

**Terms of Reference
for
Independent Administrators
2019 Report**

Table of Contents

1	Background.....	3
2	Objectives and expectations of the assignment	6
3	Scope of services, tasks and expected deliverables	7
4	Qualification requirements for Independent Administrators.....	19
5	Reporting requirements and time schedule for deliverables	19
6	Client’s input and counterpart personnel.....	20
	Annex 1 – Statement of materiality	21
	Annex 2 – Supporting documentation.....	26
	Annex – 3 Table of Terms	26

Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.
- **Accountability:** an MSG with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

The Independent Administrator should be perceived by the MSG to be credible, trustworthy and technically competent. The MSG and Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report and associated data files prepared by the Independent Administrator will be submitted to the MSG for approval and made publicly available in accordance with Requirements 7.1 and 7.2.

The international EITI Board has developed these procedures to promote greater consistency and reliability in EITI reporting.

The EITI process should be used to complement, assess, and improve existing reporting and auditing systems. The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

The EITI requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. The expectation is that government and company disclosures as per Requirement 4 are subject to credible, independent audit, applying international auditing standards. The expectation is that disclosures as per Requirement 4 will include an explanation of the underlying audit and assurance procedures that the data has been subject to, with public access to the supporting documentation.

EITI Implementation in Iraq

Iraq has joined EITI as an implementing country on December 12, 2012 and published ten EITI reports for years 2009 - 2018. In October 2017, the EITI board decided to temporarily suspend Iraq's membership and recommended a number of corrective actions to be addressed in 18 months and a second validation had been conducted in year April 2019 which resulted in achieving Meaningful Progress status by 16 October 2019.

Iraq MSG has continued undertaking certain actions to meet all corrective actions, issued by the EITI Board after 2017 and 2019 Validation missions. Such actions include amending ToRs of 2017 Report onward. The amendment is based on the following objectives of the newly amended work plan. For more information please [see http://ieiti.org.iq/](http://ieiti.org.iq/)

The MSG has agreed on following the Objectives of work plan 2020 - 2021, which are as follow:

1. Corrective Actions

Fulfil and implement EITI requirements and recommendations resulted from the second validation dated 24 April 2019 and seek to achieve "Satisfactory" status in the upcoming third validation process scheduled for 21 April 2021 in accordance with the second validation report.

References: IEITI Board Decision number BM-45/56-2019 dated 16 October 2019 and the board's letter to Minister of Oil at the same date.

2. Systematic Disclosure

Provide a new mechanism for direct systematic disclosure of oil, gas and minerals sectors' data on the websites of the related ministries and extractive companies to ensure availability of transparent and up to date real time data without the need to wait for annual reports.

References: EITI requirements 6.2, 4.1 and 4.9

3. Beneficial Ownership

Disclosure of real owners and those with financial interests from contracts with the aim of preventing the use of power and connections in signing contracts for the purpose of fighting corruption.

References: EITI requirement 2.5

4. Contracts Transparency

Informing citizens, civil society, anti-corruption authorities, parliament and government agencies about licensing round contracts, oil export contracts and other important contracts and enabling them to search for their strengths and weaknesses.

References: EITI requirements 2.2 and 2.4

5. Register of Licenses

Provide and organize an accurate, organized, updated, approved, detailed, and transparent database on reservoirs, fields and wells included in the oil licensing rounds that are easily accessible to the public and multi-stakeholders.

References: EITI requirement 2.3

6. Public Debate

Employ media and illustrative means to communicate annual reports' data and conclusions to the public in a clear language with the aim of enhancing public debate in order to increase knowledge and awareness of oil and gas sector and revenues generated from it.

References: EITI requirement 7.1

7. Annual Reports

Increase transparency in managing natural resources and contribute in reducing corruption and poverty, develop the economy, and enhance governance in oil, gas and minerals sectors. And that by issuing a reliable annual report that complies with the EITI requirements and standards and contains production and export data, petrodollar allocations and social benefits, with the aim of informing citizens multi-stakeholders.

References: EITI requirements 6.2, 4.1 and 4.9

8. Annual Progress Report

Prepare annual progress report for the purpose of informing the multi-stakeholders of IEITI activities, achievements performed during past year, and enable public debates aimed at the optimal implementation of EITI standards in Iraq.

References: EITI requirement 7.4

9. MSG restructuring

Enhance the MSG role in managing the IEITI and ensure a good representation of all components of civil society and the rest of the multi-stakeholders, with a focus on diversified balance without the need for numerical balance and comply with the 2019 EITI standards, and addressing the corrective actions proposed by the EITI board.

