

Terms of Reference for Independent Administrators for 2016 Report

Terms of Reference

Independent Administrator for 2016 EITI Report, Iraq

Approved by the MSG on 07/05/2018 and amended according to the validation
corrective actions on 23/4/2018

Table of Contents

1	Background	2
2	Objectives of the assignment.....	3
3	Scope of services, tasks and expected deliverables	4
4	Qualification requirements for Independent Administrators	11
5	Reporting requirements and time schedule for deliverables	11
6	Client's input and counterpart personnel	12
	Annex 1 – Statement of materiality	1

1 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: a multi-stakeholder group (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.

It is a requirement that the Independent Administrator be perceived by the MSG to be credible, trustworthy and technically competent (Requirement 4.9.b.ii). The MSG and Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report prepared by the Independent Administrator will be submitted to the MSG for approval and made publicly available in accordance with Requirement 7.1.

These terms of reference include “agreed-upon procedures” for EITI reporting (see section 4) in accordance with EITI Requirement 4.9.b.iii. 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.

EITI Implementation in Iraq

Iraq has joined EITI as an implementing country on December 12, 2012 and published seven EITI reports for years 2009- 2015. 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 to be commenced on 26 April 2019.

Iraq MSG has undertaken certain actions to meet all corrective actions including amending ToRs of 2016 Report. The amendment is based on the following objectives of the newly amended work plan. For more information please see <http://ieiti.org.iq/>

Objectives of work plan 2018-2020:

1. Completing the implementing recommendations and corrective actions given at Iraq EITI validation report (2015) to bypass the suspension of membership for Iraq.
2. Making the EITI an integral part of the government's work at managing the extractive sector through the direct disclosure system.
3. Activating and developing a guideline for IOC's Corporate Social responsibility contributions mentioned at licensing contracts.
4. Enhancing transparency at the mining licensing rounds.
5. Enhancing transparency and good governance at newly legislated National Oil Company's law.

2. Objectives 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:

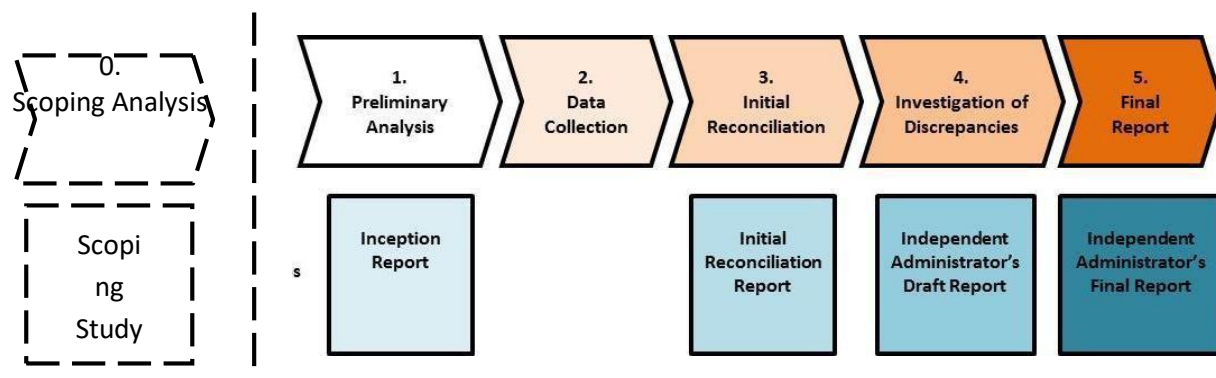
- a. Contribute and produce to 2016 EITI Report in accordance with the EITI Standard and section 3 below.
- b. capacity building program should be organized and funded by the Independent Administrator for six of the IEITI National Secretariat staff. The Independent Administrator is expected to present to the National Secretariat (within 30 days after signing the contract) a proposal containing details of the training program including the topics, qualifications of the instructors, training materials, location and dates...etc. Training shall commence after the National Secretariat approval of the program.

