



### Review to 1st Draft Report of validators

The EITI NGO Coalition has an extended discussion on work of validators on situation of EITI in Azerbaijan during 25th February meeting of the Coalition Council and has come to following conclusions:

#### *Methodological aspects of validation report*

The validation report, actually reflecting the first evaluation of EITI for enabling environment for CSO's participation, left this important fact behind curtain. The fact that Azerbaijan was having early validation was not taken into account when preparing validation report. On contrary this fact was mentioned as some achievement, mentioning Azerbaijan was the first country passing Validation according to New Standard.

It was expected the enabling environment will be evaluated based on special methodology, however the report reflected views of separate MSG parties only. Moreover validators did not meet individual Coalition members, as recommended by National Coalition Coordinator, and never had any other group meetings, except the one help with Coalition Council. The CSO Protocol, a document developed particularly for evaluating CSO's participation in EITI was not included to validation process.

Namely, below mentioned facts were not commented;

- With more and more civil society actors and activists being put in jail, self-censorship is an issue. People are very concerned about intimidation and reprisals.
- Amendments to laws on Grant and NGOs in October, as well as unofficial bans for representatives of independent NGOs that are Coalition members have restricted Coalition functioning. They also create obstacles for obtaining funding.
- Due to funding restrictions in 2014 the Coalition was not able to implement its part of activities in EITI Workplan. The situation was the same in 2013 and it was included to government's 2013 EITI progress report.
- Public debates to be organized by EITI NGO Coalition were unable to organize due to both funding and unofficial restriction reasons.

The desk research as part of validation process was based on MSG documents and 2013 report only. Whereas International Board Decision reflecting reasons of early validation and put special terms for Azerbaijan, as well as report of fact-finding mission visiting Azerbaijan in September

and statements in this regard at Coalition's web site were never reviewed. (Validation draft report, page 11).

The report mentioned review of 2015 EITI Work Plan of Azerbaijan for several times, mentioning the workplan for 2015 was discussed at December 10<sup>th</sup> meeting of MSG. However this plan was neither presented, nor discussed at MSG and meeting protocol proves that. (Validation report, page 11, page 17).

Main focus in validation process was on 2013 EITI report by country, whereas that report was a final documents approved by EITI MSG.

### *Technical mistakes*

Besides above mentioned methodological gaps, there were number of technical mistakes Coalition experts observed when reviewing Validation report:

- Provision 3.12b was estimated as unmet with limited progress, however, PSAs having law status in Azerbaijan are almost not open; only 5 PSAs are open and they are disclosed not by government institutes, but BP. Validators did not put any view of Coalition on this, Besides, the quote of government part that all PSAs are publicly available and open was not investigated or checked. (validation report, page 30-31).
- Provision 4.1b was mentioned as met, but gap analyses of 2013 draft EITI report done by Coalition experts showed dividend payments were not included to this section. If there even were not any payments on dividends it should have been mentioned and explained, instead of just neglecting existence of such payment in Azerbaijan
- Although there was number of missing data on SOCAR, provision 3.6 was mentioned as unmet with meaningful progress. Also Validators provided with reviews of only Independent Reconciler and NGO Coalition on missing information on State Oil Company, whereas the most important party to be asked here was government.
- Several provisions were estimated as a requirement, while being encouraged only. 5.3 and 3.8 are among them.

Together with mentioned gaps, both methodological and technical, the EITI NGO Coalition considers the validation report not completed, not correct and not reflecting reality on enabling environment for CSO. Coalition is satisfied with all other provisions, such reporting or workplan and calls validators and International Board to be careful to gaps and obstacles, rather than fulfilled provisions.

*Discussed and agreed at Coalition Council Meeting on February 25th.*