References: EITI requirement 1.4, actions 1 and 2 of the corrective actions

Objectives and expectations of the assignment

On behalf of the government of Iraq and MSG, Iraq EITI seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard including:

- a. The independent administrator shall take into consideration the changes in EITI standard 2019. The independent administrator shall also make sure that the report reflects and incorporate these changes, especially what is related to requirements 2.4, 2.5, 2.6, 4.7, 6.1, 6.2 and 6.4. These changes shall also be reflected in the preliminary report.
- b. Contribute and produce to 2019 EITI Report in accordance with the EITI Standard and section 3 below.
- c. The Independent Administrator shall submit to the National Secretariat a work-progress report in which states the completed work and obstacles faced. Such report shall be presented every (30) thirty days in Arabic. Such process shall commence after the submission of the inception report.

Scope of services, tasks and expected deliverables

The work of the Independent Administrator has five conceptual phases. These phases may overlap and there may also be some iteration between the phases.

The Independent Administrator's responsibilities in each phase are elaborated below.

Phase 1 – Preliminary analysis and inception report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and the schedule for publishing the EITI Report. In cases where the Independent Administrator is involved in scoping work, the inception phase will not be extensive. Where the Independent Administrator is not involved in scoping work, some work is required by the Independent Administrator to review prior scoping decisions and considerations taken by the MSG (1.1-1.2 below). The inception report thus ensures that there is a mutual understanding between the MSG and the Independent Administrator of the scope of the EITI Report and the work to be carried out.

The Independent Administrator is expected to undertake the following tasks during the inception phase:

- 1.1 Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work, existing disclosures by governments and companies, and the conclusions and recommendations from previous EITI Reports and Validations.** (A list of relevant documentation is provided as Annex 2).
- 1.2 The Independent Administrator should review the scope proposed by the MSG in annex 1 with a particular focus on the following:**
 - 1.2.1 Reviewing the comprehensiveness of the payments and revenues to be covered in the EITI Report as proposed by the MSG in Annex 1 and in accordance with EITI Requirement 4.
 - 1.2.2 Reviewing the comprehensiveness of the companies and government entities that are required to report as defined by the MSG in Annex 1 and in accordance with EITI Requirement 4.1.
 - 1.2.3 Supporting the MSG with identifying existing disclosures by companies and government entities reporting, collecting and maintaining information in accordance with the EITI Standard.
 - 1.2.4 Supporting the MSG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. It is recommended that the EITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere.
 - 1.2.5 Providing advice to the MSG on **the reporting templates based on the agreed benefit streams to be reported and the reporting entities.** Sample templates are available from the International Secretariat. It is recommended that the templates include a

provision requiring companies to report “any other material payments to government entities” above an agreed threshold. The MSG decides to task the Independent Administrator to draft reporting templates for consideration and approval by the MSG.

1.3 On the basis of 1.1 and 1.2 as applicable, produce an inception report that:

1.3.1 Includes a statement of materiality (annex 1) confirming the MSG’s decisions on the payments and revenues to be covered in the EITI Report, including:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(c).
- The sale of the state’s share of production or other revenues collected in-kind in accordance with Requirement 4.2.
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3.
- The coverage of transportation revenues in accordance with Requirement 4.4.
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.5.
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6.
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2.
- The level and type of disaggregation of the EITI Report, by individual project, company, government entity and revenue stream, in accordance with Requirement 4.7.
- The coverage of social expenditure and environmental payments in accordance with Requirement 6.1.

1.3.2 Includes a statement of materiality (annex 1) confirming the MSG’s decisions on the companies and government entities that are required to report, including:

- The companies, including SOEs, that make material payments to the state and will be required to report in accordance with Requirement 4.1(d).
- The government entities, including any SOEs and subnational government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(d), 4.5 and 4.6.
- Any barriers to full government disclosure 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 (Requirement 4.1(d)).

1.3.3 Includes a definition of the term ‘project’ and an overview of the revenue streams to be reported by project, confirming the MSG’s decision that the financial data should be disaggregated by project where levied by project.

1.3.4 Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.4 above), confirms what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data.

The Independent Administrator should exercise judgement and apply appropriate international professional standards¹ in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his /her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- Requesting a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.
- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent;
 - a. National companies:** Requesting from national companies to submit their final annual financial report if approved by the Federal Board of Supreme Audit. Otherwise, requesting from national companies to submit their final annual financial report approved by companies' boards.
 - b. Oil Buyers Companies:** Requesting their final annual financial report approved by an external auditor. Otherwise, requesting buying invoices and supporting documentations.
 - c. IOCs:** Requesting their final annual financial report approved by an external auditor. Otherwise, request the annual financial reports of each field (for all IOCs that are participants in the alliance).

If the independent administrator has other suggestions in addition to the above-mentioned points, independent administrator should present such suggestions to the MSG to insure data quality.

The inception report should document the options considered and the rationale for the assurances to be provided.

¹ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

1.3.5 Confirms the procedures for integrating and analysing non-revenue information in the EITI Report. The inception report should incorporate table 1 below, confirming the division of labour between the Independent Administrator, the MSG or other actors in compiling, quality assuring and analysing this data, and how the information should be sourced and attributed.

