder group to address the requirements in the future.
- iii. **Efforts beyond the requirements.** In addition to the assessment of the requirements, Validation will document:
  - *Efforts to go beyond the EITI Requirements.* This will include efforts by multi-stakeholder group to address 'encouraged' or 'recommended' aspects of the EITI Standard. It will also include efforts by the multi-stakeholder group to successfully achieve any work plan objectives that fall outside the scope of the EITI Standard, but that have been identified by the multi-stakeholder group to be necessary objectives for the EITI to address national priorities for the extractive sector. These efforts will be documented in the Validation process but will not be taken into account in assessing compliance with the EITI Standard. Where Validation concludes that the multi-stakeholder group has comprehensively implemented 'encouraged' or

## Requirements for EITI implementing countries

### 8. Compliance and deadlines for implementing countries

'recommended' aspects of the EITI Standard, and/or MSG work plan objectives, the EITI Board will recognise these efforts in the assessment card.

- The direction of progress towards meeting each EITI Requirement as compared to the country's previous Validation(s), indicating whether implementation is improving or deteriorating.

In accordance with the Validation guide, the results of the assessment will be documented in an assessment card and a narrative report, presenting the evidence, stakeholder views, references and conclusions.

#### **b) Consequences of compliance**

Where Validation verifies that a country has made satisfactory progress on all of the requirements, the EITI Board will designate that country as EITI compliant.

EITI compliant countries must maintain adherence to the EITI Principles and Requirements in order to retain compliant status. Where a country has become EITI compliant, but concerns are raised about whether its implementation of the EITI has subsequently fallen below the required standard, the EITI Board reserves the right to require the country to undergo a new Validation. Stakeholders may petition the EITI Board if they consider that compliant status should be reviewed. This request may be mediated through a stakeholder's constituency representative(s) on the EITI Board. The EITI Board will review the situation and exercise its discretion as to whether to require an earlier Validation. Subject to the findings of that assessment, the EITI Board will determine the country's status.

Where a compliant country is being re-validated and Validation concludes that the country has not met all EITI Requirements, the consequences set out in (c) below apply.

#### **c) Consequences of non-compliance**

- i. A country must achieve *satisfactory progress* on the following four requirements in order to avoid suspension: government engagement (1.1), company engagement (1.2), civil society engagement (1.3) and timely EITI reporting (4.8). Where a country achieves less than *meaningful progress* on data quality (4.9) and data comprehensiveness (4.1), the MSG will be required to disclose a time-bound action plans for addressing weaknesses in data reliability and comprehensiveness. Progress with implementation of this plan will be taken into account in subsequent Validations.

With regards to the other EITI Requirements, the consequences of non-compliance depend on the Board's assessment of overall progress:

- ii. *No progress*. The country will be delisted.<sup>6</sup>
- iii. *Inadequate progress*. The country will be suspended and requested to undertake corrective actions until the second Validation. For the suspension to be lifted, the country must in its second Validation demonstrate at least meaningful progress.

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6. In accordance with provision 8.6.b country may be suspended due to political instability and conflict. The EITI Board will not sanction Validation in a country that is suspended under provision 8.6.b.

## Requirements for EITI implementing countries

### 8. Compliance and deadlines for implementing countries

If a country achieves meaningful progress in the second Validation, the procedure in provision (iv)(2) below applies. If the country achieves inadequate progress, in the second Validation the procedure in provision (ii) above applies.

- iv. *Meaningful progress.* The country will be considered an EITI candidate and requested to undertake corrective actions until the second Validation.

(1) If the country achieves meaningful progress overall in the second Validation, *but with no improvements on individual requirements*, the country will be suspended and requested to undertake corrective actions until the third Validation. If the country achieves meaningful progress overall in the third Validation but with no improvements on individual requirements, the country will be delisted. If the country achieves meaningful progress overall in the third Validation, but with considerable improvements across several individual requirements (i.e. several but not all requirements that were previously unmet have been met), the country will remain suspended.

The Board will establish new corrective actions. Failure to meet all requirements in the fourth Validation will result in delisting.

(2) If the country achieves meaningful progress overall in the second Validation, and with *considerable improvements across several individual requirements* (i.e. several but not all requirements that were previously unmet have been met), the country will be considered an EITI candidate whilst undertaking corrective actions. If the country achieves meaningful progress overall in the third Validation, the country will be suspended.

The Board will establish new corrective actions. Failure to meet all requirements in the fourth Validation will result in suspension or delisting.

(3) If the country achieves inadequate progress in the second or subsequent Validations, the procedure in point (ii) above applies.

#### **d) Timeframes for achieving compliance.**

- i. EITI candidate countries are required to commence the first Validation within two and a half years of becoming an EITI candidate. EITI compliant countries are required to be re-validated every three years. In accordance with provision 8.5, a country may request an extension of this timeframe. A country may also request to commence Validation earlier than scheduled by the EITI Board.
- ii. Where Validation verifies that a country has not achieved compliance, the EITI Board will establish the corrective actions that the country is required to undertake and a timeframe of 3-18 months for the next Validation where progress with the corrective actions will be assessed. In establishing the timeframe for completing the corrective actions, the EITI Board will consider the nature of the corrective actions and local circumstances. The Board retains the right to establish shorter or longer timeframes. In accordance with provision 8.5, a country may request an extension of this timeframe. A country may also request to commence Validation earlier than scheduled by the EITI Board.

# Requirements for EITI implementing countries

## 8. Compliance and deadlines for implementing countries

- iii. In accordance with provision (8.3.c) and (8.3.d)(i-ii) above, a country may hold EITI candidate status for a maximum of 7 years from the date that the country was designated as an EITI candidate.<sup>7</sup>

### 8.4 Annual progress report deadlines.

Multi-stakeholder groups are required to publish annual progress reports (Requirement 7.4). The report of the previous year's activities must be published by 1 July of the following year. The EITI Board will establish appropriate deadlines for new EITI candidate countries. If the annual progress report is not published within six months of this deadline, i.e. by 31 December of the following year, the country will be suspended until the EITI Board is satisfied that the outstanding progress report has been published.

### 8.5 Extensions.

An implementing country may apply for an extension if it is unable to meet any of the deadlines specified in provisions 8.2-8.4 above. The EITI Board will apply the following tests in assessing any extension requests:

- a) The request must be made in advance of the deadline and be endorsed by the multi-stakeholder group.
- b) The multi-stakeholder group must demonstrate that it has been making continuous progress towards meeting the deadline and has been delayed due to exceptional circumstances. In assessing continuous progress the EITI Board will consider:
  - i. The EITI process, in particular the functioning of the multi-stakeholder group and clear, strong commitment from government.
  - ii. The status and quality of EITI reporting, including meaningful progress in meeting the requirements for timely reporting as per Requirement 4.8 and efforts to address recommendations for improving EITI reporting.
- c) The exceptional circumstance(s) must be explained in the request from the multi-stakeholder group.
- d) No extensions will be granted which would increase the maximum candidature period.

