Validation of Mauritania

Report on initial data collection and stakeholder consultation
Abbreviations

AfDB  African Development Bank
BCM  Banque Centrale de Mauritanie
BEPS  Base Erosion and Profit Shifting
BO  Beneficial ownership
Bpd  Barrels Per Day
BTU  British thermal unit
CdC  Cour des Comptes (Court of Counts)
CIT  Corporate Income Tax
CNITIE  National EITI Committee
CSO  Civil Society Organisation
DCMG  Directorate of the Mining Cadastre and Geology
DGD  Directorate General of Customs
DGH  Directorate General of Hydrocarbons
DG  Directorate General of Tax
DG TCP  Directorate General of Treasury and Public Accounts
EU  European Union
FNRH  National Hydrocarbon Revenue Fund
GDP  Gross Domestic Product
GFS  Government Finance Statistics
GIZ  Deutsche Gesellschaft für Internationale Zusammenarbeit
IGF  General Inspectorate of Finance
IMF  International Monetary Fund
IRM  Islamic Republic of Mauritania
LNG  Liquefied Natural Gas
MAED  Ministry of Economic Affairs and Development
MDTF  Multi-Donor Trust Fund
MEDD  Ministry of Environment and Sustainable Development
MEF  Ministry of Economy and Finance
MP EM  Ministry of Petroleum, Energy and Mines
MRO  Mauritanian Ouguiya
MSG  Multi-Stakeholder Group
NGO  Non-Governmental Organisation
PEP  Politically Exposed Person
PSC  Production-Sharing Contract
PWYP  Publish What You Pay
Scf  Standard cubic feet
SMHPM  Société Mauritanienne des Hydrocarbures et du Patrimoine Minier
SNIM  Société Nationale Industrielle et Minière de Mauritanie
SOE  State-Owned Enterprise
Tcf  Trillion cubic feet
ToR  Terms of Reference
USD  United States Dollar
Table of Contents

Abbreviations .......................................................................................................................... 2

Executive Summary .................................................................................................................. 5

Introduction ............................................................................................................................... 11

Part I – MSG Oversight ........................................................................................................... 20
  1. Oversight of the EITI process ............................................................................................ 20
     1.1 Overview ...................................................................................................................... 20
     1.2 Assessment .................................................................................................................. 20

Government engagement in the EITI process (#1.1) ............................................................... 20
   Company engagement in the EITI process (#1.2) ................................................................ 22
   Civil society engagement in the EITI process (#1.3) ............................................................ 24
   MSG governance and functioning (#1.4) ............................................................................. 30
   Workplan (#1.5) .................................................................................................................. 39

Part II – EITI Disclosures ........................................................................................................... 44
  5. Award of contracts and licenses ......................................................................................... 44
     2.1 Overview ...................................................................................................................... 44
     2.2 Assessment .................................................................................................................. 44

Legal framework (#2.1) ............................................................................................................. 44
   License allocations (#2.2) .................................................................................................... 46
   License registers (#2.3) ....................................................................................................... 49
   Contract disclosures (#2.4) .................................................................................................. 52
   Beneficial ownership disclosure (#2.5) ............................................................................... 53
   State participation (#2.6) .................................................................................................... 55

5. Monitoring and production .................................................................................................... 64
  3.1 Overview .......................................................................................................................... 64
  3.2 Assessment ...................................................................................................................... 64

Overview of the extractive sector, including exploration activities (#3.1) .................................... 64
   Production data (#3.2) ....................................................................................................... 65
   Export data (#3.3) ............................................................................................................. 66

4. Revenue collection .................................................................................................................. 68
  4.1 Overview ........................................................................................................................ 68
  4.2 Assessment ...................................................................................................................... 68

   Materiality (#4.1) ............................................................................................................... 68
   In-kind revenues (#4.2) ..................................................................................................... 73
   Barter and infrastructure transactions (#4.3) ..................................................................... 74
   Transport revenues (#4.4) .................................................................................................. 75
   Transactions between SOEs and government (#4.5) .......................................................... 75
   Subnational direct payments (#4.6) ................................................................................... 76
   Level of disaggregation (#4.7) .......................................................................................... 77
   Data timeliness (#4.8) ....................................................................................................... 78
   Data quality (#4.9) ............................................................................................................ 78

5. Revenue management and distribution .................................................................................. 89
Executive Summary

The Government of Mauritania first announced its first commitment to the EITI in September 2005 through a public announcement by the then Prime Minister Sidi Mohamed Ould Boubacar. Mauritania was designated an EITI candidate in September 2007 and EITI compliant under the EITI Rules on 15 February 2012. Day-to-day implementation of the EITI is undertaken by a technical secretariat, overseen by a multi-stakeholder group (MSG), the National EITI Committee (Comité National ITIE), under the leadership of a high-level government official.

Mauritania commenced its Validation under the EITI Standard on 1 July 2016. This report presents the findings of the International Secretariat’s initial assessment, which includes a desk review and stakeholder consultations during an in-country visit to Nouakchott on 4-9 September 2016. The International Secretariat has followed the Validation Procedures\(^1\) and applied the Validation Guide\(^2\) in assessing Mauritania’s progress in implementing the EITI Standard. The initial findings suggest that Mauritania has made satisfactory progress on twelve requirements, meaningful progress on ten requirements (Requirements: 1.2, 1.3, 1.4, 1.5, 2.2, 2.3, 4.1, 4.9, 5.1 and 7.4) and inadequate progress on three requirements (Requirements: 2.4, 2.6 and 5.2). This initial assessment suggests corrective actions for requirements that have not been satisfied and makes recommendations on how EITI can be further embedded in government systems to achieve the underlining objectives of transparency and accountability. The main recommendations and suggested corrective actions identified through this process relate in particular to the government’s policy on contract disclosure, data quality assurance and comprehensiveness of reporting by both government and industry as well as state-owned enterprises (SOEs), including financial relations with government and level of state ownership.

Macroeconomic indicators show that the extractive sector has significantly contributed to economic development and poverty reduction through economic growth, fiscal revenues and government expenditure on infrastructure development. Economic growth averaged 4.7% in the 2010-2015 period, while the poverty ratio fell from 42% to 31% of the total population of 3.8 million in the same span.\(^3\) Over a decade of implementation, Mauritania’s EITI has established itself as the country’s key instrument to support reforms in fiscal transparency and governance of the extractive industries. While its extractives sector is limited in size, with production concentrated at a single oilfield and four large-scale mines in 2014, social tensions have centred on environmental impacts, workers’ rights and community relations. The government has implemented reforms following Mauritania’s first Validation in 2010 and ahead of its current Validation in areas of public financial management and auditing of SOEs and the sovereign petroleum fund. Efforts are also underway to modernise the mining and hydrocarbon cadastre systems.

Since the country became an EITI candidate in 2007, the government has supported the EITI through public statements, enabling legislation and funding for EITI implementation and reporting since 2016. Representatives from agencies such as the Treasury and Ministry of Petroleum, Energy and Mines (MPEM) have actively contributed to drive the work of the Mauritania’s MSG, provided data for EITI Reports and supported embedding EITI reporting in government systems. While the government has not

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\(^1\) https://beta.eiti.org/document/validation-procedures
\(^2\) https://beta.eiti.org/document/validation-guide
\(^3\) Profil de la pauvreté de la Mauritanie 2014, Ministère des affaires économiques et du développement de la Mauritanie, Office National de la Statistique, Juin 2015.
passed standalone EITI legislation, it has enshrined requirements to participate in EITI reporting in its hydrocarbons and mining legislation.

The MSG has gradually built trust amongst the three stakeholder groups, but it provides more of an oversight function than a driver of implementation. This latter role is fulfilled by the EITI Mauritania technical secretariat, which coordinates the work of working groups established by the MSG and follow-up on recommendations by government entities. Renewal of MSG members has been ad-hoc and without clear procedures since 2009. While representatives from the three stakeholder groups regularly attend MSG meetings, their lack of internal coordination, particularly on the part of civil society, has hampered effective engagement and oversight of the EITI process. The MSG’s revised ToR agreed in May 2016 and civil society’s August 2016 internal code of conduct (enacted after the commencement of Validation) are important steps in refreshing the MSG’s membership and introducing consultation mechanisms key to effective representation on the MSG.

Company participation in EITI reporting has grown from nine companies in the 2006 EITI Report (which did not include state-owned SNIM) to 15 in 2013 and 17 in 2014. This attention to reconciliation has not always been matched with consideration of the non-revenue information now required under the EITI Standard. The MSG does not appear to have considered in depth the full scope of contextual information required under the EITI Standard, though such issues as SOEs and license allocations, if properly addressed, would likely be of great interest to a wide range of stakeholders.

Mauritania presents a challenging landscape for EITI dissemination and communications. A large share of the country’s nomadic-tradition population remains rural, 40% in 2015, and roughly half of the population is not literate. Arabic and French remain the official languages, but a large share of the population is Arabic-speaking. Mauritania’s EITI Reports and their summaries have been translated into Arabic since 2015, albeit disseminated primarily through Internet-based channels. Mining activity is centred on regional centres like the mining towns of Zouerate and Akjoujt and the port-town of Nouadhibou, while oil and gas production is offshore. Use of the Internet is not widespread, with internet penetration of 10.7% in 2014. Limited outreach efforts notwithstanding, access to information and debate have been limited to stakeholders in the capital. Consultations undertaken by civil society and supported by GiZ in the three regional centres over the summer of 2016 met with active debate and clear demands for information. The MSG and technical secretariat have gone some ways in establishing the infrastructure for subnational dissemination, appointing focal points in each of the three major towns, even if the details of their mandate and funding remains unclear.

The EITI has had a greater impact on the debate in the capital Nouakchott, in the context of Mauritanian polity. The formation of an ad hoc Inter-Ministerial Committee on follow-up of EITI recommendations, and to a more limited extent outreach to parliamentarians, has helped quicken the pace of policy reform. Significant discoveries of natural gas in offshore in territorial waters straddling Mauritania and Senegal have added commercial impetus to the government formulating clear long-term strategies for the extractive industries.

Looking ahead, there is significant scope for entrenching EITI reporting in government and company systems. While the Treasury’s work on automating its internal EITI data collection and assigning

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4 World Bank, Rural population (% of total population), [http://data.worldbank.org/indicator/SP.RUR.TOTL.ZS](http://data.worldbank.org/indicator/SP.RUR.TOTL.ZS)


international classifications to extractives revenues aims to improve the efficiency of government reporting, there is scope for more routine solutions to ensuring robust quality assurance procedures are followed in the normal production of government extractive industries data. There is likewise scope for industry to consider means of producing EITI information on a regular basis, as part of regular reporting, and to integrate certification of EITI disclosures in their regular auditing cycles.

**Recommendations**

The Report provides recommendation on actions required to meet the EITI Standard. In addition, the report includes recommendations that could help Mauritania make greater use of the EITI as an instrument to support reforms. The key recommendations are as follows:

- The MSG is encouraged to implement its newly-adopted TOR, particularly in renewing its membership, and to ensure that records adequately reflect the substance of MSG meetings. The MSG should agree a process to ensure greater accountability of MSG representatives to the constituencies. This should include establishing mechanisms of consultation and reporting between MSG representatives and their wider constituencies as per the CSOs’ new Code of Conduct.

- As civil society’s internal challenges effectively hamper the participation of the broader constituency in the EITI process, Mauritania will need to take steps to ensure that the CSOs’ new Code of Conduct is implemented to enable full civil society participation in EITI implementation. This should include establishing clear mechanisms of communication and collaboration with local communities in mining areas. In light of the significant logistical challenges, the MSG may wish to consider developing more formalised consultation mechanisms with mine-affected communities, perhaps by developing the regional focal points, to provide them with a meaningful voice on the MSG.

- As a matter of priority, the MSG should agree a workplan that is linked to national priorities and that is the product of wide consultation with stakeholders. The MSG should consider discussing the role the EITI could play in achieving national priorities in reforms of the extractive industries as part of its annual review of the workplan.

- The MSG may also wish to consider undertaking an impact assessment, with a view to identifying tangible impacts to local communities and other stakeholders in order to determine the extent to which the EITI has contributed to improving public financial management and governance of the mining, oil and gas sectors.

- In preparing the next EITI Reports, the MSG should clarify the rules and practices governing financial relations between extractives SOEs and the government, the level of and terms associated with state equity participation in the sector as well as a comprehensive overview of loans and guarantees extended by the state or SOEs. It should also clearly define and distinguish quasi-fiscal expenditures and social expenditures.

- The MSG should ensure that future EITI Reports clarify the government’s policy on contract disclosure, document any planned or ongoing reforms and specify which oil, gas and mining contracts are in the public domain.

- The MSG should ensure that future EITI Reports clearly describe its agreed approach to materiality and reliability, based upon a review of actual audit practice in the period under review. The MSG is encouraged to include the Court of Counts (CdC), the General Inspectorate of Finance (IGF) and Treasury in these discussions to ensure compliance with the agreed-upon
Validation of Mauritania: Report on initial data collection and stakeholder consultation

- In preparing its next EITI Reports, the MSG should clarify the number of mining, oil and gas licenses awarded or transferred, provide an overview of the technical and financial criteria used for assessing bids through direct negotiation and any note any non-trivial deviations for the year under review. The MSG should ensure that future EITI Reports provide dates of application, commodity covered and coordinates for all licenses held by material companies and may wish to consider ways of using EITI reporting to track progress in implementation of cadastral reforms.

