

This document has been issued by the EITI International Secretariat as a standardised model Terms of Reference (TOR) for implementing countries that wish to conduct a scoping study to inform scoping decisions related to preparation of their EITI reports. Countries may wish to use parts of or the entire TOR depending on the scoping needs. The text [in brackets] should be completed by the MSG. Questions about this document can be directed to the International Secretariat.

Terms of Reference for a scoping study for [year] EITI Report, [country], [date]

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1. Background

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the extractive sector. EITI implementation has two core components:

- **Transparency:** Information on the management of the extractive sector alongside the reconciliation of company payments and government receipts is made publicly available through an EITI Report or by integrating the EITI disclosures into government and company systems.
- **Accountability:** An established multi-stakeholder group with representatives from government, companies and civil society oversees the disclosure process, communicate the findings, act upon the recommendations derived from the reporting process and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard has a robust yet flexible methodology for disclosing information across the extractive sector's value chain and enables monitoring and reconciling company payments and government revenues from oil, gas and mining at the country level. It encourages countries to build on the existing reporting systems and practices for EITI data collection. Each implementing country designs its own EITI disclosure process adapted to the specific needs of the country. This involves defining the scope of information to be published and exploring how disclosure of information is and/or can be integrated into government and company portals to complement and strengthen wider efforts to improve extractive sector governance.

The requirements for implementing countries are set out in the EITI Standard¹. For further information, please see www.eiti.org

1.1. Background of EITI in [country]

[This section should provide further general background information on EITI implementation in the country. This should include clearly specifying the EITI's national objectives, as agreed by the MSG, and as elaborated in the EITI work plan. A link should be provided to the EITI work plan, with additional commentary as required on the current status of EITI Reporting and the MSG's objectives for integrating EITI reporting into other government and company portals.]

In this regard the [contracting party] seeks a competent and credible firm or individual to undertake the scoping study in accordance with these Terms of Reference.

¹ The EITI Standard available at <https://eiti.org/document/standard>

2. Objective of the assignment

The objective of the assignment is to produce a report which will inform the MSG's discussions regarding the scope of information to be published under the EITI and the most suitable approach for publishing it. This should include considering options for integrating disclosures in government systems and company portals. The assignment is expected to:

- collate all the necessary information related to the management of the extractive sector in line with the MSG's objectives and workplan, and the EITI's requirements (EITI Requirement 2, 3, 4, 5 and 6);
- propose options for strengthening disclosure of information to ensure accessibility, reliability and complementarity with existing government and company systems (EITI Requirement 7.2.c and the EITI Open data policy²);
- identify the total government revenue from the extractive sector to document a recommended definition of materiality and coverage for the EITI reconciliation (EITI Requirement 4, 4.1.d and 4.1.a);
- suggest the payments and revenues streams to be reported and reconciled, including appropriate materiality thresholds and the levels of disaggregation where applicable (EITI Requirement 4.1.a, 4.1.b and 4.7);
- list the companies, state-owned enterprises and government entities expected to participate in the report according to a suggested materiality (EITI Requirement 4.1.c.);
- identify additional benefit streams from the extractive sector that should be disclosed (EITI Requirements 4.2, 4.3, 4.4, 4.5 and 4.6);
- consider revenue allocations and expenditure that should be disclosed under the EITI (EITI Requirement 5 and 6);
- assess the reliability of available data, including reviewing current auditing practices and the assurances to be provided by the reporting entities (EITI Requirement 4.9);
- identify any barriers to disclosure of the requisite information and propose options for addressing them; and
- [\[Investigate any other issues as mandated by the MSG.\]](#)

In addressing these points, the consultant is expected to set out options available to the MSG, taking into account the overall objectives, the EITI requirements, the local context and the resources available. The multi-stakeholder group and the Independent Administrator will draw on the scoping study in agreeing the scope of the reporting process, in accordance with the "Standard Terms of Reference for Independent Administrators³".

The consultant's report will be submitted to the MSG and made publically available.

² EITI Open data policy available in the EITI Standard at <https://eiti.org/document/standard>

³ Standard Terms of Reference for Independent Administrator services available at <https://beta.eiti.org/standard/TOR-IA>

3. Scope of work

The consultant will be expected to undertake the following **tasks**:

1. Examine the MSG's workplan in order to gain a clear understanding of the objectives and scope of [country's] EITI implementation. The consultant should also review any annual progress reports that have been produced by the MSG to see the progress made in achieving the objectives and review any actions undertaken by the MSG to address recommendations from any previous EITI reporting exercises and validations.
2. Where applicable, undertake a review of all past EITI Reports and Validation report/s to gain an understanding of the current scope and state of EITI reporting process in [country] and assess areas where further improvement is needed;
3. Assess to what extent information that is required in the EITI Standard, outlined in point 4, 5 and 6 below, or information that is otherwise relevant for achieving the objectives outlined in the MSG's workplan, is already publicly available. Assess the timeliness, comprehensiveness and reliability of this information and provide recommendations on how publicly available data can be improved or complemented to address the EITI requirements and the MSG's objectives.