3. Scope of services, tasks and expected deliverables

The work of the Independent Administrator has five conceptual phases (see figure 1). These phases may overlap and there may also be some iteration between the phases. EITI reporting is preceded by scoping work, Management of expenditures and Social benefits studies which have already been undertaken by the MSG and other consultants (phase 0 in the figure).

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

Figure 1 – Overview of the EITI Reporting process and deliverables



[Phase 0 - Scoping and scoping study]

This phase has already been taken by the MSG (attached to this ToRs as shown in Annex2)

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. 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, 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 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.
- 1.2.4 Providing advice to the MSG on the reporting templates based on the agreed benefit streams to be reported and the reporting entities (1.1.1– 1.1.2 above). 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 templates shall be prepared by the Independent Administrator and approved by 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(b).
 - ✓ 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 social expenditure in accordance with Requirement 6.1.
 - ✓ 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 4.6.
 - ✓ The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.5.
 - ✓ The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2 (Petrodollar).
 - ✓ The level and type of disaggregation of the EITI Report in accordance with Requirement 4.7.
 - ✓ Capacity building obligations in licensing contracts including training entity, cost, number of trainees, subject of training, location of training, number of training hours and beneficiary entity.
 - ✓ Number of Iraqi and foreign manpower within the licensing rounds contracts and their

Percentage comparing to the total number of employees.

- ✓ Amount of associated gas (produced, invested and burned).
- ✓ Costs disbursed and implementation percentage of the licensing rounds contract which has not reached the commercial production level by 31/ 12/ 2016.

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(c).
- ✓ The government entities, including any SOEs and sub-national government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(c-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 Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.3 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 in accordance with Requirement 4.9.

The Independent Administrator should exercise judgment 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 judgment 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.

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

- 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.
- Requesting from companies to submit their final annual financial reports approved by the companies' boards.

1.3.4 Confirms the procedures for integrating and analyzing 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 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	Work to be undertaken by the Independent Administrator	Work to be undertaken by the MSG/others
Legal framework and fiscal regime in accordance with EITI Requirement 2.1.	Coordinate with the MSG and then submit recommendations.	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. 1. Conduct a study of the audit procedures and evidence. 2. Conduct a study of the laws, regulations and amendments planned and determine whether they are in line with the criteria and include in the report a summary of the studies after they were approved by the Council 3. A brief description of the financial system including the financial powers granted. 4. Work to ensure that any reforms undertaken by the Government are documented in this context.
An overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	Submit an overview of the extractive industries, including any significant exploration activities in accordance with EITI Requirement 3.1.	
Information about the contribution of the extractive industries to the economy in accordance with EITI Requirement 6.3.	1. Disclose of information on the contribution of extractive industries in the economy for the year 2016 and include the following: a. The volume of extractive industries as absolute value and as a percentage of	

	<p>GDP.</p> <p>b. Total government revenue from extractive industries (including taxes, royalties, fees and other payments) in absolute terms and as a percentage of total government revenues</p> <p>c. Exports of extractive industries in terms of absolute value and as a percentage of total exports.</p> <p>d. Employment in extractive industries in terms of absolute value and as a percentage of total employment.</p> <p>e. the main areas where production is concentrated.</p>	
	<p>Disclosure of production data for the reporting year including:</p> <p>a. Total production volume and production revenue per product.</p> <p>b. Determine whether the production area is subject to federal government or local government.</p> <p>c. Reference can be made to sources of data and information.</p> <p>d. How to calculate the volume of production.</p> <p>e. And how to calculate the values disclosed.</p> <p>f. Total export volume and value of exports by product.</p> <p>g. Determine whether the export is subject to the federal government or the local government.</p> <p>h. Reference sources Data information.</p> <p>i. How to calculate the volume of exports and their values.</p>	
Information regarding state participation in the extractive industries in accordance with EITI Requirement 2.6 and 6.2.2	<p>Semi-financial expenditure of state-owned enterprises (2.6)</p> <p>1. State-owned enterprises shall disclose their semi-financial expenditures</p> <p>2. Semi-financial expenditures include arrangements whereby State-owned enterprises shall make public social expenditures such as payments in favor of:</p> <ul style="list-style-type: none"> • social services • Public infrastructure • Fuel compensation • National debt service, etc. outside the federal budget. <p>3. Disclosure of payments other income must include state-owned enterprises and joint ventures.</p> <p>requirement 6.2</p> <p>1. Establish a specific definition of state-</p>	