Table 1 – Non-revenue information to be provided in the EITI Report

Non-revenue information to be provided in the EITI Report ²	Data collection, quality assurances and analysis to be undertaken by the Independent Administrator	Data collection, quality assurances and analysis to be undertaken by the MSG/others
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.	<p>Analytical studies (including conclusions and recommendations) of the legal framework, financial system and drafts of laws relating to extractive industries in accordance with the Initiative's 2.1 requirement, including:</p> <ol style="list-style-type: none"> a. A brief of applicable laws and provisions. b. Roles and responsibilities of related governmental entities. c. A brief description of the financial system including the financial powers granted, and presenting a full and developed graph of the 2019 financial system. d. Present the audit procedures and evidence. e. Provide the latest reforms related to legal and financial Framework, in the Sector that are conducted by the Government. f. Provide the IA with a list of the laws, regulations and amendments planned, to be included in the Report. 	...
Information about procedures and practice of allocating licenses in accordance with EITI Requirement 2.2. ³ , and license holders in accordance with EITI Requirement 2.3. ⁴	<p>Describe auditing contracts registry and what are the gaps in it and correct them to reconcile it with the EITI requirement 2.3 licenses register</p> <ol style="list-style-type: none"> 1- the procedures for granting or transferring a license. 2- technical and financial standards used. 3-Data of license owner including consortium partners. 4-any significant deviations from the laws and regulations in force in this framework, including the explanation of the government's plans to overcome them and the expected time to achieve them. 5-include licenses transferred beyond the reporting year in the above paragraph. 	The MSG has already contracted with a company to prepare the Licenses Registry

² In preparing this information, the MSG may wish to use Part 2 of the EITI Summary data template, which contains a disclosure checklist for publicly accessible non-revenue information in line with the EITI Standard.

³ Guidance Note 4: Licence Allocations, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN4>

⁴ Guidance Note 3: Licence Registers, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN3>

	<p>6-A list of bid presenters names and bids standards of Licensing round in the reporting year.</p> <p>7-Where the information requested in the above paragraph is already publicly available, it is sufficient to include the place of availability or mention of the link.</p> <p>8- to state if there is organizing of a publicly available record that includes all licenses, including licenses for companies whose payments are below the level of relative importance, provided that the register includes the following information:</p> <ol style="list-style-type: none"> The names of license holders. Detailed information about each license and how to obtain it if information is not available Documentation of the measures taken and the time required to provide such data in the license register in case the record is not completed before the report is issued. 	
Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4 ⁵	<p>Indicate the following information:</p> <ol style="list-style-type: none"> Publishing the texts of contracts and licenses signed in the field of minerals Disclose the policy of Ministry of Industry and Minerals on contracts and licenses, including governing laws and disclosure mechanisms. Indicating any reforms that are being planned or implemented in this context. The report contains contracts and licenses available to the public, and links to sites published therein. Definition of the terms-exists in annex 3 (table of terms) list the link to the published contracts of Ministry of Oil. 	...
Any information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5 ⁶	<ol style="list-style-type: none"> Ensure that there is a publicly available record of the names of owners who are beneficiaries of companies that offer tenders, or are working or invested in extractive industries. The Register shall contain the identity of the beneficiaries, their shares, details of their access to the property and the powers of each of them. Wherever possible, such information should already exist in the company's documents with the Registrar of Companies, the Stock Exchange and the official bodies concerned with the contracts and Licenses. If such information is already publicly available, the mechanism for obtaining it should be mentioned. Clarify government policy and document the Board's 	The MSG submit the roadmap for beneficial ownership, Table 2 to prepare all the requirements of Standard 5. and the activities that have been achieved and included in the road map and completion of the database of persons who have been disclosed or will include in this report of those whose

⁵ Guidance Note 7: Contract Transparency, <https://eiti.org/guidance-notes-and-standard-terms-reference#GN7>

⁶ Template beneficial ownership declaration, <https://eiti.org/files/Template-beneficial-ownership-declaration-form.doc>

	<p>discussions on disclosure of utility ownership and should include relevant legal frameworks, actual disclosure mechanisms and any planned or ongoing reforms.</p> <p>. Specifically steps to apply ownership of the benefit to 2020 for companies to disclose beneficial property information</p> <p>7. Vulnerabilities in reporting should be disclosed, including naming companies that have not provided all or part of the information.</p>	<p>ownership exceeds 10% in secondary contracts in licensing rounds, which exceeds \$ 100 million, after the independent administrator submission (to MSG) of list of companies that their contacts are equal or more than 100 million USD and National Secretariat overture Ministry of Trade/ Companies Registration Directorate to know the beneficial ownership.</p>
<p>An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.</p>	<p>Provide an overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1</p>	<p>...</p>
<p>Production and export data in accordance with EITI Requirement 3.2 and 3.3.</p>	<p>To fulfil the requirement 3.2:</p> <p>1- Disclosure of production data for the reporting year of 2019, including:</p> <ol style="list-style-type: none"> a. Total production volume and production revenue per product; provided that the production is disaggregated to National production and IOCs production per project. b. Determine whether the production area is subject to federal government or local government. c. How to calculate the volume of production. d. And how to calculate the values disclosed. e. Reference can be made to sources of data and information. f. Project-Level reporting g. Volumes and percentage of invested and burnt Gas per company with stating the total production. h. provide a list of sources of production data information <p>2- Require form the MSG to define the concept of project.</p>	<p>...</p>