- In preparing its next EITI Reports, the MSG should document its discussion on barter and infrastructure agreements and should consider any barter or infrastructure agreements active in the year under review, irrespective of the year in which the original agreement was signed.

- The MSG should ensure that future EITI Reports clearly describe the statutory process for subnational transfers and any deviations in practice as well as its materiality considerations for excluding three payments earmarked for communes from the scope of reconciliation.

- In preparing its next EITI Reports and as the first audit of the FNRH if published by end-2016, the MSG is encouraged to document its assessment of the government’s management of off-budget revenues and could consider using EITI Reports as a means of tracking implementation of public financial management reforms. The government is encouraged to consider formalising its ad hoc Committee on following up on EITI recommendations to link it to ongoing reforms within the Mauritanian Government.

- The MSG is encouraged to further entrench extractive sector transparency in government systems, and take steps to move towards more frequent production of EITI information on a routine basis. There is also scope for industry to consider opportunities to integrate assurance of EITI disclosures in the routine audit and public financial reporting. The MSG may consider undertaking a study to identify what information required to be disclosed under the EITI Standard is already publicly available and what information is not yet routinely disclosed. Opportunities for providing more EITI data in open data formats could also be explored.
### EITI Requirements

<table>
<thead>
<tr>
<th>Categories</th>
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<th>LEVEL OF PROGRESS</th>
</tr>
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<tr>
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<td>Civil society engagement (#1.3)</td>
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<td></td>
<td>Workplan (#1.5)</td>
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<td>Discretionary social expenditures (#6.1.b)</td>
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<td>Outcomes and impact of implementation (#7.4)</td>
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### Legend to the assessment card

- **Red**: The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
- **Orange**: The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
- **Green**: The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
- **Dark Green**: The country is compliant with the EITI requirement.
- **Blue**: The country has gone beyond the requirement.
- **Gray**: This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
- **Dotted**: The MSG has demonstrated that this requirement is not applicable in the country.
Introduction

Brief recap of the sign-up phase

Following the 3 August 2005 Coup d’État, the transitional Mauritanian Government announced its intention to sign up to the EITI on 25 September 2005. The Minister of Economic Affairs and Development Mohamed Ould El Abed subsequently sent an official letter to the EITI International Secretariat on 19 October 2005 regarding Mauritania’s sign-up. Prime Minister HE Sidi Mohamed Ould Boubacar reiterated the government’s support in his official launch of the multi-stakeholder group (MSG), the Comité National ITIE, on 7 September 2006.

Mauritania’s first Validation report under the EITI Rules, in September 2010 delineates three stages to Mauritania’s early EITI implementation. The first, 2005-2008, was characterised by a “high standard” of implementation and Mauritania was declared EITI candidate in September 2007. The second, August 2008-July 2009, was disrupted by debates of a political nature during the democratic transition, while donors withdrew their funding. The July 2009 elections ushered in higher political support for implementation, putting the EITI back on track.

The new government passed ministerial decree n°2009-231 on 24 November 2009, which regulates the organisation and functioning of the MSG. The Committee consists of 30 members, 8 representatives each from industry and government (including the MSG chair/President/National Coordinator, who is a senior advisor to the Prime Minister) and 14 from civil society.

Objectives for implementation and overall progress in implementing the workplan

The objectives of Mauritania’s EITI implementation have evolved over the past decade. The original impetus for implementation in 2005 appears linked to the reformist period post the 2005 Coup d’Etat, particularly in relation to Mauritania’s nascent oil and gas industry. Literature from the IMF clearly links Mauritania’s decision to implement the EITI in 2005 to its restructuring of the petroleum sector, which gave rise to the establishment of the sovereign petroleum fund, the Fonds National des Revenus des Hydrocarbures (FNRH), in April 2006. Civil society has tended to frame the start of EITI implementation in Mauritania in the context of regulatory reforms during the post-2005 political transition. Members of the Parliament’s Good Governance Committee highlighted the need to balance investment in the extractive industries with respect for the environment and local communities, identifying the EITI as a means of promoting “quality” or responsible investment.

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8 https://eiti.org/files/Final_Validation_Report_Mauritania_EN.pdf
12 Stakeholder consultation with Abderrahmane Marakshy, Sidi Baba Lahah, Mohamed Vall Issa and Abdellahi Brehim, Members
Mauritania’s 2010 Anti-Corruption Strategy places extractives revenue transparency and EITI implementation at the core of its strategy, to ensure continuity in its anti-corruption strategy in the extractive industries and to “offer additional gages of good will in the transparent management of its resources.” The Mauritanian Government also appears to view EITI implementation as an important aspect of its public finance management reform. The Ministry of Economic Affairs and Development’s (MAED) 28 February 2013 Note on Economic Governance in Mauritania to the UN’s Department of Economic and Social Affairs highlights Mauritania’s EITI compliant status as a major achievement of the government’s reforms in public finance management.

Mauritania maintains an updated EITI workplan and a separate set of objectives, which it publishes on its website. Mauritania’s workplan objectives have historically been focused on achieving and maintaining its EITI compliance status, although there has been notable interest in extending the scope of EITI reporting to the fisheries sector since 2010. As highlighted in the November 2013 Diagnostic Report on EITI Implementation, Mauritania’s EITI implementation has been focused on the reconciliation of extractives companies’ payments to government.

The objectives of the 2016-2018 workplan continue this trend, although three of the goals are to differing degrees aligned with the EITI Principles:

- Create opportunities for dialogue and constructive engagement to reinforce trust and reduce conflict between stakeholders.
- Encourage transparency in other sectors beyond previous EITI reporting scopes.
- Measure the impact of implementation and the capacity to manage resources.

While progress in achieving the capacity-building and communications aspects of the workplan objectives has been slow, Mauritania has successfully launched a parallel multi-stakeholder initiative covering the fisheries sector, the Fisheries Transparency Initiative (FiTI). Prime Minister HE Yahya Ould Hademine requested the MSG’s support in establishing the FiTI MSG, given EITI Mauritania’s decade of multi-stakeholder experience. Over the past year (since May 2015) the government has followed up on a
number of recommendations from Mauritania’s EITI Reports. While the MSG has not proven a successful forum for consultation and debate on issues related to extractive industry governance, information from EITI reporting has gradually generated some limited public debate, albeit from a low base.

History of EITI Reporting

Mauritania published its first EITI Reports, produced by Ernst & Young and covering 2006 and 2007, in 2007. Mauritania was declared an EITI candidate country on 27 September 2007. Following political unrest from August 2008 to July 2009, a new multi-stakeholder group was formed in October 2009, which swiftly approved a 2009-2011 EITI workplan. Mauritania’s first Validation under the EITI Rules found that the country was “close to compliance” in December 2010. The 2007 and 2008 EITI Reports were published in June 2011 and the 2009 EITI Report was released in September 2011, all produced by Fairlinks. Following a Secretariat Review in October 2011, the EITI Board declared Mauritania compliant with the EITI Rules on 15 February 2012.

Mauritania was temporarily suspended by the EITI Board on 26 February 2013 given that it did not publish its 2010 EITI Report by 31 December 2012. However the MSG approved Mauritania’s 2010 and 2011 EITI Reports, both produced by Fairlinks, in June 2013, which led to the Board’s lifting of the suspension on 27 June 2013. The 2012 EITI Report was released in December 2014 and the 2013 EITI Report in April 2015, both produced by Moore Stephens. The MSG has continued to produce regular and increasingly timely EITI Reports, having published the 2014 EITI Report, also produced by Moore Stephens, in late May 2016.

Summary of engagement by government, civil society and industry

The current MSG operates under the Terms of Reference that were initially approved in 2009 and that have subsequently been updated in June 2016. Members of the MSG meet at least once a quarter, but in practice usually more often — five times in 2012, six times in 2013, eight times in 2014, ten times in 2015 and eleven times in the first half of 2016 alone. Minutes of these meetings are published on the EITI Mauritania website. The MSG has constituted several ad hoc working groups for important tasks like drafting the Terms of Reference (ToR) for the Independent Administrator (IA), but these do not have ToR and minutes of their meetings are not recorded. An updated list of MSG members is included in Annex A. Mauritania’s first Validation report under the EITI Rules, in September 2010 delineates three stages to Mauritania’s early EITI implementation. The first, 2005-2008, was characterised by a “high standard” of

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19 See section 3-3 (p.3) of the Minutes of the 3rd EITI Board meeting, 27 September 2007, https://eiti.org/files/page/Minutes%20of%20the%203rd%20EITI%20Board%20Meeting.pdf

20 See section 4-G (p.9) of the Minutes of the 14th EITI Board meeting, 13-14 December 2010, https://eiti.org/files/Minutes_14th_EBoard_Meeting_EN.pdf

21 See section 19-5-C (p.7) of the Minutes of the 19th EITI Board meeting, 15 February 2012, https://eiti.org/files/2012-02-22_Minutes_from_the_19th_Board%20Meeting.pdf

22 See section 22-7-B (p.7) of the Minutes of the 22nd EITI Board meeting, 26-27 February 2013, https://eiti.org/files/Minutes%20of%20the%2022nd%20EITI%20Board%20Meeting.pdf


implementation and Mauritania was declared EITI candidate in September 2007. The second, August 2008-July 2009, was disrupted by debates of a political nature during the democratic transition, while donors withdrew their funding. The July 2009 elections ushered in higher political support for implementation, putting the EITI back on track in Mauritania. While implementation picked up pace over 2010-2012, the appointment of the MSG chair/CNITIE President (and National Coordinator) Mr Sidi Ould Zeïne to the position of Minister of Justice in September 2013 caused a leadership vacuum in the EITI process. A new MSG chair/CNITIE President (and National Coordinator), Mr Djibi Sow, was only appointed after a seven month gap, with no MSG meetings between November 2013 and July 2014. The pace of implementation has quickened since Mr Sow’s appointment in mid-2014, with ten MSG meetings in 2015 and four in the first quarter of 2016 alone.

Yet while all MSG meetings have reached a quorum since 2014, attendance has been uneven across stakeholder groups. Analysis of MSG meeting minutes reveals that representatives from the MPEM, Treasury and SMHPM regularly attend MSG meetings, attendance from Ministry of Economy and Finance (MEF) representatives has been weaker. In the industry and civil society groups, it appears that the same group of three to four representatives regularly attend MSG meetings, while the majority particularly of CSO MSG members do not attend (particularly those not nominated through the three CSO networks).

Although Mauritania’s 2010 Validation report found a slowdown in engagement by oil and gas companies since the sale of Woodside’s assets to Petronas in 2007, analysis of MSG meeting minutes shows that the main oil and gas companies in Mauritania are engaged in the EITI process. While high-level political change has tended to impact the pace of EITI implementation significantly, most notably in 2008-2009 and 2013-2014, the requirement that the MSG be chaired by a senior advisor to the Prime Minister has ensured high-level political access (particularly for follow up on EITI recommendations) and government commitment to the process.

**Key features of the extractive industry**

Mauritania has rich deposits of iron ore, gold, copper as well as phosphates, zinc, gypsum, uranium and rare earths. Iron ore and gold are predominantly centred in Fderik, in the Sahara, while copper is found primarily at Akjoujt. Phosphates and petroleum are located along the country’s coast and the country’s east has potential for iron ore and petroleum. A USD 5 billion economy, Mauritania is a leading producer of mineral commodities such as iron ore (the world’s seventh largest exporter) but it also produces and exports copper, gold, silver and crude oil. It has been hit hard by declining prices for key commodities it exports, notably iron ore whose price declined from around USD 190 a tonne in 2011 to USD 40 a tonne in December 2015 (before rebounding to around USD 50 by April 2016), causing economic...
growth to decline from 6.6% in 2014 to 2% in 2015 according to the IMF.\textsuperscript{30}

Macroeconomic indicators show an overall positive trend in GDP growth, government revenues and poverty reduction in the period 2006 to 2015. GDP grew by 11% in 2006 when oil production began, but oil production collapsed soon after, which was reflected in dismal economic performance of 1% to 3% growth rate in 2007 and 2008. Mauritania’s economy dipped briefly into recession in 2009 in the aftermath of the 2008 financial crisis, before expending by 4.7% on average between 2010 to 2015. This strong rebound was in part due to solid gain in the mining sector, particularly iron ore. The state owned mining company, SNIM was the country’s largest tax payer over this period. According to official government surveys\textsuperscript{31}, the poverty head count ratio at the national poverty line of MRO 169 445 fell from 42% in 2008 to 31% of the population in 2014. This 11% drop over a six-year period was the fastest fall of the poverty rate since the survey began in 1990. In addition to Nouakchott, the mining regions of Nouadhibou and Tirs Zemmour had the lowest poverty head count ratio.