	<p>owned enterprises that takes into account national laws and government structures (see Table 3 for definition of state-owned enterprises).</p> <p>2. Where the participation of the State in the extractive industries through the SOE leads to revenues of relative importance, the following shall be disclosed:</p> <p>a. The prevailing rules and practices in relation to the financial relationship between the Government and its owned companies. (For example, the mechanism of transfer of funds between state-owned enterprises and government, revenue generated by the oil and gas, mining and treasury shares from annual profits realized, benefits from investment and third-party financing).</p> <p>b. Government and state-owned enterprises disclosed:</p> <p>1. Proportion of ownership in oil, gas and mining companies operating in the oil, gas and mining sector. Including its subsidiaries or Joint Ventures.</p> <p>2. Any changes in the ownership level during the reporting year.</p> <p>3. Details of the share including the level of responsibility for the expenses, such as full ownership rights paid, free property rights, and interest rate charged.</p> <p>4. Any changes in the ownership ratio of the government or state-owned companies during the reporting year. Including details of assets and revenues.</p> <p>5. Any loans or loan guarantees provided to the oil, gas and mining companies operating.</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.</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>	The MSG will provide the IA a study about the distribution of revenues
Any further information by the MSG	Revenue and expenditure management	

<p>on revenue Management and expenditures in accordance with EITI Requirement 5.3.</p>	<p>a. Describe any extractive income earmarked for specific programs or geographic areas. This should include a description of ways to ensure accountability and efficiency in their use (regional development)</p> <p>b. A description of the budget and audits and the development of links to publicly available information on budget, expenditure and final accounts reports.</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>	
<p>Information about license holders in accordance with EITI Requirement 2.3, and the allocation of licenses in accordance with EITI Requirement 2.2.</p>	<p>Describe:</p> <p>a. the procedures for granting or transferring a license.</p> <p>b. technical and financial standards used data on the licensee including alliance partners.</p> <p>c. 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.</p> <p>d. include licenses transferred beyond the reporting year in the above paragraph.</p> <p>e. to state how it is obtained or the link to the site.</p> <p>f. Include any additional information that indicates the efficiency and effectiveness of the procedures.</p> <p>g. 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"> 1. The names of license holders. 2. Detailed information about each license and how to obtain it if information is not available 3. Documentation of the measures taken and the time required to provide such data in the license register in case the record is not 	

	<p>completed before the report is issued.</p> <p>4. Date of presentation, date of assignment and duration of license</p> <p>5. Description of product description</p> <p>6. Any significant legal or procedural obstacles preventing the publication of the Register and the Government's plans to overcome these obstacles and the time required to overcome them.</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. In the event that the record is not available or is incomplete, the information that is missing or block from the public should be clearly indicated</p> <p>9. Document efforts to provide the full record</p> <p>10. The meantime, the EITI report should include all the information required in this paragraph.</p>	
Information requested by the MSG on beneficial ownership in accordance with EITI Requirement 2.5.	<p>1. Ensure that there is a publicly available record of the names of owners who are beneficiaries of companies that offer tenders, or are actually working or invested in extractive industries.</p> <p>2. 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.</p> <p>3. 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.</p> <p>4. If such information is already publicly available, the mechanism for obtaining it should be mentioned.</p> <p>5. Clarify government policy and document the Board's discussions on disclosure of utility ownership and should include relevant legal frameworks, actual disclosure mechanisms and any planned or ongoing reforms.</p> <p>6. Specifically steps to apply ownership of the benefit to 2020 for companies to disclose beneficial property information</p> <p>7. Vulnerabilities in reporting should</p>	The MSG submit the roadmap for beneficial ownership Table 2 to prepare all the requirements of Standard 5.2.