	<p>3- List the sources of total exports volume and value of exports by product.</p> <p>4- Require the MSG to present its opinion on whether the export is subject to Federal or Local government.</p> <p>To fulfil the requirement 3.3:</p> <p>i. Total export volume and value of exports by product (Crude oil, Gas (LPG, Condensers) and any other product).</p> <p>j. Determine whether the export is subject to the federal government or the local government.</p> <p>i. How to calculate the volume of exports and their values.</p> <p>j. Reference sources Data and information.</p>	
Information about the distribution of revenues from the extractive industries in accordance with EITI Requirement 5.1.	<p>a. To indicate whether the revenues of the extractive industry in cash and in kind are recorded in the national budget or not. (to be mentioned clearly)</p> <p>b. In cases where income is not recorded in the national budget, the distribution of such income should be interpreted, with links to relevant financial reports as appropriate. Such as the sovereign fund, development funds, local governments, state-owned enterprises and other entities not subject to the federal budget.</p> <p>c. The income tax is in accordance with IAS and the deviation from it is found in the national financial accounting systems.</p>	...
Any further information requested by the MSG on revenue management and expenditures in accordance with EITI Requirement 5.3.	<p>Revenue and expenditure management</p> <p>A. Describe any extractive income earmarked for specific programs or geographic areas. This should include</p> <p>B. description of ways to ensure accountability and efficiency in their use (regional development)</p> <p>C. Information from the Government that will enhance public understanding and debate on the issues of revenue sustainability and resource dependence. This may include the assumptions underlying future years in the budget cycle on expected production, commodity prices, revenue projections from extractive industries and the proportion of future financial revenues expected to come from the extractive sector</p>	...
Information about the contribution of the extractive industries to the economy in	<p>1. Disclose information on the contribution of extractive industries in the economy for the year 2019 and include the following:</p> <p>a. The volume of extractive industries as a value and as a percentage of GDP.</p>	...

accordance with EITI Requirement 6.3.	<p>b. Total government revenue from extractive industries (including taxes, royalties, fees and other payments) in terms and as a percentage of total government revenues</p> <p>c. Exports of extractive industries in terms of value and as a percentage of total exports.</p> <p>d. Employment in extractive industries in absolute terms and as a percentage of total employment, classified according to gender and position.</p> <p>e. the main areas where production is concentrated.</p>	
Any further information requested by the MSG on environmental impact of extractive activities in accordance with EITI Requirement 6.4.	The Independent administrator is required to provide any information about any payments paid by companies to the government as environmental pollution fees or penalties imposed by any law or regulation and all other relevant activities.	
Any relevant information and data related to the DFI.	The Coordination Committee between SOMO and the Central Bank and write recommendations regarding the results of conformity.	
Any relevant data as specified by the corrective actions related to the validation report of 2019.	<p>Confirm all corrective actions taken by the MSG in respect to each comment received in the validation report.</p> <p>Also, indicating all efforts exerted by MSG and National Secretariat to lift the suspension of Iraq from EITI.</p>	Submit the validation report. (in Annex 2)
Information on Signature bonuses		
State partner share from remuneration fees	Total - with distribution by type of payment and company: - (revenues received by national oil companies within the government partner's share).	
Treasury share of SOE reported profits (45%)	State the Treasury share of the SOEs profits for 2019 with the legal grounds of calculating such share	

1.3.6 Confirms the reporting templates based on the agreed benefit streams to be reported, the reporting entities, and the definition of project (1.2.1 – 1.2.2 and 1.3.3 above). The Independent Administrator in collaboration with the national secretariat will draft the templates for the MSG's approval. It is recommended that the templates include a provision requiring companies to report "any other material payments to government entities" and payments to non-government entities (including landowner entities) other than for the provision of goods and services (including employment) listed above an agreed threshold. The Independent Administrator should confirm the key stages of its work as well as any

procedures or provisions relating to safeguarding confidential information. The Independent Administrator should also develop guidance to the reporting entities on how to complete the reporting templates, and provide training to reporting entities.

Phase 2 – Data collection

Objective: The purpose of the second phase of work is to collect the data for the EITI Report in accordance with the scope confirmed in the Inception Report. The MSG and national secretariat will provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully.