### 8.6 Suspension.

#### a) Suspension due to breaches of the EITI Principles and Requirements

Where it is manifestly clear that a significant aspect of the EITI Principles and Requirements are not adhered to by an implementing country, the EITI Board will suspend or delist that country. In accordance with provisions 8.2-8.4, this includes cases where a country has not met the requirements for timely EITI reporting, publication of annual progress reports and/or achieving compliance with the EITI

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7. The time it takes for the country to undergo Validation is not counted as part of the maximum candidature period.

## Requirements for EITI implementing countries

### 8. Compliance and deadlines for implementing countries

Requirements by the deadlines established by the EITI Board. Where the EITI Board is concerned that adherence to the EITI Principles and Requirements is compromised, it may task the International Secretariat with gathering information about the situation and submitting a report to the EITI Board.

Suspension of an implementing country is a temporary mechanism and is subject to the maximum candidature period. In accordance with provisions 8.2-8.4 above, the EITI Board shall set a time limit for the implementing country to address breaches of the EITI Standard. During the period of suspension, the country will have the status "suspended". If the matter is resolved to the satisfaction of the EITI Board by the deadline, the country's candidate or compliant status will be re-instated. If the matter has not been resolved to the satisfaction of the EITI Board by the deadline, the EITI Board will delist the country.

#### **b) Suspension due to political instability or conflict.**

The EITI Board may decide to suspend countries in cases where political instability or conflict manifestly prevents the country from adhering to a significant aspect of the EITI Principles and requirements. Countries that are experiencing exceptional political instability or conflict may also voluntarily apply to be suspended. In this situation, the government should lodge an application for voluntary suspension with the EITI Board. The government's application should note the views of the multi-stakeholder group.

Where countries are suspended due to political instability or conflict, the period that the country is suspended will not be counted as part of the maximum candidature period. The EITI Board will monitor and review the situation on a regular basis and retains the right to extend the suspension period or delist the country.

#### **c) Lifting the suspension.**

The government may apply to have the suspension lifted at any time.

The application should document the steps agreed by stakeholders to re-start the EITI implementation and Validation process, and the work plan to achieve compliance. If the EITI Board is satisfied that the reasons for suspension have been addressed, the suspension will be lifted. Upon lifting a suspension, the EITI Board will consider setting new reporting and Validation deadlines as appropriate. At all stages in the process, the EITI Board shall ensure its concerns and decisions are clearly communicated to the implementing country.

### **8.7 Delisting.**

Delisting, i.e. revoking a country's status as an EITI implementing country, will occur if:

- 1) In accordance with provision 8.6, an implementing country has been subject to suspension, and the matter has not been resolved to the satisfaction of the EITI Board by the agreed deadline.
- 2) In accordance with provision 8.3, the EITI Board concludes that a country has not made satisfactory progress in implementing the EITI within the established timeframes.

# Requirements for EITI implementing countries

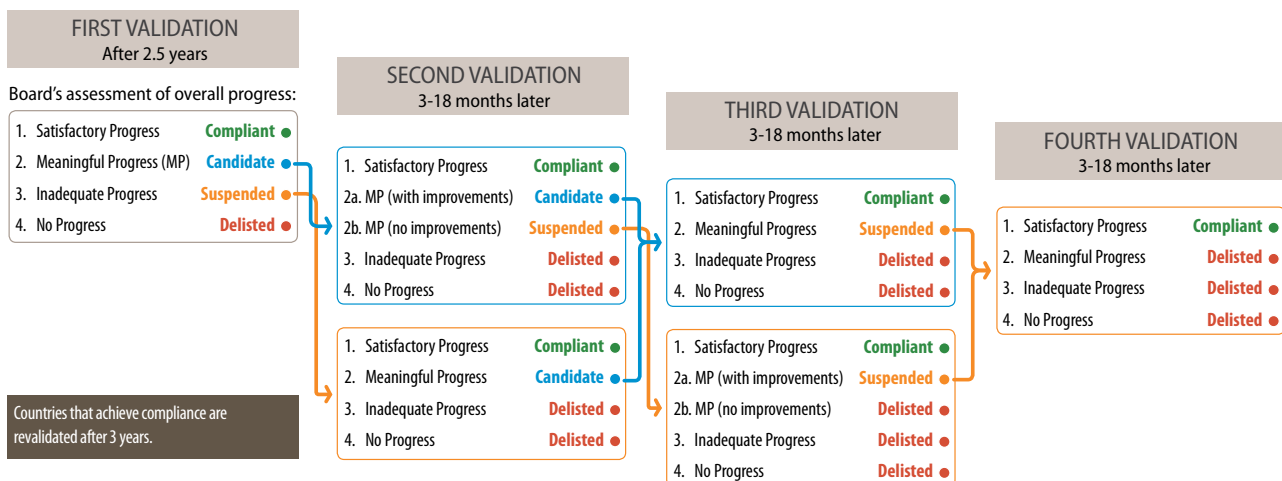
## 8. Compliance and deadlines for implementing countries

Where it is manifestly clear that a significant aspect of the EITI Principles and Requirements are not adhered to by an implementing country, the EITI Board reserves the right to delist the country. A delisted country may reapply for admission as an EITI candidate at any time. The EITI Board will apply the agreed procedures with respect to assessing EITI candidate applications. It will also assess previous experience in EITI implementation, including previous barriers to effective implementation, and the implementation of corrective measures.

### 8.8 Appeals.

The implementing country concerned may petition the EITI Board to review its decision regarding suspension, delisting or the country designation as EITI candidate or EITI compliant following Validation. In responding to such petitions, the EITI Board will consider the facts of the case, the need to preserve the integrity of the EITI and the principle of consistent treatment between countries. The EITI Board's decision is final. The country concerned may, prior to the notice periods under Article 8 of the Articles of Association, appeal a decision of the EITI Board to the next ordinary Members' Meeting.

The following figure illustrates the consequences of compliance and non-compliance as per requirement 8.3(b) and 8.3(c).



## 4 Overview of Validation

This section is concerned with EITI Validation. The purpose of Validation is to assess compliance with the EITI Requirements set out in section 3.

### Validation objectives

Validation is an essential feature of the EITI process. It serves to assess performance and promote dialogue and learning at the country level. It also safeguards the integrity of the EITI by holding all EITI implementing countries to the same global standard. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

### Validation methodology

Validation assesses compliance with the EITI Requirements set out in section 3. The methodology is set out in the Validation Guide, with guidance on assessing each provision. In some cases, the Validation Guide specifies the evidence that the validator must use to ensure that a provision has been satisfied. In other cases, there are different approaches that a country might take to address an EITI provision, and the Validation Guide provides examples of the types of evidence that the validator might consider.