	be disclosed, including naming companies that have not provided all or part of the information.	
Any information requested by the MSG on contracts in accordance with EITI Requirement 2.4.	Indicate the following information: 1. Publishing the texts of contracts and licenses signed in the field of oil, gas and minerals. 2. Disclose government policy on contracts and licenses, including governing laws and disclosure mechanisms. 3. Remind any reforms that are being planned or implemented in this context 4. The report contains contracts and licenses available to the public, and links to sites published therein. 5. Definition of the terms (contract-license-contract appendix) See the attached table of terms (3).	
Average of monthly oil barrel price.	Provides details about the export of crude oil to the international oil markets and indicate the average of monthly oil barrel price.	
Oil, gas and mining reserves specified by areas of production.	Review of production areas and quantities of oil and gas reserves and minerals installed in the scope study.	
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 2017.	Confirm all corrective actions taken by the MSG in respect to each comment received in the validation report.	Submit the validation report, the corrective actions, and the roadmap to better implementation. (in Annex2)

- 1.3.5 Confirms the reporting templates, 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:

- 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.
- 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 to the level of detail agreed by the MSG and 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.

- 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 the reporting process 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 is encouraged to make recommendations on strengthening 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 listed in previous Iraq EITI report.

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 The final EITI Report must be published in Arabic, Kurdish and English languages.
- 5.3 The Independent Administrator should produce electronic data files⁷² that can be

⁷² The files can be in CSV or Excel format and should contain the tables and figures from the print report. In accordance with requirement 7.1.c, the multi-stakeholder group is required to make the EITI Report available in an open data format (xlsx or csv) online.

published together with the final Report.

- 5.4 Following approval by the MSG, the Independent Administrator is mandated to submit summary data³ from the EITI Report electronically to the International Secretariat according to the Standardized reporting format available from the International Secretariat.

³ latest version of the summary data template can be found at: <https://eiti.org/document/eiti-summary-data-template>

- 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 Independent Administrator shall submit to the national secretariat all data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process.
- 5.7 The final approved copy of the report shall published as follows:
- 10 copies of IEITI report for each language.
 - 1000 electronic copies containing IEITI report in three languages and executive summary of the report in three languages on a business card size flash memory. Both sides of the flash memory shall be printed with a graphic design approved by Iraq EITI.

2 Qualification requirements for Independent Administrators

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards (requirement 4.9). It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent (ibid). 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.
- ✓ Number, expertise and educational achievement of the company's work team.
- ✓ 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.

3 Reporting requirements and time schedule for deliverables

The assignment is expected to commence on 16/07/2018, culminating in the finalization of the EITI Report by 03/12/2018, the proposed schedule is set out below:

Signing of contract	16/07/2018
Phase 1: Preliminary analysis	16/07/2018 – 22/07/2018
Inception report	22/07/2018
Phase 2: Data collection	23/07/2018 – 21/08/2018

Phase 3: Initial reconciliation	22/08/2018 – 30/08/2018
Reconciliation report and MSG approval	03/09/2018
Phase 4: Investigation of discrepancies	03/09/2018 – 30/09/2018
Draft report and MSG approval	30/10/2018
Phase 5: Final report	31/10/2018 – 20/11/2018
Final report MSG approval	03/12/2018

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.

The schedule of payments shall be as follows: 5% following contract signing

- 5 % following delivery of the inception report

- 15% following delivery of the draft EITI report

- 25 % following MSG approval and publication of the EITI report

4 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 2016 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, the multi-stakeholder group 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	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The Government share of production from each extractive company	<value> <percentage>	Ministry of Finance, Ministry of Oil, Ministry of Industry and Minerals, Ministry of Natural Resources in KRG	review companies' law no. 22 for year 1997
Reconcile the share of SOE from production	<value> <percentage>	Ministry of Oil/ extractive companies, Ministry of Industry and Minerals, Ministry of Natural Resources in KRG	
Reconcile royalty revenues	<value> <percentage>	Ministry of Oil/ extractive companies, Ministry of Industry and Minerals, Ministry of Natural Resources in KRG	