The Independent Administrator is expected to undertake the following tasks during the data collection phase (under direct supervision from the MSG):

- 2.1 Distribute the reporting templates and collect the completed forms and associated supporting documentation directly from the participating reporting entities, as well as any contextual or other information that the MSG has tasked the Independent Administrator to collect in accordance with 1.3.4 above.
- 2.2 Contact the reporting entities directly to clarify any information gaps or discrepancies.

Phase 3 – initial reconciliation

Objective: The purpose of this phase is to complete an initial compilation and reconciliation of the contextual information and revenue data with a view to identify any gaps or discrepancies to be further investigated.

- 3.1 The Independent Administrator should compile a database with the payment and revenue data provided by the reporting entities, disaggregated by each individual project, company, government entity and revenue stream in accordance with Requirement 4.7.
- 3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances).
- 3.3 The Independent Administrator should identify any discrepancies above the agreed margin of error established in agreement with the MSG

Phase 4 – investigation of discrepancies and draft EITI Report

Objective: The purpose of this phase is to investigate any discrepancies identified in the initial reconciliation, and to produce a draft EITI Report that compiles the contextual information, reconciles financial data and explains any discrepancies above the margin of error determined by the MSG, where applicable.

- 4.1 The Independent Administrator should contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data from the reporting entities concerned.
- 4.2 The Independent Administrator should submit a draft EITI Report to the MSG for comment that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG. The financial data should be disaggregated by each individual project, company, government entity and revenue stream in accordance with Requirement 4.7. The draft EITI

Report should:

- a) describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
 - b) include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).
 - c) include an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - d) indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
 - e) include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report.
 - f) document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information.
 - g) include non-revenue information as per Requirement 2,3,5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSG. Where information is already being systematically disclosed, the Independent Administrator should clearly state where the information is publicly accessible.
- 4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures. The Independent Administrator should make recommendations for strengthening regular, timely and comprehensive disclosures by government entities and companies in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSG in formulating such recommendations.
- 4.4 The Independent Administrator shall make recommendations on enhance the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard. The independent administrator is required to report to the MSG any recommendations related to implementing all recommendations that will be listed in validation report of 2019.
- 4.5 The Independent Administrator shall make recommendations on enhance data quality to ensure its credibility.

Phase 5 – final EITI Report

Objective: The purpose of this phase is to ensure that any comments by the MSG on the draft report have been considered and incorporated in the final EITI Report.

5.1 The Independent Administrator will submit the EITI Report upon approval to the MSG. The

MSG will endorse the report prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.

5.2 Preliminary analysis, inception report, data collection, initial reconciliation, investigation of discrepancies, draft report and the final EITI Report all must be published in Arabic language first, then translated (certified translation) to Kurdish and English languages.

5.3 The Independent Administrator should produce electronic data files⁷ that can be published together with the final Report.

5.4 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat⁸.

5.5 The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The MSG may wish to request that the report be edited by a professional copy-editor and/or be designed by a professional graphical designer.

5.6 The MSG may request that the Independent Administrator submit to the national secretariat all data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process. All data submitted should be in paper and electronic editable formats.

5.7 The Independent Administrator shall prepare an Executive Summary in accordance with the guidelines of EITI. Such Executive Summary shall comprise of figures stated in a table in the report or non-revenue information and compare the same with previous years, this shall be accompanied with illustrative diagrams and figures of the following:

1. total revenue of the reporting year and compare it with previous years,
2. annual crude oil production with percentage of each SOE's production to the total production,
3. annual gas production with percentage of each SOE's production to the total production,
4. volume of burnt gas for the report year compared with previous years' total production and with invested gas,
5. annual mineral production divided according to production areas.
6. quantities of exported crude oil; annual and monthly export rate; and the volume of the same,
7. total amount of annually exported gas with annual and monthly export rates and volumes. Such rates shall be divided according to SOEs and state the total,
8. total amount of minerals produced annually with rates of annual and monthly production classified according to the extractive companies and the total number of all production,
9. quantities and volumes of compensated oil,
10. amounts of social expenditures provided by IOCs, classified as obligatory and voluntarily for the report year compared with previous years,
11. amounts of obligatory social expenditures provided by SOEs for the report year

⁷ The files can be in CSV or Excel format and should contain the tables and figures from the print report. In accordance with requirement 7.2.b, the multi-stakeholder group is required to make the EITI Report available in an open data format (xlsx or csv) online.

