

TERMS OF REFERENCE

1. Background

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and government revenues in implementing countries.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose their payments to the government, and the government discloses its receipts. The figures are reconciled by an Independent Administrator and published in annual EITI Reports together with contextual and other information about the extractive industries.
- **Accountability:** a multi-stakeholder group with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI Report and promote the integration of EITI into broader transparency efforts in that country.

EITI Implementation in [Trinidad and Tobago]

Trinidad and Tobago (T&T) became an EITI member with Candidate Country status in March 2011 and, since then, has been implementing the initiative under the direction of a Cabinet appointed multi-stakeholder (government, companies and civil society) Steering Committee. The Trinidad and Tobago Extractive Industries Transparency Initiative (TTEITI) Steering Committee (SC) remains committed to its objectives of: showing the contribution of oil, gas and mining revenues to the economy, enhancing competitiveness through EITI Compliant Country status, generating a national conversation on the management of extractives, building the institutional framework for increased transparency and expanding the scope of EITI implementation in Trinidad and Tobago.

The SC's mandate is to collect and disseminate independently verified information on revenues earned by government from the oil, gas and mining companies operating in the extractive industries so as to promote greater revenue transparency and accountability and empower citizens to hold the government and the companies more accountable for the use made of the people's patrimony. In January 2015, T&T attained EITI Compliant Country status, the highest level of membership, in recognition of the fact that it had met all the requirements of the EITI Standard. At February 2015, (T&T) is one of 31 countries with EITI Compliant status in a membership of 51 countries.

The TTEITI SC objectives and work plan can be viewed at the following link <http://www.tteiti.org.tt/wp-content/uploads/downloads/2014/06/TTEITI-Workplan-2014-2016.pdf>

2. Objectives of the assignment

On behalf of the Government and TTEITI SC, the Central Tenders Board seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard. The objectives of the assignment are to:

Design reporting templates to capture payments made by mining, upstream (oil and gas), midstream, downstream and marketing companies and Government receipts from these companies;

Produce an EITI Report for Fiscal year 2016 in accordance with the EITI Standard and section 4, below;

Produce an EITI Report for Fiscal year 2017 in accordance with the EITI Standard and section 4, below;

Produce an EITI Report for Fiscal year 2018 in accordance with the EITI Standard and section 4, below.

3. Scope of services, tasks and expected deliverables

The work of the Independent Administrator ('the Administrator') has five phases. The Administrator's responsibilities in each phase are elaborated below.

Phase 1 – Preliminary analysis and Inception Report

Background: The objective of the first phase of work is to ensure 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. It is imperative that the scope of EITI reporting is clearly defined, in line with the EITI Standard and with the Steering Committee's agreed objectives and expectations for the EITI process. The findings from this phase should be documented in an Inception Report. The Administrator shall undertake the following tasks:

- 1.1 Review the relevant background information, including relevant laws and regulations, 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.
- 1.2 Work with the TTEITI SC to agree on the procedures for incorporating and analyzing contextual and other non-revenue information in the EITI Report, including any exploration activities. The procedures should ensure that information is clearly sourced and attributed.

- 1.3 Review and provide guidance on the payments and revenues to be covered in the EITI Report in accordance with EITI Requirement 4. The Inception Report should clearly provide advice on and indicate the TTEITI SC's decisions on:
- The materiality definition and thresholds, and the resulting revenue streams to be included in accordance with EITI Standard Requirement 4.1 (a-d).
 - The sale of the State's share of production or other revenues collected in-kind in accordance with EITI Standard Requirement 4.2.
 - The coverage of infrastructure provisions and barter arrangements in accordance with EITI Standard Requirement 4.3.
 - The coverage of social expenditure in accordance with EITI Standard Requirement 6.1.
 - The coverage of transportation revenues in accordance with EITI Standard Requirement 4.4.
 - The level and type of disaggregation of the EITI Report in accordance with EITI Standard Requirement 4.7.
- 1.4 Review the companies and government entities that are required to report in accordance with EITI Standard Requirement 4.1 (c). The Inception Report shall:
- Identify and list the companies that make material payments to the state and the government entities that receive material payments and will be required to report in accordance with EITI Standard Requirement 4.1 (c).
 - Identify 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 (EITI Standard Requirement 4.1 (a)).
 - Confirm the TTEITI SC's position on disclosure and reconciliation of payments to and from state owned enterprises in accordance with EITI Standard Requirement 4.5.
 - Confirm the TTEITI SC's position on materiality and inclusion of sub-national payments in accordance with EITI Standard Requirement 4.6.
 - Confirm the TTEITI SC's position on the materiality and inclusion of sub-national transfers in accordance with EITI Standard Requirement 5.2.
- 1.5 Create Reporting Templates based on the agreed benefit streams to be reported and the reporting entities. Revise and propose the final reporting templates, incorporating amendments arising from consultations with the Companies and the GoRTT and as may be required by the Steering Committee.