Distribution of divisions	<value> <percentage>	Ministry of Oil/ extractive companies, Ministry of Industry and Minerals, Ministry of Natural Resources in KRG	
Revenue of all types of gas export	<value> <percentage>	Basrah Gas Company, KRG	Explain the mechanism of export
Total revenue - distributed by type of payment and company - received by the Government of Iraq from oil exports	<value> <percentage>	Ministry of Finance, Ministry of Oil, Ministry of Natural Resources in KRG	Determine the types of product and their destinations
Total revenue - distributed by type of payment and company - received by the Government of Iraq from gas exports.	<value> <percentage>	Ministry of Finance, Ministry of Oil, Basrah Gas Company, Ministry of Natural Resources in KRG	buying companies
Total - distributed by type of payment and company - (revenues received by the Government of Iraq and total payments made by IOCs as corporate taxes).	<value> <percentage>	Ministry of Finance / Accounting Department - General Authority for Taxation, Ministry of Oil/(PCLD), Ministry of Natural Resources in KRG, Ministry of Finance in KRG	indicate the minutes of the agreement between the Ministry of Oil and the General Authority for Taxation and any remarks concerning this

Total - with distribution by type of payment - (revenues received by the Government of Iraq and total payments made by the IOC to the Government as bonuses).	<value> <percentage>	Ministry of Oil and Ministry of Industry and Minerals, Ministry of Natural Resources in KRG	Provide a clear note of the existence of these amounts or not
Total - distributed by type of payment and company - (revenues received by national oil companies and payments made by the government to national oil companies as internal service payments).	<value> <percentage>	Basra Oil Company, Missan Oil Company, Dhi Qar Oil Company, Midland Oil Company, North Oil Company, South Gas Company	<p>- Statement of reasons for delays in payment of dues to national oil companies and the reason for granting exploration company \$ 33 billion.</p> <p>- indicate the mechanism of calculating the costs of oil produced in KRG and is there mutual accounts with the federal Ministry of Finance and SOMO</p>
Total - distributed by type of payment and company: - (revenues received by IOCs provided by the Government of Iraq as cost recovery payments).	<value> <percentage>	Contracts & Licenses Companies, Basrah Gas Company, operating companies in KRG	Indicate the actual maturity and payable and the mechanism of calculation
Total - distributed by type of payment and company - (revenues received by IOCs and payments made by the Government of Iraq as payment of profit bonus fees).	<value> <percentage>	Contract and Licensing Companies, Ministry of Finance	Indicate the actual maturity and payable and the mechanism of calculation

Total - with distribution by type of payment and company: - (revenues received by national oil companies within the government partner's share).	<value> <percentage>	Contract and Licensing Companies, All National companies, Ministry of Finance, the share of Ministry of Natural resources or the Ministry of Finance in KRG	Any change or updating of the share is obtained by the year of the report or outside the year of the report
Total - distributed by type of payment and company -: (revenues received by national oil companies within the share of foreign partner).	<value> <percentage>	Contract and Licensing Companies, IoCs, operating companies in KRG	Any change or updating of the share is obtained by the year of the report or outside the year of the report
Value of compensated oil	<value> <percentage>	Ministry of Finance , Ministry of Oil (Planning and Studies Directorate + PCLD + SOMO), operating companies in KRG	- Indicate the amount due, amount allocated and amount actually paid. - indicate the mechanism of calculation ,if there any, in KRG
Sales of light products (domestic consumption)	<value> <percentage>	Ministry of Finance, Ministry of Oil, Ministry of Natural resources in KRG	According to the scope study+ revenues of KRG from the same products
Petrodollar	<value> <percentage>	Governorates covered by the Budget Law of 2016, Ministry of Finance / Accounting Department, General Authority for Taxation	Statement of amount due, amount allocated and amount actually paid

Development Fund for Iraq (DFI)	<value> <percentage>	Central Bank, Development Fund for Iraq (DFI), Ministry of Finance / Accounting Department, SOMO	Statement of the corresponding record between Sumo and the Central Bank
Transportation revenues in accordance with Requirement 4.4.	<value> <percentage>	Ministry of Oil, National Oil companies, Pipelines company	Indicate the mechanism of pricing
Any other significant payments and/ or material revenues for the Government	<value> <percentage>	Ministry of Oil/ extractive companies, Ministry of Industry and Minerals, Ministry of Natural Resources in KRG	

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 - Core quantities to be matched.