⁸ The latest version of the summary data template can be found at: <https://eiti.org/document/eiti-summary-data-template>

12. compared with previous years, petrodollar allocated amounts and actual amounts for the report year and compared with previous years,
13. regions development allocated amounts and actual amounts for the report year compared with previous year,
14. amount of collected taxes, for the report year, from licensing rounds companies, i.e. IOCs, and classified according to such companies and the field in which they are operating,
15. cost recovery amounts and additional amounts classified according the licensing round companies for the report year and compared with previous years,
16. total number of workers in extractive industries for the report year, any increase or decrease percentage in the total number of workers and their percentage to the total number of workers throughout Iraq,
17. governmental reforms of extractive sector, including the acts and regulations of the report year or planned to be reformed in future,
18. indications and recommendations,
19. a brief summary on mining in Iraq and the reasons of its belatedness,
20. a brief summary on the challenges faced by Independent Administrator concerning data of Kurdistan Region
21. Introduction.

5.8 The final approved copy of the report shall be published as follows:

1. 1000 paper copies of the Report in Arabic
2. 1000 paper copies of the Executive Summary in Arabic
3. 10 paper copies of the Report in Kurdish
4. 10 paper copies of the Executive Summary in Kurdish
5. 10 paper copies of the Report in English
6. 10 paper copies of the Executive Summary in English
7. 2000 electronic copies containing the Report and the Executive Summary in three languages on a business card size flash memory
8. All paper copies and the flash memories shall be printed with a graphic design to be approved by Iraq EITI.

Qualification requirements for Independent Administrators

All work carried out by the Independent Administrator shall be carried out according to international professional standards. It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent. Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation / agreed-upon-procedures work in preparing their report.

The Independent Administrator will need to demonstrate:

- Expertise and experience in the oil, gas and mining sectors in Iraq.
- Expertise in accounting, auditing and financial analysis.
- Number, expertise and educational achievement of the company's work team.
- A track record in similar work. Previous experience in EITI reporting is not required, but would be advantageous.
- Similar work to the issuance of reports of EITI in and outside Iraq
- Shall have an official company branch located in Iraq licensed by the Iraqi government.

In order to ensure the quality and independence of the exercise, Independent Administrators are required, in their proposal, to disclose any actual or potential conflicts of interest, together with commentary on how any such conflict can be avoided.

Reporting requirements and time schedule for deliverables

- A. The assignment is expected to commence on the date of services commencement mentioned in the contract, culminating in the finalisation of the EITI Report by the report approval date mentioned in the contract also, the proposed schedule is set out below:

Signing of Contract	One day
Preliminary analysis	Two weeks
Submission of the Inception report for the MSG meeting	One day
Data collection, Initial reconciliation and Investigation of discrepancies	Eight weeks
Submission of the Initial Reconciliation Report for the MSG meeting	One day
Submission of the Draft Report for the MSG meeting	Three weeks
Submission of the Final report for the MSG meeting	4 weeks

- B. Capacity building program should be organized and funded by the Independent Administrator for companies to fill in their templates after the National Secretariat approval of the program.
- C. The schedule of payments shall be as follows, and as stated in the contract GCC:

Payment one: 25% of the contract price following the MSG's final approval on the inception report

Payment two: 25% of the contract price following the MSG's final approval on the initial reconciliation report

Payment three: 25% of the contract price following the MSG's final approval on the draft EITI report

Payment four: 25% of the contract price following the delivery of the following materials:

- Printed material of final report and executive summary in Arabic, Kurdish and English.
- Flash memories containing soft copies of final report and executive summary in Arabic, Kurdish and English.
- Electronic copy of the summary data sheet, subject to the approval of the EITI International Secretariat.

Client's input and counterpart personnel

The MSG and National Secretariat would give full support in data collection and any other request data and information that facilitate all challenges that the Independent Administrator may face.

Annex 1 – Statement of Materiality

The purpose of this statement of materiality is for the Independent Administrator to understand the scoping work and associated decisions that have already been carried out by the multi-stakeholder group or by other consultants. The Independent Administrator confirms the joint understanding of the scope of the services in the inception report. Annex 2 lists relevant attachments, including any scoping studies undertaken in the past. The Independent Administrator is required to fulfil all EITI 2019 requirements and the scoping study prepared by the MSG and shall not be bounded only by the following tables.

1. **Taxes and revenues to be covered in the EITI Report (Requirement 4.1)**

With regards to the revenue streams set out in Requirements 4.1-4.2 and 4.6, the MSG has agreed that the following revenue streams from the extractive sector are material and should be reconciled in the EITI Report:

Table 1 – Material revenues to be reconciled

Revenue stream	Estimated value and share of total extractive industry revenue in USD	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary
Crude Oil exports	78,527,064,586.59 (82.89%)	SOMO	Obtaining average export price per day with the percentage of the exports, in terms of the markets to which oil is exported.
Value of lifted oil	10,581,368,325.02 (11.17 %)	SOMO	to be reconciled with Oil Lifting Companies with preparing a cumulative diagram from 2011 to end of 2019, showing the total amounts received by lifting companies. Explaining the mechanism used to calculate the amount during the four quarters of 2019, as well as the amounts rounded to 2020.
Domestic consumption of crude oil	USD 2,708,134,232 (2.86%)	Oil products distribution company & MoE Power Production Companies	Categorize the oil products according to the local demands. State how much oil received by MoE (Power Generation Company).
Crude Oil Exports (Kurdistan)	N/A	Ministry of Natural Resources in KRG	The IA shall follow the adapted implementation requirements as approved by the EITI board in regards to KRG
Income Taxes	526,861,659 (0.56%)	Ministry of Finance/ General Commission of Taxes	The report shall include aggregated data of all taxes paid and/or due to be paid by all IOCs operating in Iraq