### Validation procedure

Given the multi-stakeholder nature of the EITI and the importance of dialogue, the Validation procedure emphasises stakeholder consultation. Validation is carried out in three stages.

- 1. Preparation for Validation.** Prior to the commencement of Validation, the multi-stakeholder group (MSG) is encouraged to undertake a self-assessment of adherence to the EITI Standard. The Validation Guide includes a provision that: “where the MSG wishes that Validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG”. The national secretariat is requested to collate the documentation and other sources that demonstrate compliance, including MSG minutes. Stakeholders are also invited to prepare any other documentation they consider relevant. A guidance note on preparing for Validation is available<sup>8</sup>.
- 2. Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.** The International Secretariat reviews the relevant documentation, visits the country and consults stakeholders. This includes meetings with the multi-stakeholder group, the Independent Administrator and other key stakeholders, including stakeholders that are represented on, but not

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8. Available from the International Secretariat and on [eiti.org/guidance](http://eiti.org/guidance), guidance note 23

## Overview of Validation

directly participating in, the multi-stakeholder group. The Board maintains a standardised procedure for data collection, addressing stakeholder consultation and deadlines for the completion of the initial assessment.

Based on these consultations, the International Secretariat will prepare a report making an initial evaluation of progress against requirements in accordance with the Validation Guide. The initial assessment will not include an overall assessment of compliance.

The report is submitted to the Validator. The National Coordinator receives a copy. Comments on the facts are welcome but National Coordinators and the multi-stakeholder group are encouraged to defer any major commentary until they receive the Validator's draft report.

- 3. Independent Validation.** The Board will appoint an Independent Validator through an open, competitive tendering process. The Validator will report to the Board via the Validation Committee.

The Validator assesses whether the Secretariat's initial assessment has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial evaluation for each requirement, and a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements. The Board may request that the Validator undertake spot checks on specific requirements.

The Validator comments on the Secretariat's initial assessment and prepares a Draft Validation Report. The multi-stakeholder group is invited to comment on the Draft Validation Report. Having considered the multi-stakeholder group's comments, the Validator compiles a Final Validation Report. The Validator writes to the multi-stakeholder group to explain how it has considered their comments. The multi-stakeholder group receives a copy of the Final Validation Report.

The Final Validation Report will include the Validator's assessment of compliance with each provision, but not all overall assessment of compliance. The Validator will be invited to present their findings to the Validation Committee.

- 4. Board Review.** The Validation Committee will review the Final Validation Report and the supporting documentation (including the multi-stakeholder group's comments). The Validation Committee will then make a recommendation to the EITI Board on the country's compliance with the EITI Requirements and, where applicable, any corrective actions required.

The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard.

The initial assessment, Validation Report and associated multi-stakeholder group comments are considered confidential until the Board has reached a decision.



# 5 Protocol: Participation of civil society

## 1. Introduction

The participation of civil society is fundamental to achieving the objectives of EITI, including Principle 4 which states that “public understanding of government revenues and expenditure over time could help public debate and inform choice of appropriate and realistic options for sustainable development”. The active participation of civil society in the EITI process is key to ensure that the transparency created by the EITI leads to greater accountability. A primary motivation for the adoption of the EITI Standard was the desire to produce more relevant, more reliable and more usable information, and better link this information to wider reforms in the governance of the extractive sector or of the management of public accounting and revenue management. Citizens’ ability to work actively to make use of the information generated by the EITI is therefore a critical component of EITI implementation and civil society participation in the EITI.

The participation of civil society in the EITI process is formally assessed at two stages of EITI implementation – during the candidature assessment and during the Validation process. An assessment of civil society participation may also take place on an ad hoc basis in response to specific concerns raised with the Board about the situation in specific implementing countries. This protocol sets out the questions the EITI Board (including Committees) and validators should consider in assessing whether the provisions pertaining to civil society participation (1.3) have been met, as well as the types of evidence to be used in answering those questions. While the provisions relating to civil society participation in the EITI process remain consistent at every stage of EITI implementation, the evidence the EITI Board uses to evaluate the provisions will of necessity vary depending on the circumstances of the country, stage of implementation, and availability of information. It should be noted that the questions posed and the suggested types of evidence set out in 2.1-2.5 below do not constitute provisions, nor is the list exhaustive. However, it provides an assessment framework for the provisions related to civil society.

## 2. The EITI’s interpretation of the provisions on civil society

For purposes of this protocol, references to ‘civil society representatives’ will include civil society representatives who are substantively involved in the EITI process, including but not limited to members of the multi-stakeholder group. References to the ‘EITI process’ will include 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.

In assessing the civil society provisions, the Board and validators will apply the following tests:

### **2.1 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.**

The EITI Board and validators will 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.

### **2.2 Operation: Civil society representatives are able to operate freely in relation to the EITI process.**

The EITI Board and validators will 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 affecting the ability of civil society representatives to participate in the EITI process. This could include legal or administrative procedures related to the registration of CSOs that have adversely affected their ability to participate in the EITI process; legal or administrative restrictions on access to funding that have prevented CSOs from undertaking work related to the EITI process; legal or administrative issues preventing CSOs from holding meetings related to the EITI process, legal or administrative barriers to the dissemination of information and public comment on the EITI process, etc.
- 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.

### **2.3 Association: Civil society representatives are able to communicate and cooperate with each other regarding the EITI process.**

The EITI Board and validators will consider the extent to which:

- Civil society MSG representatives 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 MSG members and the wider civil society constituency have not been restricted.
- Civil society MSG representatives have not been restricted from engaging in outreach to broader civil society, including related to discussions about MSG representation and the EITI process.

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

The EITI Board and validators will consider the extent to which:

- Civil society representatives are able to fully contribute and provide input to the EITI process. This could for example include evidence of input and advocacy related to key MSG deliberations on issues such as work plan objectives and activities, the scope of the EITI reporting process, approval of EITI Reports, annual self-assessment of the EITI process through the annual progress reports, Validation etc. It could also include evidence that civil society is regularly participating in MSG meetings, MSG working groups and other EITI events, and that the views of CSOs are taken into account and documented in MSG meeting minutes.
- Civil society representatives consider that they have adequate capacity to participate in the EITI. This should include evidence that technical, financial or other capacity constraints affecting civil society have been considered and that plans for addressing such constraints have been agreed upon and/or effectuated including by providing access to capacity building or resources.

### **2.5 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.**

The EITI Board and validators will 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.