Amounts	Estimated value and percentage of total extractive industry revenues	The recipient	Produced or processed
Quantities of production of national companies of crude oil	<value> <percentage>	Oil Marketing Company, Refineries Companies, Ministry of Electricity, Ministry of Natural resources in KRG	Basra Oil Company, Missan Oil Company, Dhi Qar Company, Central Oil Company, North Oil Company, companies belonging to KRG (if any)
Quantities of production of foreign companies in rounds of licenses of crude oil	<value> <percentage>	Basra Oil Company, Missan Oil Company, Dhi Qar Oil Company, and Al-Wasat Oil Company, North Oil Company, Ministry of Natural resources in KRG, international companies of licensing rounds in Iraq	Foreign companies in licensing rounds
Quantities of crude oil exports	<value> <percentage>	Companies buying crude oil from Oil Marketing Company, companies which bought crude oil from KRG	Oil Marketing Company, Ministry of Natural resources in KRG

Iraq EITI National Secretariat, Ministry of Oil, 12th floor, Zayouna, Baghdad, Iraq <http://ieiti.org.iq/>

Tel +9647801998017 Email moushtak.fadle@ieiti.org.iq

Quantities of natural gas production accompanying and free(Investor and Burner)	<value> <percentage>	Southern Gas Company, North Gas Company, Basrah Gas Company, Ministry of Natural resources in KRG	Basra Oil Company, Missan Oil Company, Dhi Qar Company, Central Oil Company, North Oil Company, supplying companies in KRG
LPG export volumes, gas condensers	<value> <percentage>	Basrah Gas Company + SOMO Company, Ministry of Natural resources in KRG	South Gas Company, North Gas Company, supplying companies in KRG
LPG and dry gas quantities used for consumption	<value> <percentage>	Gas Filling Company, Ministry of Electricity by Directorates, Ministry of Industry and Minerals by Directorates, Ministry of Natural resources in KRG	South Gas Company, Basrah Gas Company, North Gas Company, supplying companies in KRG
Quantities of lifted oil	<value> <percentage>	Foreign companies within licensing rounds	Oil Marketing Company
Quantities of light products (local start-up)	<value> <percentage>	Distribution Company, Ministry of Natural resources in KRG	Refineries Companies, Pipelines Company, supplying companies in KRG

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:

Iraq EITI National Secretariat, Ministry of Oil, 12th floor, Zayouna, Baghdad, Iraq <http://ieiti.org.iq/>

Tel +9647801998017 Email moushtak.fadle@ieiti.org.iq

Table3 – Material revenues to be unilaterally disclosed by the government

Revenue stream	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.
Metal Sales	<value> <percentage>	Ministry of Finance or Ministry of Industry and Minerals, Ministry of Resources and Natural Resources	
Sales of crude oil to the Ministry of Natural Resources in the Kurdistan region	<value> <percentage>	Ministry of Oil: Department of Contracts and Licenses, Technical Department, Oil Marketing Company, Ministry of Resources and Natural Resources	
Non - oil revenues	<value> <percentage>	Ministry of Finance	
Import of oil and gas derivatives	<value> <percentage>	Oil Marketing Company, The Ministry of Electricity, Ministry of Natural Resources	

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 4 – Immaterial revenue streams from the extractive sector to be excluded from the EITI Report

Revenue stream	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and rationale for concluding that the revenue stream is immaterial
Revenues of gas filling company		Ministry of Oil, Ministry of Finance	Was excluded according to the statement of materiality in the scoping study
Revenues of subcontracts companies which its contract is lower than \$ 100 million		Ministry of Oil	