- 1.6 Provide advice to the TTEITI SC in examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process in accordance with EITI Standard Requirement 4.9. 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.
- 1.7 Provide advice to the TTEITI SC on what information it should require to be provided to the Administrator by the participating companies and government entities to assure credibility of the data in accordance with EITI Standard Requirement 4.9. The Administrator should then employ professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and government entities. The Administrator should document the options considered and the rationale for the assurances to be provided. Where deemed necessary by the Administrator and the TTEITI SC, 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 submitted is comprehensive and consistent with their audited financial statements.
 - 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.

The Administrator should exercise judgement and apply appropriate professional standards in developing a procedure that provides a sufficient basis for a comprehensive and reliable EITI Report.

- 1.8 Provide advice to the TTEITI SC on agreeing appropriate provisions relating to safeguarding confidential information.
- 1.9 Liaise with MEEI regarding the availability of a public register and cadaster of licenses in accordance with EITI Standard Requirement 2.3.
- 1.10 Determine the levels of beneficial ownership of Government and state-owned enterprises within the extractive sectors.
- 1.11 Document Government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil and gas.
- 1.12 Identify the total production and export volumes for extractive sector commodities.

Phase 2 – Data Collection

The Administrator shall undertake the following tasks:

2.1 Develop clear guidelines and documented procedures for the Companies and the Government of the Republic of Trinidad and Tobago (GoRTT) for the completion of the Reporting Templates. Facilitate workshops, organized by and in consultation with the Steering Committee, to train Companies and GoRTT personnel in the completion of the Reporting Templates

2.2. Distribute reporting templates and collect the completed forms and associated supporting documentation, as well as any other contextual or other information requested to be collected by the TTEITI SC, directly from the participating reporting entities. In cases where data has not been certified or audited to international standards to the satisfaction of the Consultant, the Consultant shall request supporting documentation (e.g. audited financial statements, receipts, banking records etc.) to verify the data from the Companies and GoRTT.

2.3 Provide advice to the TTEITI SC on ensuring that the request for data includes appropriate guidance to the reporting entities, and on where to seek additional information and support.

2.4 Contact the reporting entities directly to clarify any information gaps or discrepancies.

2.5 Prepare a list of all licensed or registered companies involved in the upstream extractive sector, noting which companies participated in the EITI reporting process and those that did not (with an indication of the relative size, whether by production or revenue/payments) and the reasons for their non-participation.

2.6 Report on companies and government agencies that failed to participate in the reporting process, if any, with an assessment as to whether that had a material impact on the stated figures and conclusions reported.

Phase 3 – Initial reconciliation and initial reconciliation report

The Administrator shall undertake the following tasks:

3.1 Compile a database with the data provided by the reporting entities.

3.2 Comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and in accordance with international professional accounting standards.

3.3 Prepare an initial reconciliation report based on the reported (unadjusted) data for consideration by the TTEITI SC in accordance with the agreed scope.

3.4 Identify any discrepancies above the agreed margin of error established at 1% of total revenues.

Phase 4 – Investigation of Discrepancies and drafting of EITI Report

The Administrator shall undertake the following tasks:

4.1 Contact the reporting entities in seeking to clarify any discrepancies in the reported data.

4.2 Prepare a Draft EITI Report that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information as requested by the TTEITI SC.

The Draft EITI Report shall:

- Describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards
- Include a description of each revenue stream, related materiality definitions and thresholds
- Include an assessment from the Administrator on the comprehensiveness and reliability of the data presented, including an informative summary of the work performed by the Administrator and the limitations of the assessment provided.
- Indicate the coverage of the reconciliation exercise based on the government's disclosure of total revenues.
- 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 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.
- 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, the EITI Report should advise readers on how to access them.

4.3 Comment on the progress in implementing the corrective actions and reforms recommended in previous EITI Reports. The Administrator should make recommendations for strengthening the reporting process in the future

4.4 Include a mining sector scoping study and report on payments made by participating mining companies.

4.5 Include commentary on aspects of the EITI Standard and other extractive sector issues as instructed by the TTEITI SC.

4.6 Comment on PSC Profit Share Due to Government for the Reporting Period, monitoring of amounts due and paid from PSCs to Government and PSC auditing.

4.7 Comment on gas sale agreements and the treatment of Government profit oil/gas and the production entitlement of the SOEs.