**2.6 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.**

### 3. Ad hoc restrictions on civil society representatives

- 3.1 Ad hoc allegations or reports of potential or actual restrictions on civil society representatives in EITI implementing countries should in the first instance be discussed and addressed by the multi-stakeholder group, subject to any safety concerns that an impacted party may have regarding directly raising such issues domestically.
- 3.2 The EITI Board through its Rapid Response Committee may be called to investigate particular cases and address alleged breaches of the EITI Principles and Provisions as appropriate. The EITI Board will consider such requests with regard to the facts of the case, the need to uphold the Principles of the EITI as well as the principle of consistent treatment between countries. In accordance with provision 8.6.a, “where the EITI Board is concerned that adherence to the EITI Principles and Provisions is compromised, it may task the International Secretariat with gathering information about the situation and submitting a report to the EITI Board”. Where concerns related to the participation of civil society are raised, the EITI Board will as appropriate strive to establish whether there is a direct link to the EITI process, including by (i) documenting the facts of the case; (ii) gathering stakeholders’ views; and (iii) applying the test set out in section 2 above.
- 3.3 Depending on the circumstances of the case including the extent to which it can be established that there is a direct link between the concerns raised and the EITI process, the Board will consider an appropriate response. This could for example include a letter from the Chair or the EITI Board to the government concerned, EITI Board or International Secretariat missions to the country, commissioning independent assessments, issuing Board declarations, agreeing to remedial actions including monitoring of implementation, or calling for a validation of a country’s adherence to the provisions concerned. In accordance with provision 8.6.a, “where it is manifestly clear that a significant aspect of the EITI Principles and Provisions are not adhered to by an implementing country, the EITI Board will suspend or delist that country.” In cases where the Board concludes that the concerns observed do not breach a provision or are not sufficiently linked to the EITI process, it will exercise its discretion as to whether to take any action, placing priority on the need to uphold the Principles of the EITI and to ensure consistent treatment between countries.

## 6 Open data policy

### Preamble

1. This policy contains recommendations on open data in implementation of the EITI. It builds on lessons emerging from national level implementation and emerging international best practice.<sup>9</sup>
2. The EITI Principles declare that “a public understanding of government revenues and expenditure over time [can] help public debate and inform choice of appropriate and realistic options for sustainable development” (EITI Principle 4). The EITI Standard therefore requires EITI Reports that are “comprehensible, actively promoted, publicly accessible, and contribute to public debate” (EITI Requirement 7.1). Improving the accessibility and comparability of EITI data is essential to realise these objectives.

### Open data objectives

3. Open EITI data can increase transparency about what government and business activities, and increases awareness about how countries’ natural resources are used and how extractives revenues are levied and spent, providing strong incentives for that money to be used most effectively.
4. Open data promotes accountability and good governance, enhances public debate, and helps to combat corruption. Providing access to government data can empower individuals, the media, civil society, and business to make better informed choices about the services they receive and the standards they should expect. Open data, can also be a valuable tool for government in improving policy making and sector management.
5. Free access to, and subsequent re-use of, open data are of significant value to society and the economy.

### Open data in EITI implementation

6. EITI Implementing countries are encouraged to:
  - a) orient government systems<sup>10</sup> towards open data by default. It is recognised that there is national and international legislation, in particular pertaining to intellectual property, personally-identifiable and sensitive information, which must be observed;
  - b) ensure that this data are fully described, so that users have sufficient information to understand their strengths, weaknesses, analytical limitations, and security requirements, as well as how to process the data;
  - c) release data as early as possible, allow users to provide feedback, and then continue to make revisions to ensure the highest standards of open data quality;

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9. Including the Open Government Partnership, the G8 Open Data Charter and Technical Annex, the Open Data Charter (<http://opendatacharter.net/>), and the open definition (<http://opendefinition.org/>).

10. The term government data is meant in the widest sense possible. This could apply to data owned by national, federal, local, or international government bodies, or by the wider public sector.

- d) release data under an open license that allows users to freely obtain and easily re-use it;
- e) share technical expertise and experience with other countries to maximise the potential of open data;
- f) work to increase open data literacy and encourage people, such as developers of applications and civil society organisations that work in the field of open data promotion, to unlock the value of open data;
- g) ensure that data is interoperable with national and international standards, including adopting data standards approved by the EITI Board and additional guidance provided by the EITI secretariat;
- h) where possible use unique identifiers to link data across years of reporting or different sources;
- i) work towards mainstreaming the creation of open data for EITI into government systems to ensure timeliness, data quality, reuse and cost effectiveness;
- j) provide data in granular, machine-readable formats.

# PART II

## Governance and management

The EITI has evolved from an idea into a standard with rules and procedures which provides a platform for wider debate and reform. The governance and management of the EITI itself has also evolved. The EITI is governed by a not-for-profit members association under Norwegian law. It is the EITI Association's articles that provide the governing framework for the EITI.

The EITI arranges a Global Conference at least every three years, in order to provide an international forum for EITI stakeholders to further the objectives of the EITI. Alongside these Conferences, a smaller Members' Meeting with the three constituency groups – countries (implementing and supporting), companies (including institutional investors) and civil society organisations – takes place. The votes of the three constituencies are equally balanced. A main task of the Members' Meeting is to appoint the EITI Board. Constituencies agree among themselves their membership of the Association and who they wish to nominate to the EITI Board.

Between these Conferences and the Members' Meetings, the EITI Board oversees the activities of the EITI through regular Board meetings, committee meetings and frequent Board circulars. The EITI Board has 21 members, with the different constituencies being entitled to representation.

The EITI International Secretariat is responsible for the day-to-day running of the EITI Association. A considerable amount of technical assistance is provided to countries implementing the EITI. Much of this is provided by the World Bank. There are many other providers of technical assistance to EITI processes.

This section contains the main documents concerning the governance of the EITI at the international level:

- Articles of Association
- Openness Policy, adopted in 2013, which sets out how the EITI itself should be transparent
- EITI Constituency Guidelines available at [www.eiti.org/about/governance](http://www.eiti.org/about/governance)
- EITI Association code of conduct



# 7 Articles of Association

## ARTICLE 1 NAME

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- 1) The name of the association shall be “The Association for the Extractive Industries Transparency Initiative (EITI)” (hereinafter referred to as “the EITI Association”).

## ARTICLE 2 BACKGROUND AND OBJECTIVE

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- 1) The EITI Association is an international multi-stakeholder initiative with participation of representatives from governments and their agencies; oil, gas and mining companies; asset management companies and pension funds (hereinafter referred to as “Institutional Investors”) and local civil society groups and international non-governmental organisations.
- 2) The objective of the EITI Association is to make the EITI Principles and the EITI requirements the internationally accepted standard for transparency in the oil, gas and mining sectors, recognising that strengthened transparency of natural resource revenues can reduce corruption, and the revenue from extractive industries can transform economies, reduce poverty, and raise the living standards of entire populations in resource-rich countries.