1. Additional benefit streams:

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

Table 5– 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) ⁴	Applicable is not material		KRG	Barter arrangements in the contracts of federal government is not applicable, the barter arrangements should be audited in the contracts of KRG
The materiality and inclusion of mandatory social payments (Requirement 6.1(a)) ⁵	Applicable is not material		Local governorates	It must be indicated in terms of cash and in kind with mentioning the beneficiary party
The materiality and inclusion of voluntary social payments (Requirement 6.1(b)) ⁶	Applicable is not material		Local governmental directorates	It must be indicated in terms of cash and in kind with mentioning the beneficiary party
The materiality and inclusion of transportation revenues	Applicable		Related national companies, pipeline	It must be indicated in terms of cash and in kind with mentioning the beneficiary

⁴ Guidance note 15: Infrastructure and barter provisions: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN14>

⁵ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

⁶ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

(Requirement 4.4) ⁷			company, Ministry of Natural Resources in KRG	party
--------------------------------	--	--	--	-------

⁸ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

⁹ Guidance note 16: Revenues from transportation of oil, gas and minerals: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN16>

⁷ Guidance note 16: Revenues from transportation of oil, gas and minerals: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN16>

Iraq EITI National Secretariat, Ministry of Oil, 12th floor, Zayouna, Baghdad, Iraq <http://ieiti.org.iq/>

Tel +9647801998017 **Email** moushtak.fadle@ieiti.org.iq

2. Reporting companies (Requirement 4.1)

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:

Table 6 – Companies to be included in the EITI Report

Companies	Sector	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
National Oil Companies (Basra Oil Company, Missan Oil Company, Dhi Qar Oil Company, Midland Oil Company, North Oil Company, Iraqi Drilling Company, Oil Exploration Company + South Gas Company), Ministry of Industry and Minerals companies, Ministry of Natural resources in KRG	Oil and gas (Extraction and exploration activities)	...
Foreign extractive companies in licensing rounds	oil and gas (Extraction and exploration activities)	
South Gas Company, Basrah Gas Company,	Gas	

North Gas Company		
Oil Marketing Company, The Ministry of Electricity	Oil. And petroleum products Marketing Activity (Exports and Imports)	
Foreign Buyers	Oil, gas and petroleum products	
Refineries companies	Oil, gas (liquidation activity)	
Electricity directorates	Oil. Gas (Crude oil, gas and black oil)	
Gas Filling Company - Oil Products Distribution Company	Oil and gas products (Distribution activity)	
Pipelines company, Iraqi Oil Transportation Company	Oil and gas, oil products (Transport activity)	
Ministry of Oil (Department of Contracts and Licenses, Department of Studies and Planning,	Oil, Gas	

Technical Department, Administrative Department, Inspector General,		
Central Bank of Iraq	Oil, Gas(Oil revenues)	

3. Government - government transactions (Requirement 4)

Table 7 – 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 4.6) ⁸	Materially applicable	The cost of producing barrels of crude oil exported and consumed locally	National Extractive Companies	Ministry of Finance, Oil Marketing Company, Ministry of Natural Resources in KRG	

⁸ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

Iraq EITI National Secretariat, Ministry of Oil, 12th floor, Zayouna, Baghdad, Iraq <http://ieiti.org.iq/>

Tel +9647801998017 Email moushtak.fadle@ieiti.org.iq

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 9	Applicable/materially	Budget Law for the year 2016 (Regional development, petrodollar)	Ministry of Finance	Governorates covered by the Budget Law	

⁹ 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 2016
- ✓ KRG budget legislation for 2016

EITI work plans & other documents

- ✓ IEITI work plan
- ✓ Road map for beneficial ownership

Findings from preliminary scoping work

- ✓ IEITI scoping study

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

Previous EITI Reports

- ✓ IEITI Reports for 2014
- ✓ IEITI Reports for 2015

Commentary on previous EITI Reports

- ✓ International Secretariat comments on 2015 report
- ✓ Comments made by Ahmed Moussa Jiyad, Iraqi oil sector expert

Validation Reports

- ✓ EITI Board's decision to suspend Iraq EITI
- ✓ Validation report 2017

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

- ✓ Annual progress report for 2016
- ✓ Management of expenditures study
- ✓ Social benefits study

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 water
- 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 the 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).