The multi-stakeholder group has agreed that the revenue streams from the extractive sector listed in Table 2 should be unilaterally disclosed by the government in the EITI Report rather than reconciled with company figures. The reasons for unilateral disclosure rather than reconciliation should be documented by the MSG.

Table 2 – Material revenues to be unilaterally disclosed by the government

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Levied by project or corporate entity	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
Minerals Sales	Not Available	Ministry of Finance or Ministry of Industry and Minerals and KRG Ministry of Natural Resources	Obtain any sales information from any mining company works within the extractive industries.	...

The multi-stakeholder group has agreed that the following revenue streams from the extractive sector are immaterial and should not be reconciled or unilaterally disclosed by the government in the EITI report:

Table 3 – Immaterial revenue streams from the extractive sector to be unilaterally disclosed and excluded from the scope of reconciliation

Revenue stream	Estimated value and share (%) of total extractive industry revenue in USD	Government recipient	Additional commentary on data sources and rationale for concluding that the revenue stream is immaterial
Total revenue - distributed by type of payment and company - received by the Government of Iraq from gas exports. Includes:		Basra Gas Company	Such revenues are immaterial as they fall under the materiality threshold decided by the MSG, as well as such amounts do not affect the comprehensiveness of the report. Such data shall be listed as contextual information only.
LPG	54,782,557 (0.06%)		
Condensate	No sales		

Naphtha	485,867,673.29 (0.51%)		
Natural Benzene	40,729,728.98 (0.04%)	SOMO	It is produced by North Gas Company.
V.R	19,271,319.55(0.02%)	SOMO	It is produced by MRC Company.
State partner share from remuneration fees	221,227,617 (0.23%)	Ministry of Oil	Such revenues are immaterial as they fall under the materiality threshold decided by the MSG, as well as such amounts do not affect the comprehensiveness of the report. Such data shall be listed as contextual information only.
Treasury share of SOE reported profits (45%) – MoO		MoF	Such revenues are immaterial as they fall under the materiality threshold decided by the MSG, as well as such amounts do not affect the comprehensiveness of the report. Such data shall be listed as contextual information only.
Treasury share of SOE reported profits (45%) – MoIM	N.A	MoF	
Transportation revenue	USD 391,788,168.76 (0.41%)	OPC	

2. Approach to project level reporting

The MSG has defined the term “**project**” as the operational activities carried out in a single **License** and form the basis for payment liabilities with a government.

Where payments are attributed to a specific project – see Table 1 in Annex 1- Statement of Materiality - then the total amounts per type of payments shall be disaggregated by project.

3. Additional benefit streams:

With regards to the benefit streams set out in Requirements 4, the MSG has agreed the following:

Table 4 – Additional benefit streams

Benefit stream	Applicable/material	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of infrastructure and barter arrangements (Requirement 4.3) ⁹	Not Applicable/not material			
The materiality and inclusion of <u>mandatory</u> social and environmental payments (Requirement 6.1(a, b)) ¹⁰	Applicable / not material	N A	Local governorates	It must be indicated in terms of cash and in kind with mentioning the beneficiary party. Presents an opinion on how to reconcile such payments in the initial reconciliation report.
The materiality and inclusion of <u>voluntary</u> social and environmental payments (Requirement 6.1(c)) ¹¹	Applicable / not material	N A	Local governmental directorates	It must be indicated in terms of cash and in kind with mentioning the beneficiary party Presents an opinion on how to reconcile such payments in the initial reconciliation report.
The materiality and inclusion of transportation revenues (Requirement 4.4) ¹²	not applicable and not material			

4. Reporting companies (Requirement 4.1.d)

The MSG has agreed that any company making payments [equal to or above [insert threshold]] against the material revenue streams identified in table 1 are required to be included in the EITI Report:

⁹ Guidance note 15: Infrastructure and barter provisions: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN14>

¹⁰ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

¹¹ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

¹² Guidance note 16: Revenues from transportation of oil, gas and minerals: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN16>