## ARTICLE 3 LEGAL PERSON, LIMITED LIABILITY

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- 1) The EITI Association is a non-profit association organised under Norwegian law (“forening”).
- 2) The Members of the EITI Association shall not be responsible, individually or collectively, for any of the EITI Association’s debts, liabilities or obligations.

## ARTICLE 4 ORGANISATION

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- 1) The permanent institutional bodies of the EITI Association are:
  - i) The EITI Members’ Meeting, which is held in connection with the EITI Conference;
  - ii) The EITI Board led by the EITI Chair;
  - iii) The EITI Secretariat led by the Head of Secretariat;
- 2) The EITI Board may establish committees in accordance with Article 13;
- 3) The EITI Association’s organisation operates transparently.

## ARTICLE 5 MEMBERSHIP AND CONSTITUENCIES

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- 1) A Member of the EITI Association is a personal representative of a country (meaning state), company, organisation or legal entity that is appointed by a Constituency as set out in Articles 5 (2) and (3).
- 2) The Members are organised in three Constituencies which are:
  - i) The Constituency of Countries, which comprise:
    - a) Implementing Countries, meaning states, that have been classified by the EITI Board as either Candidate Countries or Compliant Countries; and



- b) Supporting Countries, meaning states or union of states, that support the objective of the EITI Association.
  - ii) The Constituency of Companies, which comprise:
    - a) Companies in the extractive sector that have committed to support the objective of the EITI Association and associations representing these companies; and
    - b) Institutional Investors that have committed to support the objective of the EITI Association.
  - iii) The Constituency of Civil Society Organisations, which comprise non-governmental organisations and global action networks or coalitions that support the objective of the EITI Association.
- 3) Each Constituency decides on its rules governing appointments of Members of the EITI Association. The Membership shall be limited to the following:
  - i) From the Constituency of Countries, up to one representative from each Implementing Country and each Supporting Country (or their unions);
  - ii) From the Constituency of Companies, up to one representative from each company and associations representing them, and a maximum of five representatives from Institutional Investors;
  - iii) From the Constituency of Civil Society Organisations, up to one representative from each Civil Society Organisations.
- 4) A Constituency may replace any of its own appointed Members at any time. The Constituency shall inform the EITI Secretariat of its Members at any time.
- 5) The EITI Board may terminate any Member's Membership of the EITI Association if:
  - i) The Member, or the country or other entity the Member represents, does not comply with these Articles of Association; or
  - ii) The Member, or the country or other entity the Member represents, has conducted his/her/its affairs in a way considered prejudicial or contrary to the EITI Principles.
- 6) A resolution by the EITI Board in accordance with Article 5 (5) may be appealed by any Member to the Members' Meeting for final decision.

### **ARTICLE 6 THE EITI CONFERENCE**

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- 1) An EITI Conference shall be held at least every three years in order to provide a forum for EITI stakeholders, being all with an interest in the EITI Association, to further the objective of the EITI Association and to express their views on the policies and strategies of the EITI Association. The EITI Chair shall act as chairman for the Conference. The EITI Conference is a non-governing body of the EITI Association.
- 2) The EITI Members, the EITI Board and the EITI Secretariat have the right to attend or be represented at the EITI Conference. Other EITI stakeholders should also be invited, in each case, to the extent that it is reasonably practical to make arrangements in order to do so as decided by the EITI Board.

- 3) The EITI Conference shall be summoned by the EITI Board on the EITI website and by written notice to the Members and Constituencies with at least four weeks' notice. The written notice shall include the agenda of the EITI Conference.
- 4) The EITI Conference shall:
  - i) Provide an important and visible platform for debate, advocacy, continued fund raising, and inclusion of new EITI stakeholders;
  - ii) Review progress based on the activity report for the period since the preceding ordinary Members' Meeting;
  - iii) Provide suggestions to the EITI Board as to the activities of the EITI Association until the next ordinary Members' Meeting;
  - iv) Mobilise and sustain high level coordination, political commitment and momentum to achieve the objective of the EITI Association; and
  - v) Provide an informal communication channel for those EITI stakeholders who are not formally represented elsewhere in the governance structure of the EITI Association.
- 5) Views on the issues set out in Article 6 (4) above may be expressed in a non-binding Statement of Outcomes which shall be agreed upon by the EITI Conference and communicated to the EITI Members' Meeting and the EITI Board. The EITI Conference shall make every effort to adopt resolutions by consensus. Taking account of the view of the EITI stakeholders, the EITI Chair may decide that a vote is required. Every EITI stakeholder, except the Members of the EITI Board in this capacity and the Secretariat, has one vote. Resolutions of the EITI Conference are adopted by simple majority of those present and voting.

### **ARTICLE 7 THE EITI MEMBERS' MEETING**

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- 1) The governing body of the EITI Association is the EITI Members' Meeting.
- 2) The EITI Members' Meeting is comprised of the Members of the EITI Association.
- 3) The ordinary EITI Members' Meeting shall be held at least every three years in connection with the EITI Conference. The ordinary EITI Members' Meeting shall be summoned by the EITI Board to the Members with at least four weeks written notice.
- 4) An Extraordinary Members' Meeting may be summoned by the EITI Board to the Members with at least three weeks written notice. The EITI Board shall ensure that an Extraordinary Members' Meeting shall be held within four weeks of the receipt by the EITI Chair of a request to hold an Extraordinary Members' Meeting.
- 5) Members who wish to take part in an EITI Members' Meeting, must give notice to the EITI Secretariat by the date stated in the summons. A Member may be represented in the EITI Members' Meeting by written proxy. The proxy may also include specific voting instructions.

A duly signed proxy must be received by the EITI Secretariat by the date stated in the summons.
- 6) The EITI Chair shall act as chairman for the EITI Members' Meeting.

- 7) The quorum of a Members' Meeting shall be a minimum of half of the Members, and must include at least one third of the Members from each Constituency.
- 8) The Members' Meeting shall make every effort to adopt resolutions by consensus. If a vote is required, resolutions are adopted by qualified majority requiring the support of at least two thirds of the total votes cast and must include the support of at least one third of the votes cast by the Members representing each Constituency. The total number of votes for the Members of each Constituency shall be equal and be determined as follows:
  - i) Members from the Constituency of Countries shall have one vote each; and
  - ii) The votes for Members from the Constituency of Companies and the Constituency of Civil Society Organisations shall be determined by dividing the total of Country votes by the number of Members of the Company and Civil Society Constituencies respectively.
  - iii) The EITI Chair shall announce the number of votes for each Member from the different Constituencies prior to voting.