EITI disclosures

4. The EITI Standard requires the disclosure of information about the management of the extractive industries in line with the extractive industry value chain (Requirement 2, 3, 4, 5 and 6). The consultant is expected to identify sources and disclosure options for the following information:
 - a) The legal and institutional framework, including disclosures related to the allocation of contracts and licenses (EITI Requirement 2.1-2.3);
 - b) [country's] policy and practices on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals and any reforms underway (Requirement 2.4);
 - c) the identity of the beneficial owners of companies that bid for, operate or invest in extractive assets in [country] (EITI Requirement 2.5);
 - d) exploration, export and production data (EITI Requirement 3);
 - e) where applicable, information about the role of state-owned companies (SOE) in the extractive sector and the financial relationships between the government and the SOE, quasi-fiscal expenditures, and government ownership in oil, gas and mining companies operating in [country] (EITI Requirement 2.6, 4.6 and 6.2);
 - f) information about revenue allocations and distribution of revenues in accordance with EITI Requirements 5;
 - g) information about the social and economic spending, and the contribution of the extractive industries to the economy (EITI Requirement 6); and,
 - h) [where the MSG's objectives and workplan require assessing the availability of additional information, this should be specified here.]
5. Based on the assessment, the consultant should suggest a framework for EITI reporting suitable to the country's situation and in line with the EITI Standard. To inform the options and recommendations to be presented to the MSG, the consultant is expected to:

- a) assess to what extent the information set out above is available in government systems and/or corporate reports and whether it is available online and accessible and comprehensible to a significant proportion of the country's citizens;
 - b) assess the timeliness and reliability of the available data. If there are several public sources for the data, assess whether they are consistent;
 - c) assess whether there are barriers to disclosure and recommend how gaps in publicly available information can best be addressed. The consultant should assess if there is information available in government systems that is not publicly available but could easily be published online. For example, if an online license cadastre exists but does not contain all the data required by the EITI Standard, the consultant should assess to what extent any missing information can be added to the existing cadastre, including a proposal for making this information publicly available;
 - d) assess whether it is feasible to include in the EITI Report disclosure of other information about the sector that is more recent than the revenue data featured in the report;
 - e) based on the above, present a recommendation on how the information should be captured in the EITI report: whether it is sufficient to include a link to existing information in the EITI Report or whether the EITI Report should include a partial or full description of the information, what information the Independent Administrator should collect and what can be directly drawn from the source and what weaknesses and challenges should be addressed in the EITI Report;
 - f) document carefully in the scoping report all information collected, the sources, and the basis for the assessments made.
6. The consultant is expected to provide the MSG with options and recommendations on how to strengthen disclosure practices on each of the points above primarily through integrating information into government and company portals and secondarily by publishing information in the EITI Report. The consultant is expected to take into account the local premises (e.g. level of access to Internet) and international best practices.

EITI reconciliation

7. The EITI Standard requires full disclosure of government revenues from the extractive sector and disclosure of material payments made by oil, gas and mining companies (Requirement 4.1.c). The consultant is expected to assess the availability and reliability of revenue and payment data and explore ways how this information can best be made available. To this end, the consultant is expected to undertake a comprehensive analysis of the payments and government revenue streams related to the extractive sector, noting in particular the revenue streams that must be covered in accordance with EITI Requirement 4.1(b). The analysis should also cover revenues related to the sale of the state's share of production or other revenues collected in-kind (EITI Requirement 4.2), infrastructure provisions and other barter arrangements (4.3), transportation revenues (4.4), transactions related to state-owned enterprises (4.5), subnational payments (4.6), subnational transfers (5.2), social expenditures by extractive companies (6.1), and quasi-fiscal expenditures (6.2).
8. The consultant is expected to describe what revenue and payment data listed in point 6 above is publicly available either online or through other government or company sources. The consultant should assess the timeliness, comprehensiveness and reliability of the data (EITI Requirement 4.8 and 4.9). Where disclosures are complete, the consultant should make recommendations for how

payment and revenue data can be made public through channels other than the EITI Report in accordance with EITI Requirement 7.2(c)⁴. For example by embedding data into online license cadastres or including a database and/or reporting templates on government, company and/or national EITI websites. Where there are gaps in the information, the consultant should make recommendations on how to address these with a view to embed EITI reporting in the future.