West Africa’s largest natural gas discovery to date was identified offshore Mauritania in 2015. In total US-listed Kosmos Energy has announced four significant gas finds offshore, with successive resources estimates rising from 11 trillion cubic feet of gas (tcf) to 15 tcf.\textsuperscript{32} One of the discoveries, in January 2016, consisted of deposits of 450 billion cubic metres of gas at its Guembeul-1 exploration well in the northern part of the Saint Louis Offshore Profond, straddling the border between Senegal and Mauritania. Whilst the biggest single gas discovery in West Africa, Mauritania and Senegal will need to negotiate ownership and management of the resources. Yet Kosmos is optimistic and plans to develop an offshore liquefied natural gas (LNG) terminal on an artificial island straddling the two countries, in a record six years.\textsuperscript{33}

Following nationalisation of the mining industry in the early 1970s, Mauritania became one of the world’s leading exporters of iron ore. Only more recently did it start producing gold and copper, in the 1990s, and crude oil in the 2000s. The state-owned iron ore company, the Société Nationale Industrielle et Minière de Mauritanie (SNIM), is an extensive conglomerate that owns and operates the 700km Zouerate-Nouadhibou railway and the Nouadhibou industrial port, as well as a diversified array of non-core assets including real estate and insurance companies. The SNIM itself accounts for 35% of GDP while the ports account for a further 27% of GDP.\textsuperscript{34} Structured as a corporation under Mauritanian law since 2000 with the state holding 78% equity, the SNIM’s average annual production has grown from 12 million tonnes in 2010 to 18 million tonnes in 2015, or 57% of Mauritania’s exports by value, exported predominantly to China and the European Union. It is also the country’s second-largest employer after the state with over


\textsuperscript{31} Profil de la pauvreté de la Mauritanie 2014, Ministère des affaires économiques et du développement de la Mauritanie, Office National de la Statistique, Juin 2015.

\textsuperscript{32} Financial Times (15 April 2016), ‘Gas find on Mauritania-Senegal border comes with challenges’ - https://next.ft.com/content/38845c16-e6ee-11e5-a09b-1f8b0d268c39

\textsuperscript{33} See Kosmos Energy presentation (slide 12 in particular) at the February 2016 Credit Suisse annual energy conference - http://www.kosmosenergy.com/pdfs/CreditSuisse-21st-Annual-Energy-Summit-February2016.pdf

\textsuperscript{34} See section 10 (p.14) of US Department of State (June 2015), Mauritania Investment Climate Statement - http://www.state.gov/documents/organization/241868.pdf
5000 staff. 35 The oil and gas SOE, SMH (Société Mauritanienne des Hydrocarbures), represents the state’s stake in the Chinguetti producing oil field and was restructured in 2015 as the Société Mauritanienne des Hydrocarbures et du Patrimoine Minier (SMHPM), taking over the State’s ownership rights for mineral resources (including but not limited to oil).

Oil and gas development has been only a relatively recent phenomenon for Mauritania, which first struck oil in 2001, and entirely offshore.36 The latest EITI disclosures, covering 2014, show that Mauritania received USD 390 million from extractive industry taxation. Roughly three quarters of these revenues came from mining, with the rest from hydrocarbons, primarily crude oil. Revenues were mainly collected through unique annual royalties (25%), dividends from state participation (21%) and contributions to the state budget (11%), a new levy introduced in 2014. The mining industry, particularly gold and iron ore, has had a troubled history of engaging with local communities. Use of cyanide and other harmful agents at the Tasiast gold mine (operated by Kinross) was publicised by a civil society coalition in 2009-2010.37 CSOs have also proven effective in pressuring Australia’s Woodside, who initially developed the Chinguetti oil field. Following the levy of a USD 100 million “project bonus” by Mauritanian authorities and a corruption case by Australian Federal Police, Woodside sold its interest to Petronas in 2007.38 Meanwhile there is scope for misunderstanding with local communities: during regional EITI meetings, local communities have consistently asked why government did not award rights to mining companies in their jurisdictions, regardless of the existence of mineral deposits. Meanwhile, local content in the Mauritanian mining industry remains far below levels in countries in the region: the World Gold Council estimated that local purchases accounted for only 38.5% of total expenditure in Mauritania in 2012, compared to 89% for Mali, 91% for Ghana, and 67% for Burkina Faso.39 The last household survey in 2008 found that 42% of Mauritans lived below the poverty line, while estimates are that unemployment exceeds the official 30% rate reported by the government.40

Both mining licenses and oil and gas production sharing contracts are awarded on a ‘first come first served’ basis, although mining licenses can also be awarded through competitive international tender, as some were in 2014. There has been a succession of revisions to the legal environment for extractive industries in the past two decades. The 1999 Mining Law included technical and financial criteria, but the 2008 amendment omitted these. Following further amendments in 2009, 2012 and 2014, the MPFM is seeking to revise the Mining Law in time for the Mauritanides bi-annual extractive industries conference

36 Financial Times (15 April 2016), ‘Gas find on Mauritania-Senegal border comes with challenges’ - https://next.ft.com/content/38845c16-e6ee-11e5-a09b-1f8b0d268c39
40 Financial Times (15 April 2016), ‘Mauritania feels the pain of iron ore price drop’ - https://next.ft.com/content/187dcb88-e6ea-11e5-a09b-1f8b0d268c39
in October 2016. Articles 54 and 55 of the 2012 model mining contract include provisions for publicly disclosing payments to government while article 98 of the 2010 Petroleum Code requires companies to participate in EITI reporting.

Explanation of the Validation process

The EITI International Board agreed at its 33rd Board meeting in Oslo, Norway that fifteen countries, including Mauritania will undergo Validations starting 1 July 2016.

1. **Validation is an essential feature of the EITI process.** It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

The validation process is outlined in chapter 4 of the EITI Standard.

2. **Validation procedure.** In February 2016 the EITI Board approved a revised Validation system. The new system has three phases:

1. Data collection undertaken by the International Secretariat
2. Independent quality assurance by an independent Validator who reports directly the EITI Board
3. Board review.

In May 2016, the Board agreed the Validation Guide, which provides detailed guidance on assessing EITI Requirements, and more detailed Validation procedures, including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. As previously, there are extensive opportunities for stakeholder participation, as set out below.

The Validation Guide includes a provision that: “Where the MSG wishes that validation pays particular attention to assessing certain objectives or activities in accordance with the MSG workplan, these should be outlined upon the request of the MSG”. The EITI Mauritania MSG did not request any issues for particular consideration.

3. **Data collection by the International Secretariat.** The International Secretariat’s work will be conducted in three phases:

   1. **Desk Review.** Prior to visiting the country, the Secretariat will conduct a detailed desk review of the available documentation relating to the country’s compliance with the EITI Standard, including but not limited to:

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43 See also https://eiti.org/validation.
• The EITI work plan and other planning documents such as budgets and communication plans;
• The multi-stakeholder group’s Terms of Reference, and minutes from multi-stakeholder group meetings;
• EITI Reports, and supplementary information such as summary reports and scoping studies;
• Communication materials;
• Annual progress reports; and
• Any other information of relevance to Validation.

This work will include initial consultations with stakeholders, who are invited to submit any other documentation they consider relevant. Without prejudice to the ability of the Board to exercise their discretion to consider all available evidence, the Secretariat will not take into account actions undertaken after the commencement of Validation. The desk review was conducted in the period 1-24 August 2016 and included documents provided by EITI Mauritania.

2. Country visit. The country visit took place on 5-10 September 2016. All meetings took place in Nouakchott and a call for comments and input from all stakeholders was published on the EITI Mauritania website. The secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating in, the multi-stakeholder group.

In addition to meeting with the MSG as a group, the Secretariat met with its constituent parts (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders are able to freely express their views and that requests for confidentiality are respected.

The list of stakeholders to consult was prepared by EITI Mauritania, with inputs and suggestions from the International Secretariat. It is the International Secretariat’s view that the report covers views of the key stakeholders engaged in the EITI process.

3. Reporting on progress against requirements. Based on these consultations, the International Secretariat will prepare a report making an initial evaluation of progress against requirements in accordance with the Validation Guide. The report will not include an overall assessment of compliance. The report will be made available to the multi-stakeholder group for comment prior to quality assurance by the Independent Validator.

The International Secretariat’s team comprised: Sam Bartlett, Eddie Rich, Bady Balde and Alex Gordy.

4. Independent Validation. In accordance with the EITI Standard, the EITI Board will appoint a Validator who will report to the Board via the Validation Committee. The Validator will assess whether the Secretariat’s initial validation has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat’s initial evaluation for each requirement, and a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements. The Validator will amend or comment on the Secretariat’s report as needed. The

Validator then prepares a short summary (the Validation Report) for submission to the Board. This will include the Validator’s assessment of compliance with each provision, but not an overall assessment of compliance. The multi-stakeholder group will be invited to comment on the Validation Report.

5. **Board Review.** The final stage in the process is the review by the EITI Board. The Validation Committee will review the Validator’s assessment and any feedback from the multi-stakeholder group. The Validation Committee will then make a recommendation to the EITI Board on the country’s compliance with the EITI Requirements. The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country’s overall compliance in accordance with provision 8.3.a.ii of the EITI Standard. There is an appeal process, as per requirement 8.8.
Part I – MSG Oversight

1. Oversight of the EITI process

1.1 Overview

This section relates to stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

1.2 Assessment

Government engagement in the EITI process (#1.1)

Documentation of progress

The Mauritanian Government announced its intention to sign up to the EITI on 25 September 2005 and followed up with a letter to the EITI International Secretariat on 19 October 2005. Prime Ministerial Decree 2006-001 on 13 January 2006 established and regulates the operations of the multi-stakeholder group (MSG), the National EITI Committee (Comité National ITIE). The Ministry of Mines and Industry’s Decree 2006-029 on 26 April 2006 amends the original decree by modifying the MSG’s composition and creating a second committee, the Follow-up Committee (Comité de Suivi), chaired by the President but with no detailed mission. Following the democratic transition in 2008-2009, which culminated in the July 2009 presidential elections, the MAED issued Decree 2009-231 on 24 November 2009 replacing the first two decrees and providing more detail the MSG’s organisation and operations. Finally, Prime Ministerial regulation 3720/PM/2009 on 15 November 2009 designates the MSG chair and members in line with the new MSG structure defined in Decree 2009-231. The MSG agreed its own internal regulation on 9 November 2009 and while it refers to the two decrees enacted in 2006, it appears that the regulation is still in place in 2016.

The MSG is chaired by Mr Djibi Sow, advisor to the Prime Minister, and includes senior government officials.

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officials as representatives including the Director of Environmental Control, Ministry of Environment and Sustainable Development (MEDD); the Director of Public Investment Programmes, MAED; the Director General of Hydrocarbons, MPEM; the Advisor to the Minister of Economy and Finance (MEF); the Director General of Mines and Geology, MPEM; the Director of Relations with Civil Society, Ministry of Civil Society; and the Director General of Administration, Central Bank of Mauritania. Analysis of MSG meetings attendance in 2014 and 2015 reveals the consistent engagement of representatives from the MPEM but that entities like the MEF and the MAED rarely appear to attend meetings. Dissemination and outreach appear to be the preserve of the Secretariat and civil society, but not government. The government has also contributed to financial support for EITI implementation, by providing USD 481,000 in financial support for EITI implementation in 2009-2011, MRO 21,000,000 in 2012-2013, MRO 20,477,176 in 2014 and MRO 18 425 000 in 2015. However, in light of consistent shortfalls in donor support for EITI implementation (link to delays in disbursement in early 2015 and the end of the World Bank’s Multi-Donor Trust Fund (MDTF) support at the end of 2015), the Mauritanian Government has only gradually bridged such funding gaps through state funding. Yet Prime Minister Yahya Ould Hademine announced at his first meeting with the MSG in May 2016 that the government would cover the costs of secretariat staff salaries and production of the 2015 EITI Report.

Stakeholder views

Stakeholders consulted welcomed the government’s reiteration of its commitment to the EITI process. Government agencies such as the Directorate General of Mines and Directorate General of Hydrocarbon that actively participate in EITI implementation have found the EITI useful in identifying areas of reforms and in communicating with other stakeholders on their reform efforts. Minister of Petroleum, Energy and Mines Mohamed Ould Abdel Vettah highlighted that Mauritania was implementing the EITI because the government understood its value to help Mauritania become more transparent and communicate with both domestic and international stakeholders. Minister of Economy and Finance El Moctar Ould Djay stated that even if Mauritania was no longer an EITI member, the practice of transparency and accountability would continue through this type of reporting because this helped the government analyse government revenues and performance in new ways that were not possible before. Many stakeholders from all three constituencies credited the new momentum in EITI implementation to the leadership and

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52 The list of current members of the MSG is available on the EITI Mauritania website: http://itie-mr.org/index.php/en/2014-06-10-08-08-00/les-membres-du-comite-national-itie
53 See Part 3 (p.23) of EITI (September 2010), Mauritania Validation report (CAC75) - https://eiti.org/files/Final_Validation_Report_Mauritania_EN.pdf
dynamism of the senior advisor to the Prime Minister leading the EITI process, Mr Djibi Sow. Some members of parliament raised concerns that the EITI was becoming too close to the government and risked losing its independence and credibility. According to this view, the EITI ought to be an independent and autonomous observatory that produced credible information and regularly identified weaknesses in government systems. Members of the MSG were generally satisfied with the level of commitment and participation by the government, although certain CSO representatives and secretariat staff noted the poor participation from certain government entities. They recommended greater involvement of the treasury, which plays a central role in a highly centralised system, not only on reporting aspects but also in shaping the MSG’s oversight of implementation. For the purpose of mainstreaming the EITI in government systems, stakeholders recommended greater participation in MSG meetings by key government agencies such as the MEF and customs office. Prime Minister Yahya Ould Hademine reiterated the government’s commitment to EITI implementation and instructed government officials to work toward full implementation of new Requirements of the EITI Standard such as beneficial ownership disclosure. The National coordinator confirmed that the Prime Minister has pledged financial support both for production of the EITI Report and secretariat staff salaries in his first meeting with the MSG on 17 May 2016.