### **ARTICLE 8 THE FUNCTIONS OF THE EITI MEMBERS' MEETING**

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- 1) The EITI Members' Meeting shall:
  - i) Approve the activities report, the accounts and the activity plan of the EITI Board;
  - ii) Elect the Members, and Alternates for each Member, of the EITI Board, on nomination from the Constituencies;
  - iii) Elect the EITI Chair, on proposal of the EITI Board; and
  - iv) Consider any other matters pursuant to requests from a Member. Such requests shall be submitted in writing to the EITI Chair in time for any such matters to be included in the agenda for the EITI Members' Meeting stated in the summons.

### **ARTICLE 9 THE EITI BOARD**

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- 1) The executive body of the EITI Association is the EITI Board, elected by the EITI Members' Meeting and operating under the guidance from the EITI Members' Meeting.
- 2) In order to reflect the multi-stakeholder nature of the EITI Association, the EITI Board shall consist of 21 EITI Board Members ("Board Members") and shall be made up as follows:
  - i) A Chair;
  - ii) 9 Board Members being Members of the EITI Association from the Constituency of Countries, of which a maximum of 3 Board Members should represent Supporting Countries and the remainder should represent Implementing Countries. When possible, Implementing Countries should be represented by at least 3 Compliant Countries.
  - iii) 6 Board Members being Members of the EITI Association from the Constituency of Companies, of which a maximum of 1 should represent Institutional Investors.
  - iv) 5 Board Members being Members of the EITI Association from the Constituency of Civil Society Organisations.

- 3) All Board Members retire with effect from the conclusion of the ordinary EITI Members' Meeting held subsequent to their nomination, but shall be eligible for re-nomination at that EITI Members' Meeting.
- 4) The Constituencies may nominate, and the EITI Members' Meeting may elect, one alternate Board Member (an "Alternate") for each Board Member that the Constituency has nominated. An Alternate may deputise for the Board Member. If there is no Alternate, the relevant Constituency shall nominate a new Board Member and Alternate.
- 5) If a Board Member is absent from a Board Meeting, that Board Member's Alternate may attend, participate in discussions, vote and generally perform all the functions of that Board Member in the Board Meeting.

Should a Board member fail to attend three consecutive Board meetings, the Board may, after consultation with his or her constituency, require the constituency to replace the Board member.

- 6) In the case of a vacancy on the EITI Board between two EITI Members' Meetings, this vacancy shall be filled by the resigning Board Member's Alternate, with the concerned Constituency nominating a new Alternate to be elected by the Board. Alternatively, the concerned Constituency may nominate a new Board Member to be elected by the Board.
- 7) The EITI Association shall obtain liability insurance for Board Members. The terms and conditions should be approved by the EITI Board.
- 8) The EITI Board may decide that a Board Member representing an implementing country that is suspended during the tenure may keep the status as a Board Member, but refrain from engaging in Board activities during the period of suspension. Should the suspension be in force for more than a year, the EITI Board may decide that the Board membership should be terminated.

### **ARTICLE 10 EITI OBSERVERS**

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- 1) Representatives from relevant international organisations, such as the World Bank, the International Monetary Fund and other relevant stakeholders, should be invited by the EITI Board to attend EITI Board Meetings and Members' Meetings as observers, when this can be practically accommodated. They have no voting rights, but may be invited to express their views on specific matters. The EITI Board may decide that certain items should be discussed without observers present.

### **ARTICLE 11 THE EITI CHAIR**

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- 1) The EITI Chair shall be elected at the ordinary EITI Members' Meeting. The EITI Board shall, prior to each ordinary EITI Members' Meeting, recommend a candidate for the EITI Chair for the period following that EITI Members' Meeting. The term of an EITI Chair's may be renewed once.

- 2) The EITI Chair shall:
  - i) Act as chairman of the EITI Members' Meeting;
  - ii) Act as chairman of the EITI Board Meeting;
  - iii) Present the EITI Board report to the EITI Conference and the EITI Members' Meeting;
  - iv) Represent the EITI Board in external matters;
  - v) Follow-up with the EITI Secretariat regarding the implementation of the resolutions of the EITI Board; and
  - vi) Seek to foster collaborative relationships between EITI stakeholders.
- 3) If the EITI Chair is unable to preside over a Board Meeting, the Board Members present may appoint another Board Member to chair that Meeting.

### **ARTICLE 12 FUNCTIONS OF THE EITI BOARD**

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- 1) The EITI Board shall act in the best interests of the EITI Association at all times. The EITI Board shall exercise the executive powers of the EITI Association subject to the resolutions of the EITI Members' Meeting, including the following key functions:
  - i) Consider general and specific policy issues affecting the EITI Association;
  - ii) Agree on the work plans and budget of the EITI Association;
  - iii) Agree on the arrangements for the EITI Conferences and the EITI Members' Meetings;
  - iv) Present (through the EITI Chair) the activity report and the activity plan to the EITI Conference and obtain approval of the same from the EITI Members' Meeting;
  - v) Present (through the EITI Chair) the annual accounts and the audit reports for the accounting periods since the last ordinary EITI Members' Meeting;
  - vi) Engage the Head of the Secretariat;
  - vii) Oversee and direct (through the EITI Chair) the work of the EITI Secretariat;
  - viii) Ensure that the multi-stakeholder nature of the EITI Association is maintained and fully reflected in the EITI Association at all levels, including in its Committees;
  - ix) Establish its procedures regarding the validation process, including complaints, resolving disagreements, the question of de-listing a country and appeal procedures;
  - x) Adopt more detailed procedures and rules for the management and operation of the EITI Association including the contents of country work plans and company work plans, the validation process, the management of funds, payments for projects, goods and services, auditing and reporting and the approval of projects;
  - xi) Recommend a candidate for the EITI Chair prior to each ordinary EITI Members' Meeting; and
  - xii) Adopt a code of conduct.

### **ARTICLE 13 COMMITTEES OF THE EITI BOARD**

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- 1) The EITI Board may create committees to further specific issues. Any such committee should include two or more Board Members or their Alternates, and its composition should, as far as is reasonable, reflect the multi-stakeholder nature of the EITI Association. The terms on which any such committee shall operate should be recorded in the Minute Book.