4.8 Comment on the TTEITI Beneficial Ownership Registry by providing feedback on the usability and authenticity of the information provided by extractive companies.

Phase 5 – Administrator’s final EITI Report

The Administrator shall undertake the following tasks:

5.1 Produce electronic data files that can be published together with the final EITI Report.

5.2 Provide machine-readable files and/or code or tag EITI Reports and data files in an Open Data format using the Comma Separated Values or CSV file format

5.3 Submit summary data from the EITI Report electronically to the International EITI Secretariat according to the standardized reporting format following approval by the TTEITI SC of the EITI Report.

The TTEITI SC will endorse the EITI Report prior to its publication. Where stakeholders other than the Administrator wish to include additional comments, authorship should be clearly indicated.

4. Expertise Required

The Consultant may be a local or foreign national or firm, or a joint venture between local and foreign nationals or firms, with a reputation that is perceived as independent of and immune from influence by GoRTT and/or the Companies. Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation work in preparing their report.

Bidders shall demonstrate:

- Expertise and experience in the oil, gas and mining sectors in T&T, as well as adequate knowledge of the upstream petroleum sector, taxation and public and private accounting in T&T.
- Expertise in accounting, auditing and financial analysis.
- A track record in similar work. Previous experience in EITI reporting is not required, but would be advantageous.

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

The Consultant shall provide evidence of the necessary numbers, certification and experience of personnel who will be made available to perform all collecting, testing and compilation in accordance with accepted professional standards, the requirements of this RFP and the EITI Standard.

5. Type of Consultancy

International/ National Consultancy Firm or Partnership

6. Duration

The project will be executed over the period May 2017 to September 2019 during which time three reports will be completed:

Fiscal 2016:	October 2015-September 2016
Fiscal 2017:	October 2016-September 2017
Fiscal 2018:	October 2017-September 2018

7. Language

The language of the consultancy and all related workshops and written correspondence must be English

8. Administrative Arrangements – Reporting requirements and Time Schedule for deliverables

The Consultant shall prepare its reports and deliver them to the Steering Committee as follows:

- a. An Inception Report shall be submitted within two (2) weeks of the contract award and shall include the intended structure of the Report, a detailed table of contents and the implementation strategy.
- b. A draft report on the proposed Reporting Templates shall be submitted within five (5) weeks of the contract award for approval. The Steering Committee shall submit its comments within two (2) weeks of report receipt.
- c. A draft of the Report shall be submitted within eight (8) weeks of the contract award. The Steering Committee shall submit its comments within two (2) weeks of report receipt.
- d. The Report and the Report Summary shall be submitted within twelve (12) weeks of the contract award. The Report and the Report Summary shall take into account all comments made by the Steering Committee and shall be in both hard copy and soft copy form in the numbers described.
- e. The Consultant shall present the Report to the Steering Committee and also to a gathering of key stakeholders arranged by the Steering Committee and answer relevant questions that may arise. The Report shall be published simultaneously on the TTEITI Website.

The schedule of payments shall be as follows:

10% following contract signing
5% following delivery of the Inception Report
5% following delivery of the Draft EITI Report for fiscal 2016
10% following TTEITI SC's approval and publication of the EITI Report for fiscal 2016
10% following delivery of the Inception Report for fiscal 2017
10% following delivery of the Draft EITI Report for fiscal 2017
15% following TTEITI SC's approval and publication of EITI Report for fiscal 2017
10% following delivery of the Inception Report for fiscal 2018
10% following delivery of the Draft EITI Report for fiscal 2018
15% following TTEITI SC's approval and publication of EITI Report for fiscal 2018

9. Client's input and counterpart personnel

The Administrator will report to the TTEITI SC through the TTEITI Secretariat. The Administrator will be assisted by the TTEITI Secretariat in facilitating any logistical and administrative arrangements between the Administrator and the reporting companies and the Ministry of Energy and Energy Industries and the Board of Inland Revenue.

Annex 1 – Data Sheet on scope of services

Based on the outlined Requirements of the EITI Standard and the Trinidad and Tobago EITI Report 2014+2015 (<http://www.tteiti.org.tt/category/eiti-reports/>) the TTEITI SC proposes the following scope for the three EITI Reports:

2. The taxes and revenues to be covered in the EITI Reports (Requirement 4.1)¹

Benefit stream	Commentary on work to be undertaken by the Administrator
...Supplemental Petroleum Tax (SPT)	...All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Petroleum Profits Tax (PPT)	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Unemployment Levy (UL)	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Corporation Tax (CT)	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Green Fund Levy	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Business Levy	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Withholding Tax (WHT) on dividends	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Withholding Tax (WHT) on branch profits remitted or deemed remitted to head office	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.