**Initial assessment**

Based on MSG meeting minutes and conversations with stakeholders it appears that the government is fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process. The government has stepped up funding to fill the void after closure of the World Bank’s MDTF funding and the government has demonstrated willingness to resolve potential barriers to implementation. Key government officials overseeing the extractives sector also regularly participate in MSG meetings. The advisor to the Prime Minister leading implementation has the authority and freedom to coordinate actions related to the EITI across relevant ministries and agencies. The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. The government is encouraged to consider formalising its financial support for EITI implementation by including statutory funding for the EITI in Mauritania’s annual budget in order to ensure the sustainability of EITI implementation.

**Company engagement in the EITI process (#1.2)**

**Documentation of progress**

Analysis of MSG meeting attendance in 2014 and 2015 indicates that industry was well represented at each meeting. Aside from the two SOEs who consider themselves part of the industry constituency, (non-SOE) industry has six seats on the MSG, held by Total, Tullow, Kosmos, Kinross Tasiast Mauritanie, Mauritanian Copper Mines and Sphere Mauritanie. Attendance has been uneven across the two SOEs: representatives from the Société Nationale Industrielle et Minière (SNIM) appear to rarely attend MSG meetings, while those from the Société Mauritanienne Des Hydrocarbures et de Patrimoine Minier (SMHPM) appear consistently engaged.

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While oil and gas companies have established an informal ad hoc consultation committee to coordinate their EITI engagement, mining companies have not established such a coordination mechanism. Indeed the November 2013 Diagnostic Report on EITI implementation noted that this was likely due to the structure of the mining industry in Mauritania: although there are close to 60 mining license-holders, most of these are small and medium enterprises and only a few companies are at the production stage. The number of companies reporting rose from 14 for 2005 to 70 for 2010 and 2011, before dropping back to 21 for 2012 and 15 for 2013 according to analysis of EITI Reports.

There do not appear to be any barriers to company engagement in the EITI and there is a broadly conducive environment for company reporting. Article 98 of the 2010 Hydrocarbons Code requires all PSC contractors to actively participate in payments transparency mechanisms, including undertaking an audit to international standards and timely reporting and certification. Article 8.11 of the model PSC requires the PSC-holder to actively participate in EITI reporting in line with Article 98 of the Hydrocarbons Code. In mining, Article 55 of the 2012 model mining contract requires all mining companies to participate in payment transparency mechanisms, including the same provisions as the 2010 Hydrocarbons Code related to international-standards audit and timely reporting.

Stakeholder views

Stakeholders from all three constituencies confirmed that companies were actively engaged in EITI implementation, albeit more focused on reporting than on outreach and dissemination. Company representatives confirmed that there were no legal or administrative barriers to companies’ EITI reporting. In a meeting with the oil and gas companies’ sub-constituency, stakeholders confirmed that they felt adequately represented in the EITI process. Representatives noted that Petronas, the main operator of the Chinguetti oilfield, participated in EITI reporting but that the company was not a member of the MSG. Representatives of mining companies complained about the lack of communication between their representatives and the wider sub-constituency of mining companies. Representatives of Tasiast, a subsidiary of Canadian mining company Kinross that supports the EITI at the international level, confirmed the lack of communication within the mining sub-constituency. All industry stakeholders consulted confirmed that they did not tend to participate in outreach and dissemination activities related to EITI.

Industry stakeholders highlighted the legal requirements to participate in EITI reporting. However, MPEM representatives explained that since the 2010 Hydrocarbons Code predated the signing of speculative seismic studies with companies such as Dolphin Geophysical, and that such agreements were not governed by the model PSC, there was no legal obligation for companies engaged in speculative seismic

61 See EITI Mauritania Reports page - https://eiti.org/Mauritania/reports
work to participate in EITI reporting.

Initial assessment

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. An analysis of MSG meeting minutes, participation in EITI reporting, and conversations with stakeholders shows that companies are actively engaged in the design and implementation of the EITI process, although could play a greater role in dissemination and outreach. Capacity among company representatives appears strong. There do not appear to be any legal obstacles preventing company participation in the EITI process and companies that were required to report did provide the requested information in a timely manner. That said, the lack of effective channel of communication between mining companies’ representatives in the MSG and their wider constituency is hindering the effective participation of this important constituency. Although the state-owned SNIM has participated in EITI reporting and implemented EITI recommendations, it is problematic that they only rarely attend MSG meeting. These governance issues are significant, and are addressed at requirement 1.4 below.

Civil society engagement in the EITI process (#1.3)

Documentation of progress

Civil society engagement in EITI implementation is uneven across the heterogeneous group of MSG members from the CSO constituency. While the general environment for expression and association presents some challenges, these do not appear to specifically affect the operations of civil society in relation to EITI engagement.

Expression: Mauritania is ranked as “not free” under the Freedom in the World 2015 ranking, with scores of 5.5 overall (with 7 being the worst), 5 for civil liberties and 6 for political rights.65 Issues related to intimidation of NGOs, particularly in human rights related organisations, are highlighted. Despite constitutional guarantees of press freedom, the practice of self-censorship by journalists is noted, with private newspapers facing closure for publishing material considered offensive to Islam or threatening to the state.66 The US State Department 2014 Mauritania human rights report notes that while Article 10 of the Constitution guarantees freedom of association, speech and press, outspoken critics could sometimes face retaliation.67 However, it appears that enforcement of such curbs has been limited to alleged religious offenses rather than extractive industry related advocacy. It does appear that civil society is able to express its opinions about EITI and other EI issues. In February 2015 for instance, civil society pressure and union action caused the state-owned SNIM to temporarily halt operations.68 While there is no legislation offering protection to whistle-blowers, there is a tendency to leak sensitive information to the

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Validation of Mauritania: Report on initial data collection and stakeholder consultation

press according to Freedom House.\(^{69}\)

**Operation:** There are no suggestions of legal, regulatory, administrative and actual barriers to civil society operation preventing participation in EITI. Mauritania’s Constitution guarantees freedom of assembly, although organisers are required to obtain consent from the authorities for large gatherings. According to Freedom House’s 2015 ranking of Mauritania, such permissions are often denied and gatherings of individuals opposed to the government are sometimes subject to surveillance.\(^{70}\) While Freedom House found that the environment for civil society groups and NGOs in Mauritania was marked by intimidation in 2014, it noted that targeted persecution focused on human rights organizations.\(^{71}\)

**Association:** Estimates vary widely about the number of NGOs in Mauritania, given low barriers to formation of associations and a fragmentation of civil society organisations. While estimates range up to 6000 NGOs in Mauritania, the number of ‘active’ NGOs is widely estimated at roughly 1000, including 13 different associations for journalists alone.\(^{72}\) With seven of the 14 MSG seats reserved for civil society earmarked for professional associations (National Orders of Lawyers and Accountants), press and local elected representatives, seven of the 14 civil society seats are filled through nominations from three civil society networks: Publish What You Pay (PWYP) (three seats), Plateforme des Acteurs Non-États (PANE) and Cyber Forum (two seats each).

Launched in August 2006 to structure civil society participation in the EITI process, the PWYP coalition in Mauritania counted 22 member organisations as of May 2016, although these include one of the networks that also nominates MSG members (the Cyber Forum) and the National Order of Lawyers, which also nominates one MSG member independently.\(^{73}\) The PWYP coalition has a Facebook page\(^ {74}\) (last updated in June 2015), but its website has not been operational for several years. The coalition in Mauritania has a USD 25,000 budget for 2015, four fifths of which is devoted to workshops and events.\(^ {75}\) Its main public action in 2015 appears to be its call for Mauritania to extend EITI reporting to fisheries, which is reflected in the 2014-105 EITI workplan. The PWYP coalition is also focused on environmental impacts, employee rights and rights of mine adjacent communities. While PWYP used to have an irregular newsletter, this seems to have discontinued.

The Accord between African, Caribbean and Pacific (ACP) countries with the European Union in Cotonou in 2000\(^ {77}\) included a clause (Article 4) that “civil society be informed and involved in consultations on

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\(^{72}\) Section 3.1 in Mme Fatimetou Mint MOHAMED SALEK (2012), ‘Société Civile et affermissement de la démocratie en Afrique’.

\(^{73}\) http://www.publishwhatyoupay.org/fr/members/mauritanie/


\(^{75}\) http://www.publishwhatyoupay.org/fr/members/mauritanie/

\(^{76}\) http://www.publishwhatyoupay.org/fr/la-mauritanie-opte-pour-la-transparence-du-secteur-de-la-peche/

\(^{77}\) http://www.acp.int/fr/content/accord-de-cotonou-23-juin-2000
policy and cooperation strategies; they are implicated in the implementation of projects and cooperation programmes; they receive support for their capacity building.” Under the aegis of the Cotonou Accords, the Civil Society Plateform (Plateforme des Acteurs Non-Étatsiques – PANE) was established in 2009 with support from the government, which has carried on to this day. As of 2016 it counted between 1000 and 3000 members, although the lack of a membership fee structure hinders accurate estimates of “active” member associations.

The Mauritanian Civil Society Cyber Forum (Cyber Forum de la Société Civile en Mauritanie) was established in 2005 through UN Development Programme support, through the Support Fund for the Professionalization of NGOs and for Good Governance (Fonds d’Appui à la Professionnalisation des ONGs et à la Bonne Gouvernance - FAPONG). It currently counts over 1000 members, although only an estimated 100 are considered to be active by the association’s management, who keep inactive members on the roster despite their lack of payment of membership fees. Its website (cyberforum.mr) has not been updated since 2007. There are 14 thematic groupings in Cyber Forum, covering topics including the environment and labour rights. The network communicates with their members mainly through email in areas where there is Internet, although the Cyber Forum website has been offline since at least 2013 due to lack of funding.

However, the operational challenges facing Mauritania’s CSO networks engaging in EITI are recognised by civil society itself. A 2012 presentation by Mme Fatimetou Mint Mohamed Salek, former Secretary of State of new technologies and civil society activist at the time, noted the diversity of challenges faced including lack of specialisation and functionality, weak institutionalisation (excessive staffing and irregular operations), a confused vision of the role and vocation of civil society, inadequate legal structure and attempts to co-opt civil society by public authorities. Yet while CSOs’ capacity constraints are widely recognised by all stakeholders, including civil society itself, there has been insufficient capacity needs assessments undertaken to determine the specific capacity building activities that would have the greatest positive impact. The November 2013 Diagnostic Report on EITI Implementation noted CSOs’ demands for further capacity building related to EITI work but recommended a detailed capacity needs assessment and work on capacity building mechanisms. This detailed capacity needs assessment has yet to be undertaken, as of May 2016.

Engagement: Some members of civil society are involved in the design, implementation, monitoring and evaluation of the EITI through participation in MSG meeting, meetings with government officials, dissemination events etc. The minutes from MSG meetings indicates that engagement from representatives of the three networks is consistent, albeit weaker from the Cyber Forum, while

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80 See Internet Archive (‘wayback machine’) - https://web.archive.org/web/*/cyberforum.mr

81 Section 3.3 in Mme Fatimetou Mint MOHAMED SALEK (2012), ‘Société Civile et affermissement de la démocratie en Afrique’. 


representatives from the National Order of Lawyers, National Order of Accountants, Association of Townhalls and the press only rarely attend MSG meetings, including those where key decisions (on scoping, EITI Report approval, etc.) are taken.

At the request of PWYP, CSOs have been tasked with dissemination of the 2012–2013 EITI Report. The three CSO networks led in dissemination of Arabic translations of EITI Reports and their summaries in Nouadhibou, Zouerate and Akjoujt in December 2015.84 While it is a concern that the dissemination of previous EITI Reports was judged to be so poor that PWYP asked to be charged with dissemination, this reflects the active engagement of some CSOs (the networks) in dissemination of EITI information.

Attendance by the four to five CSO MSG members is not supported by effective coordination between CSO representatives outside of MSG meetings. The November 2013 Diagnostic Report on EITI implementation noted that no informal or ad hoc consultation mechanisms had been established by civil society to coordinate their EITI engagement, although it found that stakeholders consulted found the idea of such a mechanism useful and pertinent.86 We understand that no informal consultation mechanism had yet been established as of July 2016. In late August 2016 CSOs including organisations represented on the MSG and representatives from other organisations agreed a ToR, or Code of Conduct, to structure civil society’s participation in EITI implementation including requirements for regular consultations and a rotation in MSG representatives.