### **ARTICLE 14 EITI BOARD OPERATIONS AND PROCEEDINGS**

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- 1) The EITI Board should meet at least twice a year. If the circumstances so necessitate, EITI Board Meetings can be held by telephone conference. At least one EITI Board Meeting per year shall be in person.
- 2) A Board Meeting shall be convened by written notification from the EITI Chair with at least 14 days notice. Any shorter period of notice requires the written consent of all Board Members.
- 3) Board Members shall make every effort to adopt resolutions by consensus. Taking account of the view of the Board Members, the EITI Chair may decide that a vote is required. Every Member of the EITI Board has one vote. Voting can be done by written proxy.
- 4) No resolution may be made by a Board Meeting unless a quorum is present at the time of passing the resolution. At least two-thirds of the Board Members, with at least two Board Members from the Constituency of Countries (one Implementing Country and one Supporting Country), one Board Member from the Constituency of Civil Society Organisations and one Board Member from the Constituency of Companies, establish a quorum.
- 5) If a vote is required, resolutions are adopted by a qualified majority requiring 13 votes to be cast in favour of the resolution, and must include the support of at least one third of the votes of the Board Members from each Constituency including one third from the sub-constituency of implementing countries.
- 6) A Board Member shall not vote in respect of any matter or arrangement in which he or she is directly and personally interested, or if there are any other special circumstances which could impair confidence in his or her impartiality. A Board Member shall declare such interests to the EITI Board as soon as possible after he or she becomes aware of the same and this will be recorded in the Board minutes. A Board Member shall not be counted in the quorum present when any resolution is made about a matter which that Board Member is not entitled to vote upon. This shall not prevent a Board Member's alternate from voting on the matter.
- 7) The EITI Board may establish procedures regarding decision-making processes outside Board Meetings. Any decisions taken outside Board Meetings in accordance with such procedures should be recorded in the Minutes of the Board Meeting following when the decision was taken.

- 8) The EITI Association can be committed externally by the joint signature of all Board Members. The EITI Board may elect the Chair alone, or two or several Board Members to carry the right of signature, of which any two can sign jointly.

### **ARTICLE 15 THE EITI SECRETARIAT**

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- 1) The EITI Secretariat (“the Secretariat”) shall consist of the Head of Secretariat and other necessary staff. The members of the Secretariat shall be either contracted directly or seconded by EITI Members.
- 2) The Secretariat shall be responsible for the day-to-day running of the EITI Association under the direction of the EITI Board through its Chair.
- 3) The Secretariat shall keep an updated Members’ Registry at all times.
- 4) The Secretariat shall keep a record of these Articles of Association and any amendments thereto.
- 5) The Secretariat shall keep Minutes of all EITI Board Meetings, Members’ Meetings and meetings of the EITI Conference in a Minute Book. All such Minutes shall be published on the EITI website. Such Minutes shall record the names of those present, the resolutions made at the meetings and, where appropriate, the reasons for the resolutions.

### **ARTICLE 16 THE HEAD OF THE EITI SECRETARIAT**

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- 1) The Secretariat shall be led by a full-time Head of Secretariat who will manage the day-to-day running of the EITI Association, including the selection of necessary staff, oversee development of the EITI Association and provide support to the EITI Board. The Head of Secretariat shall report to EITI Board through the Chair and be responsible for the activities of the Secretariat.
- 2) The Head of Secretariat, or his appointee from the Secretariat, shall serve as Secretary to all EITI Board Meetings, EITI Members’ Meetings and EITI Conferences.

### **ARTICLE 17 FUNDING**

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- 1) The EITI Association is a non-profit association. Its funds consist of contributions from EITI Members and grants from bilateral and multilateral donors, international financial institutions and other agencies, organisations and entities.
- 2) The EITI Association may also operate through voluntary contributions in kind.

### **ARTICLE 18 EITI ACCOUNTS, FUND MANAGEMENT AND PAYMENTS**

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- 1) The EITI Association holds a separate bank account in its own name, the “EITI International Management Account”. The EITI International Management Account can be used for any activity falling within the objectives of the EITI Association and the work plans approved by the EITI Board. The funds may be applied to administration and governance costs, country-specific activities and multi-country activities.

- 2) The EITI Board shall appoint an external, independent auditor to annually audit the EITI International Management Account, and to present a written audit report to the EITI Board.

The EITI Board shall develop reporting and auditing arrangements with respect to the EITI International Management Account which shall be set forth in the supplementary operating rules and procedures of the EITI Association.

### ARTICLE 19 AMENDMENTS

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- 1) These Articles of Association may be amended by the EITI Members' Meeting convened and held, pursuant to Article 7 by approval of at least two-thirds of the Members present.

A proposal for an amendment shall be communicated in writing to all EITI Members four weeks in advance of the relevant resolution.

### ARTICLE 20 REVIEW

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- 1) A review of the governance arrangements of the EITI Association should be undertaken by the EITI Board within two years of the constitution of the Association.

### ARTICLE 21 WITHDRAWAL AND DISSOLUTION

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- 1) Any Member may withdraw from the EITI Association at any time. Such withdrawal shall become effective upon receipt of a written notification of withdrawal by the Head of Secretariat.
- 2) The EITI Association may be dissolved by the Members' Meeting in accordance with the provisions of Article 8. A proposal for dissolution shall be communicated in writing to all EITI Members four weeks in advance of the relevant resolution.
- 3) In the event of a dissolution, the assets of the EITI Association shall be applied to similar objectives to those of the EITI Association and as determined by the EITI Board subject to the approval of the EITI Members' Meeting.

### ARTICLE 22 ENTRY INTO FORCE

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- 1) These Articles of Association shall enter into force upon the constitution of the EITI Association.

### ANNEX A The EITI Principles

As per section 1 in this publication.

### ANNEX B Use of the EITI's name and logo

The EITI's name and logo are property of the EITI. As a general rule, use of the EITI *name*, i.e. EITI or Extractive Industries Transparency Initiative, by-products or translations, and *logo* or local derivatives, is encouraged and permitted under the limitations specified at <http://www.eiti.org/about/logopolicy>.



## 8 EITI Openness policy

1. **The documents of the EITI are public, except as otherwise provided below.**

2. Documents disclosed to the EITI on any matter concerning operational and/or business matters, which for **competition reasons** are important to keep secret in the interests of the person whom the information concerns, are exempted from access.

For example, a business secret would normally be exempted if disclosure has the potential of influencing the competitive position of the company in question.

3. Documents revealing information received from a **third party are exempted from access if disclosure is likely to influence legitimate interests of that third party.**

For example, access to documents will not be granted if the personal security of the third party and/or his family and/or any person closely connected to the third party in question may be endangered. Further, the protection of personal privacy will also qualify as legitimate interest and thus be exempted.

4. EITI **internal working documents** are exempted from access.

For example, documents from the International Secretariat to the EITI Board and its Committees are normally considered internal documents and thus exempted. This exception applies if the International Secretariat, in the course of its preparation of a matter to the EITI Board, has prepared or commissioned an analysis or a report or the similar from an external source. In contrast, final minutes from the EITI Board meetings as well as committees and working group meetings are not internal documents. E-mails between EITI colleagues are normally considered to be internal working documents.

5. **Personal** information related to staff of the EITI is exempted from access.

For example, documents on evaluations made in connection with recruitment and dismissal, and/or documents regarding assessments of staff performance and/or personal information about for example staff members' health are exempted from access. On the other hand, all contracts, salaries, compensation and expense accounting are public.