Table 5 – Companies to be included in the EITI Report

Entity	Sector	Type	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
Basra Oil Company	Oil and gas	SOE	
Missan Oil Company	Oil and gas	SOE	
Dhi Qar Oil Company	Oil and gas	SOE	
Midland Oil Company	Oil and gas	SOE	
North Oil Company	Oil and gas	SOE	
Oil Marketing Company, SOMO	Oil and petroleum products Marketing (Exports and Imports)	SOE	
British Petroleum (BP)		IOC	
Petrochina		IOC	
ENI		IOC	
ExxonMobil		IOC	
SHELL		IOC	
Pertamina		IOC	
CNOOC Iraq		IOC	
PETRONAS		IOC	
Total		IOC	
JAPEX		IOC	
LUKOIL Mid-East Ltd		IOC	
JSC Gazprom Neft		IOC	
Korea Gas Corporation (KOGAS)		IOC	
PETRONAS Carigali		IOC	
Türkiye Petrolleri Anonim Ortaklığı (TAPO)		IOC	
Al-Waha Petroleum Co. Ltd		IOC	

Kuwait Energy Co.		IOC	
Dragon Oil		IOC	
EGPC		IOC	
IOCs operating in KRG	Oil and gas (Extraction and exploration activities)	IOC	
Oil Buyers	Oil, gas and petroleum products	IOC	

5. Government to Government Transactions (Requirement 4)

Table 6 – Government to government transactions included in the scope of the EITI Report

Transactions	Applicable/ material	Financial flow	State-owned company	Government agency	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.5) ¹³	Applicable/ Not Material	The cost of producing barrels of crude oil exported and consumed locally	BOC MOC DQOC NOC Mdoc OEC (Oil Exploration company)	Ministry of Finance and SOMO	To be Reconciliated for their importance and to pursue the corrective actions of the second validation 2019.

¹³ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

Transactions	Applicable /material?	Financial flow and revenue sharing formula	Government agency executing the transfer	Government agency receiving the transfer	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of mandatory sub-national transfers in accordance with Requirement 5.2 ¹⁴	Applicable / Not materially	Budget Law for the year 2019 (petrodollar)	Ministry of Finance	Governorates covered by the Budget Law	To be reconciled if possible and identify the amounts rounded of previous years, with expressing the reasons of not receiving the allocated amounts. Such allocations are obtained from Ministry of Planning after the issuance of final amendments.
The materiality and inclusion of mandatory sub- national transfers in accordance with Requirement 5.2 Regional development	Applicable / Not materially	Budget Law for the year 2019 Regional development	Ministry of Finance	Governorates covered by the Budget Law	The materiality and inclusion of mandatory sub-national transfers in accordance with Requirement 5.2 Regional development
Total - distributed by type of payment and company: - (revenues received by IOCs provided by the Government of Iraq as cost recovery payments).	Applicable / material	cost recovery payments	Ministry of Finance	IOCs and State-partner	Total - distributed by type of payment and company: - (revenues received by IOCs provided by the Government of Iraq as cost recovery payments).
Total - distributed by type of payment and company -: (revenues received by national oil companies within the share of foreign partner	Applicable / material	Remuneration fees	Ministry of Finance	IOCs and State-Partner	Total - distributed by type of payment and company -: (revenues received by national oil companies within the share of foreign partner

¹⁴ Guidance Note 10: Sub-national reporting, <https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf>

Annex 2 – Supporting documentation

Documentation on governance arrangements and tax policies in the extractive industries, including relevant legislation & regulations

- Federal budget legislation for 2019
- KRG budget legislation for 2019

EITI workplans & other documents

- IEITI 2020 – 2-121 work plan

Previous EITI Reports

- IEITI Report for 2018 (Arabic)
- IEITI Report for 2017 (Arabic, English)
- IEITI Report for 2016 (Arabic, English)

Commentary on previous EITI Reports

- Validation Committee corrective actions on 2017 Report
- Validation report on 2019

Other relevant documentation (e.g. annual activity reports)

- Annual progress report for 2019

Annex – 3 Table of Terms

1. The term "contract" means:

- a. The full text of any contract, or any other agreement granted by the Government to the Companies, and includes the conditions relating to the exploitation of oil, gas and minerals
- b. The full text of any addendum or addendum relating to details relating to the exploitation rights set forth in paragraph 2.4 (c.1) or the implementation of the contract
- c. The full text of any change or amendment to the documents mentioned in paragraphs 2.4 (c) - 1 and 2.4 (c.2)

2. License means:

- a. The full text of any license by the government grants companies the right to exploit oil, gas and minerals.
- b. The full text of any extension or addendum relating to the details
- c. Related to the exploitation rights set out in paragraph 2.4 (d1) or the implementation of the contract
- d. The full text of any change or amendment to the documents described in paragraphs 2.4 (d) - 1 and 2.4 (d.2).

3. Definition of a public company (the self-financed economic unit wholly owned by the state which enjoys moral personality and financial and administrative independence and operates according to economic basis) according to the Public Companies Law No. (22) Of 1997 (amended).

4. Timing of data (period covered by report).

5. Project is the operational activities carried out in a single **FIELD**, whether it is operated by IOCs under the licenses rounds or operated by SOEs.