Access to public decision-making: Despite constraints noted above, civil society has had a track record of being able to influence public decision-making. The development of Mauritania’s National Anti-Corruption Plan is a notable example of such input. In 2008 several local NGOs worked with a UN Development Programme representative and the government to draft the national plan, which was submitted in May 2010. However, while the plan was submitted, an Anti-Corruption Law has yet to be enacted.87 There are also examples of effective civil society mobilisation that prompted either regulatory or commercial responses. In 2009–2010, a coalition of NGOs including PWYP helped publicise the use of cyanide and other harmful agents at the Tasiast gold mine in Akjoujt operated by Kinross, documenting the health impact on local communities.88 This led to Kinross implementing a comprehensive cyanide audit and eradication programme under the International Cyanide Management Code.89 Civil society pressure also proved effective in pressuring Australia’s Woodside, the original developer of Mauritania’s pioneer

87 See p.17, US Department of State (June 2015), Mauritania Investment Climate Statement.
Chinguetti oil field, in 2007. Following the levy of a USD 100 million “project bonus” by Mauritanian authorities, civil society investigations led to the Australian Federal Police opening a corruption case against Woodside, who eventually sold its interest to Malaysia’s state-owned Petronas in 2007. Finally, representatives from the three CSO networks consider the disclosure of at least parts of some oil and gas production-sharing contracts on the MPEM website as a victory in influencing public decision-making.

**Stakeholder views**

Civil society representatives from the three CSO networks on the MSG noted that, prior to agreement on a CSO Code of Conduct in August 2016, they did not consult each other outside MSG meetings but saw this as broadly acceptable given that they never took divergent views on the MSG. Yet in discussing their perceived lack of capacity to comprehensively review and analyse draft EITI Reports, CSOs recognised the value of coordination to, for instance, assign the review of different parts of the draft EITI Reports to different CSO members according to each stakeholder’s comparative interests and expertise. None of the three CSO networks has had an operational website for at times up to eight years (e.g. Cyber Forum), even if the public access benefits of such websites was considered limited in a country with a low Internet penetration rate. Yet all three networks rely primarily on Internet-based communications (mainly email) with member associations, with admittedly poor response rates according to representatives from all three networks according to representatives consulted. When asked how one could find their contact details, the CSO network representatives stated that it was always possible to find their contact details through word-of-mouth. CSO stakeholders consulted saw value in their contact details being listed on the EITI Mauritania website, as it was perceived as one of the few operational websites in the country.

Representatives from the three CSO networks considered that their active engagement in EITI implementation was evidenced by their membership of the MSG’s Validation preparation working group, but noted general capacity constraints on their ability to fully engage in EITI implementation. There was a perception from some PWYP members that CSO representatives on the MSG had been co-opted by government or industry and were considered passive in the MSG’s decision-making. Given the lack of capacity noted amongst the CSO constituency on the MSG, several representatives noted that EITI implementation tended to be focused purely on the scope of payments reconciliation rather than disclosure of other areas of the value chain that were of interest to civil society, such as environmental and workers’ rights aspects. Nonetheless, CSO representatives saw the partial disclosure of oil and gas contracts as well as successful pressure on Woodside in 2007 and Tasiast (Kinross) in 2010 as evidence of their ability to influence decision-making.

Several civil society MSG members explained that the main reason for preparing a CSO Code of Conduct was that many current CSO MSG members did not have the expertise to understand EITI-related discussions or the EITI Report itself and there was a need to formalise consultation mechanisms to ensure that civil society fulfilled its oversight role in EITI implementation by spreading the work and playing to each CSO’s strengths. One CSO MSG representative noted that one of the biggest challenges for civil society in Mauritania was the lack of specialisation and professionalization of specific CSOs, which meant each CSO’s individual capacity to engage in EITI was weak. All industry stakeholders consulted highlighted the lack of capacity and focus of CSOs engaged in EITI implementation and welcomed CSOs’ own efforts to organise and structure their participation in EITI through their internal Code of Conduct. Secretariat staff explained that several government officials had welcomed the new Code of Conduct, noting that

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CSOs were organising in a way that the government had hoped for, but could not influence itself.

Several CSOs not on the MSG said the existing NGO law dating from the 1960s was outdated but did not highlight any legal or operational barriers to engaging in EITI-related matters. MSG members from civil society did not consider the role of the Ministry in charge of relations with civil society to curb their freedom of operations and explained that NGOs were only required to hold annual general meetings, to keep meeting minutes and to inform the public of their activities. Representatives from civil society outside the MSG explained that a new draft NGO bill had been presented to parliament in 2015 but had not yet been adopted at the time of consultations. Several CSO representatives not on the MSG noted that the draft law would move from a system of prior authorisation, where prior approval from the Ministry in charge of civil society relations was required, to a more permissive system disclosure system where NGOs would simply report on their activities to authorities. Some stakeholders expressed concerns that this would encourage a proliferation of fictitious NGOs, which would make organising civil society more difficult.

Initial assessment

Civil society in Mauritania is able to engage in public debate without restraint, coercion or reprisal, and its representatives are able to operate freely in relation to the EITI process. With over 6000 registered NGOs, it is clear that there are no legal or regulatory barriers that would limit the space for civil society participation. Based on evidence in MSG meeting minutes and conversations with stakeholders, it appears that civil society is somewhat involved in the design, implementation, monitoring and evaluation of the EITI process. While significant aspects of this requirement have been fulfilled, including the lack of legal or operational barriers to civil society participation in EITI implementation, the overall objective of full, active and effective participation of civil society in the EITI process is in doubt.

Despite a favourable framework for civil society engagement, the impression from the stakeholder consultations is that civil society on the MSG does not in fact function as a link between the EITI and the broader constituency. Except in the area of dissemination, there is no evidence that the broader constituency is consulted in the design, implementation, monitoring or evaluation of the EITI process. However, this lack of consultation of the wider civil society constituency is not due to legal or regulatory barriers, but rather to weak capacities and lack of funding for civil society activities.

Despite their uneven engagement within the civil society constituency, MSG members representing civil society, such as the professional association of accountants, make important contributions in the design and review of EITI reporting. The recently-adopted Code of Conduct by civil society organisations is also likely to improve the quality of civil society participation, but robust implementation of consultation mechanisms will be needed to ensure effective coordination. Constituency issues related to coordination, selection procedures are reviewed under requirement 1.4 below.

Minutes of MSG meetings show that five to nine civil society representatives attend meetings regularly and provide input. On the other hand, five out of the 14 civil society representatives in the MSG do not participate in MSG meetings, but the secretariat did find evidence that their lack of participation has significantly affected the EITI process. MSG meetings appear to be quorate and decisions are taken by consensus. The MSG decision making procedures are reviewed under requirement 1.4 below. The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress towards meeting this requirement.
MSG governance and functioning (#1.4)

Documentation of progress

**MSWG composition and membership:** Mauritania’s EITI implementation is governed by the MSG. Established in January 2006, the MSG’s membership was expanded from its original 22 to 30 in November 2009 including seven representatives from government, eight from industry (including the two SOEs in mining and oil and gas), and 14 from civil society, split evenly between appointments by three CSO networks and nominations within professional orders and associations. The November 2009 Decree 2009-231 expanded MSG membership to 30 and removed seats formerly reserved for representatives of political parties, to curb the risk of “ politicisation” of the MSG, ensure the MSG’s “ objectivity” and “ very narrowly associate” civil society to the whole EITI process according to the CNITIE’s November 2013 Diagnostic Report on EITI Implementation. The CNITIE President, who also acts as National Coordinator, chairs the MSG as senior advisor to the Prime Minister. However, he also oversees most of the day-to-day work, which is done by the national secretariat (Secretariat technique) and approved by the MSG. In this sense the national coordinator role is a dual role in Mauritania, which provides more detailed operational leadership to the work both of the secretariat and the MSG but also fulfils the role of senior government lead. Information on the composition of the MSG is available on the EITI Mauritania website. The current MSG members were appointed in 2009 and little refresh seems to have taken place in practice. The invitation to participate in the MSG was relatively narrowly associate” civil society to the whole EITI process according to the CNITIE’s November 2013 Diagnostic Report on EITI Implementation.

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**Government nominations:** Aside from the senior advisor to the Prime Minister’s chairing of MSG meetings, the government is represented by seven more members on the MSG, as stipulated in Decree 2009-231, from the MAED (1), MEDD (1), MPEM (2), MEF (1), Ministry charged with civil society relations (1) and the central bank (1). Thus the individual representatives change when new appointments are made to these positions, without the need to formally notify the national secretariat (in contrast to

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agreed procedures for industry and civil society), although such (infrequent) changes are noted in MSG meeting minutes.

**Industry nominations:** Industry counts eight representatives on the MSG including one each from the two SOEs, SNIM and SMHPM, and representatives from Total, Kosmos Energy, Tullow Oil, Tasiast (Kinross), Mauritanian Copper Mines (MCM) and Sphère Mauritanie. While Decree 3720/PM/2009 of 15 November 2009 defines the nominations procedures for MSG representatives and sets term limits for industry (but not for civil society or government)⁹⁹, the CNITIE’s November 2013 Diagnostic Report on EITI implementation highlights the deviations from these stated procedures. It notes that some individuals’ names in the 2009 Decree (such as representatives of foreign companies) are no longer in position.¹⁰⁰ It also highlights the deviations from the requirement for industry MSG representatives to be nominated by their constituency as well as the one-year term limit: while the government appears to have nominated the companies from which industry representatives on the MSG, through letters sent by the national secretariat to individual companies calling for nominations, these nominations “appear to be based” on their financial weight within their respective sector (either mining or oil and gas) according to the MSG’s 2013 diagnostic study.¹⁰¹

**Civil society nominations:** Civil society counts 14 MSG representatives, with Decree 2009-231 defining the types of organisations represented: one each from the National Orders of Lawyers and Accountants respectively, three from PWYP Mauritania and two each from the independent press, the Association of Townhalls, Cyber Forum and Plateforme des Acteurs Non-Etatiques. While CSO representation on the MSG is significant in number and heterogeneous, questions of legitimacy and representativeness of the MSG representatives have been raised on several occasions. The 2009-231 Decree states that civil society representatives are to be selected in consultation with the Ministry charged with civil society relations – see Figure 2 below.

![Figure 2: Nominations process for civil society representatives on the MSG](image)

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¹⁰² Modèle 2, Section B.3 (p.12), CNITIE (Novembre 2013), ‘Rapport de l’étude portant diagnostic de la mise en œuvre de l’ITIE en
Civil society members of the MSG have for the most part not been renewed since 2009, when the CNITIE President sent letters to each CSO named in Decree 2009-231 requesting nominations for MSG membership. These nominations were then sent by each CSO entity to the Ministry charged with civil society relations. The nominations process for representatives from the National Orders of Lawyers and Accountants, the independent press and the Association of Townhalls was unclear. For PWYP, the MSG members were nominated at one of the coalition’s semi-annual general meetings, most recently in October 2011 when Maître Mine Abdoullah became PWYP national coordinator, although there are no publicly-available minutes of this meeting. According to PWYP’s internal rules, MSG members from the coalition are appointed for three-year terms.

For PANE, the network’s President decided that the Good Governance and Environment Committees appoint one MSG member each, with self-selection among a small group of committee members on the basis of French language proficiency (and no record of the meeting in 2009). For Cyber Forum, the Good Governance and Environment/Sustainable Development Committees appointed one MSG member each, reportedly by consensus although no records of the 2009 meeting are publicly available. It is unclear that each network’s nominations processes were advertised in advance.

The CNITIE’s November 2013 Diagnostic Report on EITI Implementation notes that some CSO MSG members, particularly those from the three CSO networks, do not have the legitimacy and expertise required to ensure efficient representation. Indeed while the nominations procedures defined in Decree 2009-231 (i.e. self-selection by each of the three networks) are seen as ensuring the independence of the nominations process, the diagnostic report notes that CSO MSG members are not always the most representative or capacitated to ensure preoccupations of Mauritanian citizens are reported to the MSG nor to ensure consultation with and outreach to stakeholders beyond the MSG. The report also recommends revisions to regulation 3720/PM/2009 to remove the names of specific CSO networks and proposes the following terminology as an option, noting widespread support among stakeholders consulted: “the most representative civil society networks via expression of interest and on the basis of criteria defined by the MSG.”

Terms of reference: The MSG updated its ToR in early 2016, starting work at its 4 February 2016 meeting and seemingly approving the revised ToR at its 31 March 2016 meeting. However the approval process for the revised ToR is unclear given that the MSG then approved a different revised version of its ToR at its 16 June 2016 meeting. However the new ToR were not published on the EITI


Mauritania website as of July 2016 and the renewal of MSG membership in line with the revised ToR was planned for October 2016.

Mauritanian MSG members do not receive financial compensation (e.g. per diems) for their participation in EITI activities. This was originally announced in Decree 2009-231 (Article 6), although the decree provided for partial or full reimbursement of travel costs in certain (undefined) cases, and was confirmed in the November 2013 Diagnostic Report on EITI Implementation. However the EITI Mauritania website did not clearly state the absence of per diems.