## 9 EITI Constituency guidelines

The report of the International Advisory Group, as adopted by the Oslo Conference in October 2006 recommended that 'Each of the constituencies should agree how they wish to be represented on the proposed Board. This requires prior consideration by each constituency of how they define those eligible (i) to be selected as representatives; and (ii) to be involved in the selection process'.

The constituencies are defined in the EITI Articles of Association, which also determine the size of the constituencies' membership on the association and the number of seats on the EITI Board. Some of the EITI constituencies are informally sub-divided.

Updated guidelines for constituencies and sub-constituencies are available on the EITI website at [www.eiti.org/about/governance](http://www.eiti.org/about/governance).

# 10 EITI Association code of conduct

## 1. Scope

All EITI Board Members, their alternates, Members of the EITI Association, secretariat staff (national and international), and members of multi-stakeholder groups (below referred to as “EITI Office Holders”) shall abide by this Code of Conduct.

## 2. Personal behaviour, integrity and values

EITI Office Holders shall observe the highest standards of integrity and ethical conduct and shall act with honesty and propriety. The personal and professional conduct of EITI Office Holders should, at all times, command respect and confidence in their status as Office Holders of an association that promotes an international standard for transparency and accountability and should contribute to the good governance of the EITI. EITI Office Holders should dedicate themselves to be leading by example and should represent the interests and mission of the EITI in good faith and with honesty, integrity, due diligence and reasonable competence in a manner that preserves and enhances public confidence in their integrity and the integrity of the EITI, and ensuring that his or her association with the EITI remains in good standing at all times.

## 3. Compliance

EITI Office Holders shall discharge their duties to the EITI in compliance with applicable national laws and regulations and with the EITI Rules, interests and objectives.

## 4. Respect for others

EITI Office Holders will respect the dignity, EITI-related needs and private lives of others and exercise proper authority and good judgment in their dealings with colleagues, members of the other EITI bodies, staff members, the general public and anyone whom they come in contact with during the discharge of their duties to the EITI.

## 5. Professionalism

EITI Office Holders should perform his or her assigned duties in a professional and timely manner and should use his or her best efforts to regularly participate in professional development activities.

## 6. Discrimination

EITI Office Holders shall not engage in or facilitate any discriminatory or harassing behaviour directed toward anyone whom they come in contact with during the discharge of their duties to the EITI.

## 7. Confidentiality

EITI Office Holders shall not use any information that is provided in his or her role as EITI Office Holder and which is not already in the public domain in any manner other than in furtherance of his or her duties. EITI Office Holders continue to be bound by this obligation for two years after termination of their mandate.

## 8. Expenditure of EITI resources and use of EITI property

EITI Office Holders shall respect the principle of value-for-money and be responsible in the use of funds dedicated to the EITI. No EITI Office Holder shall misuse EITI property or resources and will at all times keep EITI property secure and not allow any person not appropriately authorised to have or use such property. EITI Office Holders shall only bill at actual cost travel, operational or other costs related to the fulfilment of duty as an EITI Office Holder. EITI Office Holders shall provide goods or services to the EITI as a paid vendor to the EITI only after full disclosure to, and advance approval by the EITI Board or EITI multi-stakeholder group.

## 9. Conflict of interest and abuse of position

EITI Office Holders shall at all times act in the best interest of the EITI and not for interests such as personal and private benefits or financial enrichment. EITI Office Holders shall avoid conflicts of private interest. For the purposes of this code, a conflict of interest is a situation or circumstance in which interests of EITI Office Holders influence or may influence the objective and impartial performance of their official EITI duties. In this regard, private interests include any advantage for themselves, their families or personal acquaintances. EITI Office Holders finding themselves in such a situation must recuse themselves and inform the EITI Board or multi-stakeholder group of such recusal. For EITI Board Members the rules established in Article 5.6 of the EITI Articles of Association apply. Specifically, EITI Office Holders shall follow these guidelines:

- Avoid placing (and avoid the appearance of placing) one's own self-interest or any third-party interest above that of the EITI; while the receipt of incidental personal or third-party benefit may necessarily flow from certain EITI-related activities, such benefit must be merely incidental to the primary benefit to the EITI and its purposes. Any per diems set, paid or obtained should be based on reasonable actual costs and good international practice.<sup>11</sup>
- Refrain from overstepping the conferred powers. Office Holders shall not abuse EITI office by improperly using the EITI Association or the EITI's staff, services, equipment, resources, or property for personal or third-party gain or pleasure; EITI Office Holders shall not represent to third parties that their authority as an EITI Office Holder extends any further than that which it actually extends.
- Do not engage in any outside personal activities that could, directly or indirectly, materially adversely affect the EITI.

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11. In establishing reasonable actual costs and good international practice, stakeholder may wish to consult the practices of the International Secretariat. When the Secretariat provides per diems (which it does not do to its staff), it often follows US Department of State's foreign per diem rates ([http://aoprals.state.gov/content.asp?content\\_id=184&menu\\_id=81](http://aoprals.state.gov/content.asp?content_id=184&menu_id=81)). In establishing per diems, national laws and regulations should of course be adhered to.

## 10. Gifts, trips and entertainment

EITI Office Holders shall not solicit or accept gifts, gratuities, free trips, honoraria, personal property, or any other item of value from any person or entity that are intended to be, or that can reasonably be perceived to be, a direct or indirect inducement to provide special treatment to such donor with respect to matters pertaining to the EITI.

Any offering or receiving of gifts, free trips or other compensation over the value of USD 100 directly or indirectly related to the discharge of EITI responsibilities should be declared to the EITI Board or the respective EITI multi-stakeholder group (through the international or national secretariats). Any offering or receiving of gifts considered excessive should be refused. In case of doubt whether a gift is excessive, the EITI Secretariat or multi-stakeholder group should be consulted. Should it be inappropriate to refuse an offering, notably because such refusal could prove embarrassing to the donor, the gift is to be surrendered to the EITI Secretariat or the multi-stakeholder group.

## 11. Implementation

The EITI Board, the respective EITI multi-stakeholder groups, the international or national secretariats are responsible for making EITI Office Holders familiar with this Code of Conduct and for providing advice and, if required, training on the interpretation and implementation thereof. Those, including EITI multi-stakeholder groups, responsible for making the EITI Office Holders familiar with this Code should annually confirm that EITI Office Holders are familiar with the Code and report on its implementation to the Board through the International Secretariat.

## 12. Reporting

EITI Office Holders with a concern related to the interpretation, implementation or potential violation of this Code of Conduct shall bring such issues to the attention to the immediate EITI body. Where matters are brought to the attention of the EITI Board, the Board will consider the circumstances and consider whether action is necessary in accordance with the EITI Principles, the EITI Standard and the Articles of Association. Anybody who is uncomfortable to raise any such concerns with the immediate EITI body may bring their concerns to the attention to the EITI Board through its Governance Committee and its chair.