¹ Guidance Note 13: on defining materiality, reporting thresholds and reporting entities, https://eiti.org/files/Guidance%20note%20on%20defining%20materiality_0.pdf

Insurance Premium Tax	All upstream extractive companies pay this to the Inland Revenue Division of the Ministry of Finance.
Royalty	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Minimum rent – E&P	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Annual license acreage payments	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Petroleum Production Levy	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Petroleum impost	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
Production Sharing Contract (PSC) share of profits	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
PSC signature bonuses	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
PSC bidding fees	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.
PSC Tax Settlement	The Ministry of Energy and Energy Industries pay this to the Inland Revenue Division of the Ministry of Finance.
Other payments under PSCs Specific payments were identified by the TTEITI Steering Committee, namely: <ul style="list-style-type: none"> • Production bonuses • Training Fees • R&D Fees • Administration Fees • Abandonment Provision – Payments into Environmental Escrow Account • PSCs Holding Fee • Technical assistance 	All upstream extractive companies pay this to the Ministry of Energy and Energy Industries.

• Scholarships	
Dividends paid by State-owned companies	Payments made by State-Owned Companies to the Investment Division of the Ministry of Finance.
Social expenditure and infrastructure payments	All participating companies must declare these payments.
Payments in kind	All participating companies must declare payments in kind made to or received by the Government or State-Owned entities.
Transportation Revenue	The Government and State-owned enterprises are required to disclose revenues received from the transportation of oil and gas.

3. List of reporting entities (companies and government agencies) (Requirement 4.1 (c))

The following is a list of participating Extractive Companies operating in Trinidad and Tobago:

No.	Name of Company (Oil and Gas Sector)
1	BP Trinidad and Tobago LLC
2	BG Trinidad and Tobago Limited
3	BHP Billiton (Trinidad-2C) Ltd and BHP Billiton (Trinidad-3A) Ltd
4	EOG Resources Trinidad Limited
5	Repsol Angostura Limited
6	Chevron Trinidad and Tobago Resources SRL
7	Centrica Trinidad and Tobago Limited
8	Niko Resources (Trinidad and Tobago) Limited
9	Touchstone Exploration Trinidad Ltd
10	ENI Trinidad and Tobago Limited
11	Trinity Exploration and Production Company Limited

12	Lease Operators Limited
13	Chaoyang Petroleum 2c Limited
14	Petroleum Company of Trinidad and Tobago Limited
15	The National Gas Company of Trinidad and Tobago Limited
16	Perenco T&T Limited
17	De Novo Energy Block 1A Limited

The following is a list of participating Government Ministries in Trinidad and Tobago:

No.	Name of Ministry/State Agency
1	Ministry of Energy and Energy Industries
2	Ministry of Finance -Inland Revenue Division -Investment Division

4. Additional commentary on scope

<p>The materiality and inclusion of sub-national payments (Requirement 4.6²)</p>	<p>Companies must disclose any direct payments made to sub-national levels of government (e.g. regional corporations etc.).</p> <p>In addition, some governments also have formal or informal revenue sharing mechanisms that stipulate that a share of revenues collected by the central government from the extractive sector is transferred to sub-national government entities. Any such payments must be disclosed by the Government.</p> <p>https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf</p>
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² Guidance Note 10: Sub-national reporting, <https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf>

The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.5) ³	Material payments made by extractive companies to state-owned enterprises must be disclosed. Transfers between the Government and state-owned agencies must also be disclosed.
The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2 ⁴	Any material transfers between national and sub-national government entities which are collected from extractive industries and are mandated by national constitution, statute or other revenue sharing mechanism, must be disclosed. https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf

³ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

⁴ 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

- Corporate Tax Act
- Income Tax Act
- Petroleum Taxes Act

EITI work plans & other documents

- TTEITI Work plan 2014-2016 (<http://www.tteiti.org.tt/wp-content/uploads/downloads/2014/06/TTEITI-Workplan-2014-2016.pdf>)

Findings from preliminary scoping work

Previous EITI Reports (<http://www.tteiti.org.tt/category/eiti-reports/>)

- Trinidad and Tobago EITI Reports 2011, 2012, 2013, 2014, 2015

Commentary on previous EITI Reports

Validation Reports

- Trinidad and Tobago Validation Report 2013[...]

Other relevant documentation (e.g. Annual Activity Reports)

- TTEITI Annual Activity Report 2015 (<http://www.tteiti.org.tt/eiti-reports/trinidad-and-tobago-eiti-annual-activity-report-2015/>)