Figure 3: Institutional structure of EITI implementation in Mauritania

While Decree 2009-231 and Regulation 3720/PM/2009 provided the essence of the MSG’s ToR, the MSG agreed its own internal regulation on 9 November 2009 to define the MSG’s procedures and operations. However, as noted in the November 2013 Diagnostic Report on EITI implementation, that internal regulation was outdated upon release, coming as it did just weeks before publication of Decree 2009-231 and Regulation 3720/PM/2009, by referring to the two 2006 decrees establishing the EITI that were replaced by Decree 2009-231. The 2013 diagnostic report’s second recommendation was to revise the internal regulation into two separate documents, one for the MSG and one for the national secretariat.

The 2009-231 Decree defined the MSG’s decision-making as by consensus, with simple majority voting as a fall-back option and the CNITIE President’s vote as deciding in cases of a tie (Article 5). According to the November 2013 Diagnostic Report, the MSG has resorted to voting only in one instance since 2006.

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112 See section B.4.c (p.16) of CNITIE (Novembre 2013), ‘Rapport de l’étude portant diagnostic de la mise en œuvre de l’ITIE en
However MSG meeting minutes show that decisions are taken with caveats: for instance the decision to approve the 2013 EITI Report on 7 April 2015 was recorded as “adoption of the report under reserve of insertion of suggestions”.\textsuperscript{113} The Decree listed the MSG’s objectives and the list of members (Article 3), but did not assign specific duties to MSG members. The 2006 Decree was more operational, about rules regarding delegation of attendance and chairing of meetings. The 2009 Decree did not outline the responsibilities of MSG members in terms of outreach or stakeholder canvassing. It specified the MSG’s responsibilities for workplans, appointing the IA, producing annual activity reports and participating in dissemination, but not in supporting Validation. The Decree also provided for one-week advance notice of meetings and ad hoc working groups (Article 4). However, as noted in the November 2013 Diagnostic Report, these working groups were not officially recognised beyond the brief mention in Article 4\textsuperscript{114} and there do not appear to be any minutes for their meetings or ToR for any of the ad hoc working groups.\textsuperscript{115} However at its 30 June 2016 meeting, the MSG formally established four working groups, covering EITI reporting, beneficial ownership, advocacy and monitoring, with a formalised membership and a note that ToR for each of the four working groups would be drafted with all MSG members in subsequent months.\textsuperscript{116}

The transition from the EITI Rules to the 2013 EITI Standard was not matched by a revision of the core governance documents of EITI implementation in Mauritania. While the November 2013 Diagnostic Report on EITI Implementation noted that such revisions were not warranted by the broader scope of the 2013 EITI Standard, the report did suggest that the MSG should undertake preliminary work on additional capacity and support required to implement the 2013 EITI Standard.\textsuperscript{117} However analysis of MSG meeting minutes since November 2013 indicates that no such substantial work was undertaken.\textsuperscript{118} Indeed an October 2014 presentation by the national secretariat still noted that the EITI’s focus was only on reconciliation of payments, described as “only one level of the value chain, but one of the most important.”\textsuperscript{119} In a presentation by the national secretariat to the MSG at a January 2016 Information and Outreach Workshop for stakeholders in the Fisheries Transparency Initiative (FiTI), the scope of EITI reporting is portrayed as being “limited to only one level of the value chain, that is the central link related

\begin{footnotesize}
\begin{itemize}
\item[\textsuperscript{118}] See MSG meeting minutes section on the EITI Mauritania website: http://itie-mr.org/index.php/en/2014-06-10-08-11-18/pv/2014-08-10-18-46-54
\end{itemize}
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to the collection of taxes and fees.\textsuperscript{120}

The November 2013 Diagnostic Report noted a number of deviations from the MSG’s ToR noted in practice.\textsuperscript{121} It noted that MSG meetings were always called with several days’ advance notice, although not always the seven days’ notice required by Decree 2009-231, and that warning was sometimes too short for all MSG members to attend. It also highlighted that indicated timings and length of MSG meetings were often not respected and that working documents related to points on the agenda were not systematically circulated ahead of time. A difference of opinion was also noted between MSG members who wished for MSG meetings to be held outside of normal working hours and those who did not. It also found that MSG meetings were usually called either by the MSG chair or in his name by the Permanent Secretary of the national secretariat.

In practice, the President’s vote appears to be the deciding one and the President signs the meeting minutes before they are circulated to the MSG. MSG meeting minutes do not reflect disagreement within the MSG as meetings are held according to Chatham House rules (although this is not stated in the ToR). The strong role of the CNITIE President was noted in the CNITIE’s November 2013 Diagnostic Report on EITI Implementation, which highlighted stakeholders’ views that the “strong involvement” of the MSG chair contributed to the MSG’s smooth operations.\textsuperscript{122} The diagnostic report qualified the MSG meeting minutes as being “of quality” and considered that rules related to drafting and approval of MSG meeting minutes were followed in practice.\textsuperscript{123} However the MSG agreed to improve the quality of meeting minutes to reflect the substance of discussions and options considered and adopted a new template for minutes on 31 March 2016\textsuperscript{124}, even if the style of subsequent MSG meeting minutes does not appear to have changed.

\textbf{Attendance:} Aside from the fact that individuals named in Decree 2009-231 are no longer in position (particularly foreign company representatives), the November 2013 Diagnostic Report found, on the basis of analysis of MSG meeting minutes, that MSG members often sent alternates to attend MSG meetings in their place, a practice not covered by any of the decrees.\textsuperscript{125} Average participation in MSG meetings is around 22 out of 30. Analysis of MSG meeting minutes since the re-start of activity in July 2014 reveals that attendance has been relatively consistent from some government departments (Prime Minister’s Office, Treasury, MPEM), one SOE (SMHPM), oil, gas and mining companies (Total, Tullow Oil, MCM,


Tasiast) and representatives from the three CSO networks (albeit weaker for Cyber Forum). However, attendance from several key government entities including the MEF, the MAED and the SNIM and CSOs aside from the three networks has been far weaker, with several members having not attended a single MSG meeting from July 2014 to end 2015. All MSG meetings take place in the capital Nouakchott. While key stakeholders actively participate in MSG meetings, engagement remains uneven across and within constituencies. While MSG meetings are open to observers in theory, observers appear to rarely attend MSG meetings in practice with the exception of key development partners such as GIZ.

Translations: The MSG’s working language is French, although EITI Reports and their summaries have been translated into Arabic since 2015 (for the 2012 EITI Report126). All stakeholders consulted, including CSOs, noted that this was consistent with the government’s working language but caused challenges for some CSO MSG members who were more comfortable communicating in Arabic.

National secretariat: The secretariat plays a key role in supporting EITI implementation, in line with Decree 209-231. It is seen as performing its five key tasks adequately, according to the November 2013 Diagnostic Report on EITI Implementation. In late 2013 the national secretariat counted 16 staff, including 12 support staff employed by the Mauritanian government and four staff employed through support from the World Bank. However, as of 1 July 2016, the secretariat counted five professional staff. The secretariat does not appear to maintain an organigram internally, although the diagnostic study and stakeholder consultations highlighted that the management hierarchy was flat between staff aside from the President. The 12 support staff, whose responsibilities were found not to be defined by the 2013 diagnostic study, accounted for roughly half of the secretariat’s annual operating costs in 2013.127 The diagnostic report made a number of comments on the secretariat’s functioning on the basis of stakeholder consultations.128 It noted that the secretariat was functional when it was mobilised by the chair of the MSG and that the majority of MSG members were familiar with only part of secretariat staff and their functioning. It also found that the secretariat functioned irregularly, alternating periods of high activity and calm periods. Emphasising that the secretariat disposed of important logistical and human resources, the study found that the secretariat did not always have the necessary organisational and functional tools required.

There also appeared to be a lack of consensus on the operational principles of the EITI and particularly of the respective areas of responsibility between the MSG and the national secretariat. The November 2013 Diagnostic Report notes a different understanding on the part of some CSO representatives on the MSG, who considered that the MSG’s responsibilities extended from planning, strategizing and management to responsibility for execution, with primary responsibility considered to rest with the national secretariat by some and with the MSG by others. The report linked this confusion to the national secretariat’s leadership role in driving implementation and the fact that several CSO representatives undertook outreach activities similar to those in the EITI workplan as part of their routine work.129 Despite the report’s recommendation

to clearly define the respective responsibilities of the MSG and national secretariat, it does not appear from MSG meeting minutes that the MSG has clearly considered and defined its responsibilities vis-à-vis the national secretariat’s since December 2013. The 2013 diagnostic report also recommended a formalised capacity needs assessment by the national secretariat, based on the requirements of the approved EITI workplan.\textsuperscript{130} It was suggested that the structure of the secretariat be revisited, with a view to clearly distinguishing the President’s general responsibility for oversight of EITI implementation from the national secretariat’s execution role.\textsuperscript{131} Analysis of MSG meeting minutes indicates this restructuring of the secretariat had not taken place as of July 2016.

**Stakeholder views**

All stakeholders on the MSG noted that EITI implementation was driven by the national coordinator and MSG Chair, rather than by the MSG itself. They confirmed that the main focus of the MSG’s discussions was on the technical aspects of reconciliation of payments, rather than on non-revenue reporting, dissemination or impact. Industry stakeholders emphasised that participation in the MSG was “voluntary” and that members were not paid per diems for their participation, which explained why members had to give priority to their daily work over EITI-related issues. Civil society representatives on the MSG highlighted their general capacity constraints, albeit without describing them, and explained these had an impact on civil society’s effective participation on the MSG. Government stakeholders on the MSG expressed satisfaction at how the MSG operated and considered it provided effective oversight of EITI implementation in Mauritania. However, several government stakeholders not on the MSG considered that the choice of MSG members should be made to include more technical and operational representatives to ensure that MSG decisions were pragmatic and achievable.

There was significant confusion concerning MSG members’ recollections of the nomination procedures that led to their appointment. Secretariat staff explained that the MSG Chair and National Coordinator would write to relevant stakeholders (and the Ministry charged with civil society relations in the case of CSO representatives) in cases where he noticed that a particular MSG member was no longer active. However, staff noted this had not been done despite repeated absences by certain MSG members in recent years. Representatives from the three CSO networks did not believe the nominations procedures for CSO MSG members in 2009 had been open to the public, given that pre-existing membership of the relevant NGO committees was required to participate in the MSG nomination decision-making. Several CSO MSG members considered the role of the Ministry charged with civil society relations to be limited to transferring the letter of appointment of CSO MSG members to the MSG and national secretariat and that it did not have the power to veto any MSG appointment, except in cases where the NGO in question was not in compliance with Mauritanian laws. This was confirmed by the Ministry representative in question.

Representatives from the CSO coalitions on the MSG expressed hope that the recently-approved CSO Code of Conduct would create formalised procedures for MSG member nominations from civil society and


that these would be adequately publicised prior to the renewal of MSG membership planned for October 2016. They noted that the Code of Conduct had been prepared following their realisation that current civil society participation in the EITI was too narrow and did not represent the variety of NGOs operating in Mauritania, as well as the recognition that there was no consultation mechanism for them to communicate with the broader constituency. They noted that at most only around six of the 14 CSO members of the MSG typically attended meetings and highlighted general capacity constraints on CSO MSG representatives that hindered their ability to fulfil their responsibilities. For instance, one CSO explained that they had called for the MSG to undertake a gap analysis with regards to the EITI Standard since 2013 to support CSOs’ understanding of the requirements, but that this had not been undertaken due to funding constraints. Industry MSG members noted that there was not significant interest from companies to hold a MSG seat, explaining that the same companies were always selected to send representatives. They explained the composition of the industry constituency on the MSG as representing a selection of mining companies at the production phase and exploration-stage oil and gas companies. Government representatives did not express any particular views on their nominations process, noting that MSG membership was associated with positions in government and membership thus changed with any change in the government position. Government and industry stakeholders felt adequately represented on the MSG and considered they had the capacity to fulfil their duties. Several development partners expressed concern about the effectiveness of the MSG and questioned whether the MSG was suitably representative of a broader range of stakeholders.

Members of the MSG considered that their ToR was broadly followed in practice, with exceptions such as the delegation of attendance to proxies, but that the MSG’s new ToR agreed in 2016 was an important step in aligning MSG internal rules with the principle of equal treatment of all stakeholders. Representatives did not consider that the MSG resorted to voting and explained that if agreement by consensus could not be reached at one meeting, the MSG would reconvene for further discussions before reaching consensus. One CSO MSG member expressed some frustration at certain MSG decisions being taken over the wishes of CSOs, such as excluding salary withholding tax from the scope of reconciliation or including parliamentarians in the MSG as a new constituency, but explained that CSOs were not overruled but rather tended to withdraw their opposition after lengthy discussions.

All stakeholders agreed that MSG deliberations were not adequately reflected in meeting minutes. Industry representatives stated that one of the biggest challenges for the MSG was the poor quality of meeting minutes, but noted that they did not feel like they could block the approval of draft meeting minutes. Industry and CSO MSG members called for more detailed meeting minutes to adequately reflect the content of MSG discussions. A development partner highlighted challenges in communication between the MSG and broader constituencies, noting that MSG members themselves did not seem to communicate EITI-related issues to their constituencies nor consult stakeholders. The partner called for the introduction of procedures for MSG meetings and for communicating MSG decisions and recommendations to relevant stakeholders.