9. Following the analysis of revenue streams and payments, the consultant is expected to:
- a) Review cadastre and revenue data from [year] and make recommendations as to which of these tax payments and government revenues streams should be considered material, including suggesting materiality thresholds for company disclosure if appropriate (with reference to the guidance note 13 and EITI requirement 4).
 - b) Based on the proposed materiality definition, develop a preliminary list of the companies that make material payments and should be covered in the EITI Report (EITI requirement 4.1.a). Where materiality thresholds are proposed, this should include an estimate of coverage of company payments that will be disclosed relative to total government revenues from the sector. It should also identify the total contribution of companies not required to report (i.e. those that fall below the materiality threshold), with a clear indication of the relative size of each company. (This information will inform the assessment of the comprehensiveness of the EITI Report as per Requirement 4.1)
 - c) For each company, identify where available :
 - i. Company's Tax Payer Identification Number
 - ii. Sector and phase of operation, i.e. exploration, production, oil, gas, mining etc.
 - iii. Type of license(s) held and the license number(s).
 - iv. [Investigate any other information as mandated by the MSG.]
 - d) Based on the proposed materiality definition, identify which government entities should be required to report. It should be noted that the government is required to disclose all revenues, regardless of the materiality (EITI Requirement 4.1.c). Thus where materiality thresholds for company disclosures are established, a reconciliation of the company payments and government revenues in accordance with the materiality threshold would be appropriate. Any additional government revenues (i.e. from companies below the materiality threshold) would also need to be disclosed in the EITI Report as per Requirement 4.1(c).
 - e) In considering which government entities should participate in the reconciliation process, the consultant should identify whether sub-national government entities receive direct or indirect revenues from the extractive sector in accordance with Requirement 4.6 and Requirement 5.2.
 - f) Identify any legal, regulatory, administrative or practical barriers to comprehensive disclosure, and if necessary set out options and make and recommendations for addressing these barriers (see examples on guidance note 11).

⁴ For further guidance, please refer to the Standard Terms of Reference for feasibility studies for mainstreaming EITI disclosures.

Issues requiring specific attention

10. [If there are specific issues in the EITI reporting process that need more detailed scoping such as i.e. oil sales, transit etc. specific tasks should be added here, with reference to appropriate supporting documentation.]

Data quality

11. Where EITI Reports have already been produced, review previous approaches for addressing data quality, including any recommendations by the Independent Administrator or Validator for strengthening the process. [Add any references to MSG discussions and agreed actions on these issues.]
12. In accordance with EITI Requirement 4.9 examine the audit and assurance procedures in companies and government entities that are likely to participate in the EITI reporting process, including the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. Review the reliability of data that is already available from public sources and recommend how reliability can be improved.
13. In accordance with EITI Requirement 4.9 propose assurances to be provided by reporting entities to the Independent Administrator.

Scope of work: deliverables

14. The consultant is expected to present the following outputs:
- an inception report;
 - a draft report; and,
 - a final report reflecting the consultations undertaken within the agreed timeframe.

| Inception report | Draft report | Final report |
|--|--|--|
| To be presented to the MSG for comments [number] weeks after the beginning of the appointment. | To be presented to the MSG for comments [number] weeks after the beginning of the appointment. [The MSG may wish to include any clause regarding the amount of draft documents] | To be presented to the MSG for comments and approval [number] weeks after the beginning of the appointment. |
| Based on the initial document review, the inception report should confirm the methodology, the scope of the work and propose a time table. | To include task [1 to 13 – to review according needs of each country] completed. | Prepare and present a final report that includes the remaining tasks and the comments from the MSG, the [contracting party] and the International Secretariat. |
| The MSG shall present any comment in written to the consultant within [number] weeks. | The MSG, the [contracting party] and the International Secretariat shall present any comment in written to the | The MSG and the [contracting party] shall approve the report according to contractual clauses. |

| | | |
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| | consultant within [number] weeks. | |
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The consultant is expected to prepare and present an [inception report and/or draft report] on scoping to the MSG, the [contracting party] and the International Secretariat for review and comment according to established timeline. It is within the scope of the work of the consultant to consult the parties and to ensure the comments are reflected in succeeding versions of the scoping report.

The consultant should integrate the comments from the MSG, the [contracting party] and the International Secretariat and prepare a final report to the MSG including recommendations for the [year] EITI Report and how future scoping reports can be improved, as per agreed timeframe.

The MSG and the [contracting party] are expected to approve the according to contractual clauses.

[Add other information about outputs (i.e. inception report, draft report, final report) and timeline.]

4. Consultant requirements

The Consultant will need to demonstrate:

- Technical and financial skills, including knowledge and work on transparency and governance, public finance and financial accountability, and multi-stakeholder dialogue. Preferably, proven experience related to the EITI.
- Knowledge of the oil, gas and mining sectors or other natural resources sectors, preferably in [country].
- A demonstrable track record in similar work.

[Add information about any other skills and competencies required, staff days etc.]

5. Administrative arrangements

[Add information about reporting lines, support to the consultant during the assignment, other logistical and administrative arrangements.]

6. Reference materials

- **The EITI Standard**, in particular Requirements 2 -7, <http://eiti.org/document/standard>;
- **EITI implementation guidance notes** issued by the International Secretariat, <http://eiti.org/document/guidance-notes-implementing-countries>, in particular the guidance notes on scoping (#9), on addressing tax payer confidentiality in EITI reporting (#11), defining materiality (#13), publication of data (#19) and the open data policy (in the EITI Standard). The consultant is advised to contact the EITI International Secretariat for any questions or clarifications related to the EITI Standard and the implementation of the EITI requirements;
- **Agreed upon procedures for Independent Administrators**, including standard EITI reporting templates, available from the International Secretariat;
- Examples of Scoping Studies, available from <http://eiti.org/document/guidance-notes-implementing-countries> and the International Secretariat; and
- [Add other relevant sources of information, including links to EITI Reports, information about licensing systems etc.]