Initial assessment

The MSG membership includes relevant actors from each constituency. Most government agencies that are involved in the management of the extractive sector are represented in the MSG. Industry is represented at senior level from companies in the mining, oil and gas sectors. Civil society representatives include NGOs that work on natural resource governance issues. There is no evidence that certain stakeholder groups are inadequately represented, even though constituencies are free to manage
their own representation and nominations to the MSG. However, only nine out of 14 civil society members participate in MSG meetings and among those, a maximum of only six participate actively. Discussions at MSG meetings appear poorly documented in meeting minutes. While there is evidence of MSG input to key decisions related to EITI implementation, such as the ToR for the IA, EITI Reports and workplans, there is no evidence of consultations with the broader constituencies about these decisions. Decree 2009-231 which appointed MSG members and defined the mandate and functioning of the MSG did not include clear rules and procedures for renewal of MSG members. The MSG conducted a diagnostic study of its internal governance and recommendations from this study are being implemented. The newly TOR for the MSG clarifies outstanding issues in the founding documents and the code of conduct adopted by CSOs should help improve the functioning of the MSG. The new TOR for the MSG addresses the requirements of the EITI Standard but is not currently followed in practice. While government and industry representatives have the capacity to carry out their duties, weak capacity within civil society has negatively impacted the functioning of the MSG. In light of this, the International Secretariat’s initial assessment is that Mauritania has made meaningful progress in meeting this requirement.

Workplan (#1.5)

Documentation of progress

Mauritania’s EITI work planning has proven inconsistent over the past decade of implementation, although the MSG has approved multi-year workplans consistently since 2014. Following annual workplans for 2006 and 2007, Mauritania skipped 2008 and produced a 2009-2011 workplan. Following the 2012 workplan, the MSG did not pass a workplan for the whole of 2013. In researching the November 2013 Diagnostic Study, consultants were only provided access to a draft workplan covering the second half of 2013. While EITI workplans up to 2013 provided a rough outline of activities, timeframes and provisional budgets, they did not include much detail on desired objectives and results, implementing activities, timeframe and cost.132 The 2014-2015 workplan and the 2016-2018 workplans marked some improvement over previous iterations of EITI workplans in terms of alignment with national priorities.

Although the MSG approved the 2016-2018 EITI “budget” in principle in November 2015133, it was only published on the EITI Mauritania website in May 2016.134 The 2014-2015 workplan was published on the EITI Mauritania website135 alongside a separate list of objectives and activities to reach these objectives over 2014-2015.136

Both the 2014-2015 and 2016-2018 EITI workplans include some objectives aligned with both the EITI Principles and national priorities, although not all. Indeed, the number of more strategic objectives has

declined over time, from four in the 2014-2015 workplan to two in the 2016-2018 workplan. Although the level of stakeholder consultations on both documents is unclear, it would appear from an analysis of activities that at least some input was garnered from civil society. Indeed, capacity building workshops for civil society, parliamentarians and the media were included in the 2016-2018 workplan under Objective 7. The 2016-2018 workplan included time-bound and measurable activities that were fully costed, although the source of funding for each activity was not specified. The workplan included activities aimed at addressing capacity constraints, although the planned workshops for specific stakeholders like the media and civil society would have benefited from greater detail. While both workplans considered extending the scope of reporting to include fisheries (under objective 3 of the 2014-2015 workplan) and to quarrying (objective 4 of the 2016-2018 workplan), they did not address the scope of EITI reporting in any detail beyond general reference to producing EITI Reports and maintaining Mauritania’s EITI Compliance. Beyond including workshops aimed at parliamentarians, the 2016-2018 workplan did not specifically address any legal barriers to EITI implementation. The workplan did not refer to any activities linked to following up on EITI recommendations.

While Mauritania’s successive annual progress reports did not track progress in completing each activity in the workplan, we understand that the MSG completed 20 of the 29 activities in the 2014-2015 workplan. The main activities that were not completed related to capacity building for stakeholders such as civil society, studies on extending EITI reporting to fisheries and capacity needs assessments of communes and civil society. However, a funding gap from January to July 2016 caused delays in implementation of the 2016-2018 workplan, which was only finally approved by the MSG in June 2016. The activities completed as of July 2016 were participation on the EITI Global Conference in February 2016, the launch of the 2014 EITI Report in May 2016 and the formalisation of MSG working groups in June 2016.

**Stakeholder views**

Most stakeholder comments on the workplan related to the scope of EITI reporting rather than on objectives, outreach or impact. Many referred to the creation of a parallel process on the fisheries industries (FiTI), to bring about transparency and accountability to the fishery sector as an achievement of the EITI. There was also broad agreement that the focus of the EITI had been relatively narrow on reconciliation of fiscal revenues and a recognition that in order to achieve the intended impact the EITI would need to widen its scope to address key governance issues in the extractive industries. Many stakeholders were not fully aware of the new requirements in the 2013 EITI Standard.

All MSG members confirmed they had had an opportunity to provide input to the draft 2016-2018 workplan but that they had not consulted their broader constituency for input to the workplan. Secretariat staff explained that they would complete a first draft of the workplan before circulating it to MSG members and that they usually received comments on the draft, particularly from CSOs. Several CSOs highlighted that key activities in past workplans had not been carried out, such as capacity building workshops for civil society.

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137 The four strategic objectives in the 2014-2015 workplan were: highlight extractives’ contributions; create dialogue and trust; institutionalise transparency in all sectors; and better understand and manage extractives’ social and environmental impacts.

138 The two strategic objectives in the 2016-2018 workplan were: create dialogue and trust; and encourage transparency in sectors beyond extractives.
The subject of funding was raised by a number of stakeholders. Government and civil society stakeholders, as well as secretariat staff, emphasised the impact of the end of World Bank financial support on implementation of the workplan. They explained that delays in approving the 2016-2018 workplan were due to uncertainty over the funding structure for EITI implementation, although they expressed hope that the government’s commitment to financially support implementation would reduce disruptions to implementation of core workplan activities in future. However, CSO and secretariat staff noted that government support was not certain to expand to communications and outreach activities and called for donor support for specific activities in the 2016-2018 workplan.

**Initial assessment**

Although workplans are generally costed and readily available on the EITI Mauritania website, the MSG only approved a new workplan for 2016 in June 2016. The MSG does not appear to have considered opportunities for linking implementation to national priorities for the sector and stakeholders confirmed that the main objectives of the workplan were narrowly focused on reconciliation of revenues and payments and to maintain compliance. Stakeholder consultations in preparing the workplan appear to have been limited. It is only recently that the MSG has begun to shift its approach to identify governance challenges that could be addressed as part of the EITI process. Activities included in both the 2014-2015 and 2016-2018 workplans are time-bound, with implementation delineated on a quarterly basis. Both workplans include activities aimed at overcoming capacity constraints, although both would benefit from more detailed needs assessments. The workplans do not explicitly address any potential legal barriers to EITI implementation nor include any details on activities related to following up on individual EITI recommendations. While the 2014-2015 workplan did not include costings for each activity, the 2016-2018 workplan does provide detailed costings for each activity. However, the source of funding is not specified, which is particularly problematic given the end of World Bank Multi-Donor Trust Fund (MDTF) support in January 2016. Nonetheless delays in implementing activities in the appear reasonable in light of funding constraints. While significant aspects of this requirement have been implemented, the overall objectives of aligning EITI implementation with national priorities have not been achieved. Thus the International Secretariat’s initial assessment is that Mauritania has made meaningful progress in meeting this requirement.

**Table 1 – Summary initial assessment table: MSG oversight**

<table>
<thead>
<tr>
<th>EITI provisions</th>
<th>Summary of main findings</th>
<th>International Secretariat’s initial assessment of progress with the EITI provisions (to be completed for ‘required’ provisions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government oversight of the EITI process (#1.1)</td>
<td>There are regular, public statements of support from the government. A senior individual has been appointed to lead on the implementation of the EITI, and senior government officials are represented and engaged on the MSG.</td>
<td>Satisfactory progress</td>
</tr>
<tr>
<td>Company engagement (#1.2)</td>
<td>There are no barriers to companies’ EITI</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>Disclosures and there appears to be an enabling environment for EITI reporting. Companies are actively engaged in the design and implementation of the EITI, including in EITI reporting and MSG deliberations. However, the lack of participation of the largest mining company SNIM and lack of a mechanism for communication between MSG members representing mining companies and their wider constituency, makes it difficult to conclude that companies are fully and effectively engaged in the EITI process in a way that supports the principles of the EITI.</td>
<td>progress</td>
<td></td>
</tr>
<tr>
<td>Civil society engagement (#1.3)</td>
<td>Civil society in Mauritania is able to engage in public debate without restraint, coercion or reprisal, and its representatives are able to operate freely in relation to the EITI process. However, civil society on the MSG does not appear to function as an effective link between the EITI and the broader constituency, except as concerns dissemination. Civil society’s internal challenges effectively hamper the participation of the broader constituency in the EITI process. Civil society appears to lack the capacity to participate fully in the EITI process. A new Code of Conduct enacted after the start of Validation to structure civil society’s participation in the EITI could help improve CSO coordination and engagement, although it has yet to be implemented.</td>
<td>Satisfactory progress</td>
</tr>
<tr>
<td>MSG governance and functioning (#1.4)</td>
<td>The MSG comprises relevant actors and most stakeholders feel adequately represented. The TOR for the MSG addresses the requirements of the EITI Standard, but it has not been fully implemented. The nominations procedures for current MSG members are unclear and the level of consultations within each constituency about MSG representation is a concern. The MSG meets frequently and attendance is sufficient to reach the quorum, but MSG deliberations are poorly documented. Government and industry representatives have strong capacities to carry out their work, but weak capacity within civil society has negatively impacted on the functioning of the MSG.</td>
<td>Meaningful progress</td>
</tr>
</tbody>
</table>
Workplan (#1.5) | The workplan is available on the EITI Mauritania website and is costed, although sources of funding are not specified. The MSG does not appear to have considered linking objectives of EITI implementation to broader national priorities and stakeholder input to the development of the workplan appear to have been limited. The workplan included activities related to overcoming general capacity constraints, although it would have benefited from a more detailed needs assessment. The workplan did not address the scope of EITI reporting, despite including activities aimed at expanding EITI reporting to other sectors, and did not include activities related to following up on EITI recommendations. Nonetheless delays in implementing activities in the workplan appear reasonable in light of funding constraints. | Meaningful progress |

**International Secretariat’s recommendations:**

1. The MSG is encouraged to implement its newly-adopted TOR, particularly in renewing its membership.
2. The MSG should agree a process to ensure greater accountability of MSG representatives to the constituencies. This should include establishing mechanisms of consultation and reporting between MSG representatives and their wider constituencies in the same way as the CSOs’ new Code of Conduct.
3. As civil society’s internal challenges effectively hamper the participation of the broader constituency in the EITI process, Mauritania will need to take steps to ensure that the CSOs’ new Code of Conduct is implemented to enable full civil society participation in EITI implementation. This should include establishing clear mechanisms of communication with local communities in mining areas.
4. It is recommended that civil society undertakes a capacity building needs assessment and that actions to address civil society capacity constraints are included in the workplan and implemented.
5. The MSG needs to improve its record keeping to ensure that meeting minutes reflect MSG deliberations.
6. The MSG and government stakeholders are encouraged to consider strengthening the national secretariat through focused and specific capacity building and/or further recruitments as appropriate.
7. As a matter of priority, the MSG should agree a workplan that is linked to national priorities and that is the product of wide consultation with stakeholders. The MSG in encouraged to consider how more meaningful discussions through the EITI, linking to national discussions and priorities, could encourage more active participation by all stakeholder groups.
8. The government is encouraged to review the financing for EITI implementation to ensure sustainability over the longer term.
Part II – EITI Disclosures

5. Award of contracts and licenses

2.1 Overview

This section provides details on the implementation of the EITI requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state participation.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

The 2014 EITI Report provided an overview of the legal environment and fiscal framework for both mining and oil and gas. Section 4.2.2 (p.21) provided an overview of the policy and strategic context of mining, although the mining policy dates from 1997. Section 4.2.3 (p.22) provided an overview of the main laws and taxes in the mining sector, including the specific rates. Section 4.2.4 (pp.22-23) provided descriptions of every relevant government agency in the mining sector, including main roles and responsibilities. For oil and gas, Section 4.3.2 (p.29) provided an overview of the legal environment and fiscal framework, including overview of main laws and regulations, overview of PSCs and the main taxes and fees/levies to be paid.139 Section 4.3.3 (pp.29-30) provided descriptions of every relevant government agency in the oil and gas sector, including their main roles and responsibilities. Section 5.1.2 (pp.44-47) provided a description of every revenue stream included in the scope of reconciliation. The 2014 Report also noted reforms in the mining sector, albeit only until 2014, in Section 4.2.8 (p.26), and in the oil and gas sector (up to 2015) in Section 4.3.7 (pp.32-33).

The 2013 EITI Report provided an overview of the legal framework and fiscal environment, but did not detail any ongoing reforms (only reforms already completed). Section 4.2.2 (p.23) provided a description of the legal framework for mining, including a short description of reforms to the mining code implemented in 2012, while Section 4.2.8 (p. 27) provided additional information on these 2012 mining reforms. Section 4.3.2 (p. 28) provided a description of the legal framework for oil and gas, with details of the oil and gas regulatory reforms introduced in 2010 and 2011 provided in Section 4.3.8 (p.33). However, beyond descriptions of reforms already implemented (with no links or references to additional information), there was no mention of any on-going reforms.

Stakeholder views

All stakeholders on the MSG considered that the EITI Report’s overview of the legal and fiscal environment was adequate and sufficiently comprehensive, although several stakeholders noted that there was always room for improvement. However, MSG members considered that the EITI Report provided a good introduction to sector legislation and fiscal aspects and that readers could seek additional information from the regulatory texts and laws. An industry MSG member emphasised the need for EITI Reports to be relatively succinct in order to be accessible, which explained the restrictions

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139 although not their precise rates since these are negotiated as part of the PSC.
on the depth of the overview of the legal and fiscal environment. A CSO MSG member raised questions about the application of regulations in the extractive industries, noting that the EITI Report did not cover such deviations in practice. However, industry and government MSG members considered that there were no significant deviations from mining regulations in practice. Several industry representatives noted that there had been some deviations from the regulatory framework for oil and gas in practice given that the industry was still in its infancy. A MPEM representative noted that the EITI Report could be useful in explaining the government’s strategy for the oil and gas sector for instance, which had not been covered in the 2014 EITI Report. Secretariat staff noted the potential to use the EITI Mauritania website as a means of tracking reforms and implementation of EITI recommendations. The US Department of State has noted the lack of transparency and time-consuming nature of procedures to pay taxes in its 2015 Investment Climate Statement.140 The World Trade Organisation also noted the lack of transparency in key investment procedures as a weakness in its last trade policy review in 2011141, although the July 2012 Investment Code clarified procurement procedures.142 The IMF has raised concerns about the new Mining Code, which although perceived as reflecting international best practice in most respects, was still seen as presenting challenges on issues of income tax exemptions, asymmetric and stability clauses as well as the reduced rate of payroll taxes.143

According to a December 2015 report from the MAED, the government has implemented reforms in the oil and gas sector including establishing (by decree) an environmental commission on the Chinguetti oil field, developing an oil and gas database and establishing a digital petroleum cadastre in 2013 as well as finalising the oil and gas database, establishing a management system for the environmental information database, ensuring automatic updating the petroleum cadastre and continue to promote available oil and gas blocks in 2014.144 In the mining sectors, major reforms have included reinforcing the technical capacities of the Mauritanian Office for Geological Research, finalising the main texts for the mining sector’s new legal and regulatory framework, diversifying research activities around new mining resources, collecting and analysing samples from producing mining sites (Tasiast and MCM) to verify the reliability of these companies’ waste management systems and finalising the fiscal and financial audit of mining companies in 2013, while in 2014 the government awarded more mining and quarrying licenses and continued collecting mine-site samples.145

The 2015 Budget introduced a 2% point increase in Value-Added Tax (VAT), from 14% to 16%, as a means

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140 See p.3, US Department of State (June 2015), Mauritania Investment Climate Statement.
141 World Trade Organisation (September 2011), Trade policy review: Mauritania’.
142 République Islamique de Mauritanie (Juillet 2012), Loi n° 52/2012 portant Code des Investissements du 31 Juillet 2012.
of offsetting the projected decline in fiscal revenues. Other recent fiscal reforms include eliminating the global income tax in 2012 and switching to a dual tax system, meaning only wages are subject to a progressive tax system, and the introduction of a 15% withholding tax on any payments to non-residents, thereby limiting on profit-shifting offshore. The authorities are also working on a thin-cap rule and taxation on capital gains from indirect transfer of mining titles. Finally, both the corporate income tax exemption and the customs’ minimum tax revenue (of 2.5% of turnover) ended in 2012.

Assessment

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. The 2014 EITI Report describes the legal framework and fiscal regime governing the extractive industries, including the lack of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies. However, it appears that a number of reforms undertaken in 2013 and 2014 appear to be missing from the EITI Reports covering those respective years. The MSG may wish to consider ways of using the EITI Report and website to clarify areas that remain ambiguous or time-consuming for investors and describe deviations in the implementation of relevant laws and regulations.

License allocations (#2.2)

Documentation of progress

Based on the information provided in Annexes 8 (p.108) and 9 (pp.109-115), there appear to have been six new mining license awards and no new oil and gas license awards in 2014.

For mining, Section 4.2.6 (p.24) provided a general description of the license allocation process in mining, but not of the process for transferring mining licenses. Section 4.2.6 (p.24) also provided an overview of the MPEM’s international tender for a phosphates deposit in Bofal, a quartz deposit in Chami and an iron ore deposit in Legleitat. These three licenses had previously been withdrawn from the three license-holders (Bofal Indo Mining Company Sa (Bofal), MMC (Chami) and Tamgot Bumi (Legleitat)) due to non-compliance with contractual obligations. The 2014 EITI Report noted that while mining licenses are to be awarded through competitive tender as described in the Mining Code, there is no regulation that specifies the procedures to apply, the modalities and the responsibilities of different government entities. Annex 13 (pp.143-150) provided an overview of the bidding process for the three mining licenses awarded through competitive tender in 2014 (Bofal, Chami and Legleitat), including technical and financial criteria, names of the two successful bidders (the third license was not awarded in 2014) and an overview of the bidding process in practice. Section 4.2.6 (p.24) explained that MPEM said that it had published the call for international tenders for Bofal, Chami and Legleitat in 2014 in line with provisions of the Mining Code, implying that there were no deviations for the call for tenders. However, the 2014 EITI Report does not describe the process for allocating four of the six licenses that were awarded in 2014. Based on information on mining licenses provided in Annex 9 (pp.109-115), two gold production licenses

148 Licenses 2018C2 and 2019C2 awarded to SENI SA on 1 December 2014
exploration licenses\textsuperscript{149} were awarded in 2014, in addition to the two permits awarded through competitive tender described above. The 2014 Report did not include information on license allocations for mining licenses awarded or transferred prior to 2014, nor on any transfer of license in 2014. While it is possible to assess the efficiency of the license allocation procedures in general terms from an analysis of the actual bidding procedures described in Annex 13 (pp.143-150), the 2014 Report did not include explicit commentary on the efficiency of mining license allocation procedures.

For oil and gas, Section 4.3.6 (p.31-32) provided a description of competitive bidding for PSCs, which are “in principle” awarded following a competitive bidding process. However, it also stated that the Hydrocarbons Minister can, on the basis of a “motivated report” and after authorisation from the Council of Ministers, conclude PSCs through direct negotiation. However, no description of the technical and financial criteria, nor the process, of direct negotiation was provided. The EITI Report explained that any award or refusal of an oil and gas license application must be justified and published in the Official Journal/Gazette. Article 47 of the Hydrocarbons Code allowed for the transfer or sale of oil and gas licenses and PSCs, under condition of the Hydrocarbons Minister’s approval. Based on the information on 19 oil and gas licenses active in 2014 provided in Annex 8 (p.108), which appeared to include all oil and gas licenses, it appears that no new oil and gas licenses were awarded in 2014. However, the lack of new oil and gas license awards in 2014 is not explicitly stated in the 2014 Report. Given the lack of oil and gas license awards and transfers in 2014, no information was provided on successful applicants or non-trivial deviations from the statutory guidelines. The 2014 Report did not include information on oil and gas license allocations for licenses awarded or transferred prior to 2014. Likewise, no commentary on the efficiency of license allocations or transfers was provided in the 2014 Report.

The 2013 EITI Report\textsuperscript{150} provided less complete information on license allocation procedures. Section 4.2.5 (p.25) described the general license allocation procedures for mining, but not for transferring them. Section 4.3.4 (p.30) provided a general description of license allocation procedures for oil and gas, as well as some cursory information on oil and gas license transfers. The 2013 EITI Report did not reference any system of competitive bidding. However, there were no indications of the financial and technical criteria used for assessing license applications in either mining or oil and gas, nor any details of significant deviations from the legal and regulatory framework for licenses awarded or transferred in 2013. The names of companies having received licenses in 2013 was provided, but without additional information on the license allocations procedures.

**Stakeholder views**

Representatives from MPEM’s cadastral department confirmed that there had been six new mining license allocations in 2014, but no transfers. They explained that four of these licenses had been awarded on a first-come-first served basis. There had been several license renewals according to these representatives, but the dates of these renewals were all included in Annex 9 of the 2014 EITI Report. The IA noted that the MSG stated that details of license allocations for the year under review had been requested as part of the reporting templates and that the IA had followed up with a discussion with MPEM about the procedures for allocating all licenses. The IA noted that the only deviations that had been identified in the license allocation process in 2014 related to the competitive bidding for the three

\textsuperscript{149} Licenses 2153B2 and 2161B2 awarded to DEK Mining and TAFOLI MINERALS on 29 June 2014 and 18 August 2014 respectively

licenses detailed in Annex 13 and that the other four licenses had been awarded in line with the statutory procedures, as confirmed by MPEM.

MSG members agreed that the process for awarding four of the six mining licenses awarded in 2014 was not described in the EITI Report, nor was the process for transferring mining licenses. A MPEM representative on the MSG noted the absence of detailed license award procedures in the existing Mining Law and the Ministry’s intention would be to formalise these in the new Mining Law, in addition to extending the timeframe of exploration license. The representative noted that the 1999 Mining Law used to include technical and financial criteria for license allocations, but that these were taken out of the 2008 Mining Law in order to provide more opportunity for Mauritanian individuals and companies to secure mining licenses with little prior experience. Several CSO representatives noted that there were still instances where companies applied for mining licenses for speculative purposes, seeking to “flip” them to other investors. A mining industry representative described the process of transferring licenses including technical and financial criteria and the need for feasibility study and bank statements. The IA considered that the process for transferring licenses had been described, albeit generally, in the EITI Report and noted that the process for transferring mining licenses followed a similar process, where approval from the Minister of MPEM was required. A CSO MSG representative noted the example of Bumi Mauritania, that transferred an exploration license to another company, in deviation from the rule barring companies from transferring exploration licenses to another company when they were converted into mining production licenses, as an example of deviations in practice from statutory mining license transfer procedures. A development partner noted deviations in the license renewal process in practice, given the incomplete nature of the mining cadastre. Noting that information on work programme and environmental permitting compliance was not comprehensively provided for all licenses, the government was not always able to verify compliance with past work programme obligations when assessing license renewal applications. The US Department of State’s 2015 Fiscal Transparency Report noted reports of inconsistent application of regulations: “Mauritania’s fiscal transparency would be improved by making the process used to award natural resource extraction contracts and licenses consistent with the procedural requirements set by law or regulation.”

There is evidence from press articles that Mauritania has a history of opaque mining license allocations.

A MPEM representative confirmed that there had been no new oil and gas PSC awards or transfers in 2014. Industry and government representatives explained that Mauritania had never undertaken a bidding process for the allocation of oil and gas licenses, although this was provided for by law. Oil and gas blocks had always been awarded through direct negotiation because Mauritania was not seen as a highly-prized location for oil and gas deposits. The IA confirmed that no oil and gas license was either awarded or transferred in 2014 and considered that the process for renewing and transferring an oil and gas license was adequately described in the 2014 EITI Report. A MPEM representative explained that the government could waive the requirement for a 10% stake for SMHPM in certain PSCs covering areas that were considered “risky”, meaning that they had a low probability of holding reserves although there was no specific public definition of what constituted a “risky” oil and gas block. The representative noted that a competitive bidding process did not in itself ensure transparency and a lack of corruption, highlighting

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152 See for instance Le Quotidien de Nouakchott (Octobre 2010), Permis de recherche miniers: Opacité totale et intermédiaires douteux - [http://www.cridem.org/C_Info.php?article=48833](http://www.cridem.org/C_Info.php?article=48833)
that license allocations needed to be conducted in a professional manner regardless of the process. A MPEM representative noted that Article 7 of the Hydrocarbons Code provided the technical and financial criteria for direct negotiations and that these were well known to all. Industry representatives explained that the government would require bank guarantees from companies with whom it entered into direct negotiations and proof of ability to meet the requirements of their submitted work programme. The cabinet would then consider and approve an applicant’s block award and publish the results in the official gazette (Journal Officiel). Both industry and government representatives noted that the rules were clear concerning the process of direct negotiation and that they considered that parliamentary oversight and cabinet approval were sufficient to ensuring transparency to the process. CSOs did not express any particular views on the process for granting oil and gas PSCs. Representatives from both stakeholder groups noted that the government did not publish the full text of oil and gas PSCs to preserve its room for manoeuvre during future PSC negotiations, although a representative from MPEM noted that the fiscal terms of existing PSCs were common knowledge. A SOE member of the MSG noted that the process for awarding licenses that did not go through competitive bidding was straightforward and single source, but agreed that this was not explained in the EITI Report. Several MSG members from all stakeholder groups explained that the public could seek an explanation of the allocation process for each license was available to the public if they went into the MPEM cadastral office. A MPEM representative that the government intended to grant more non-exclusive oil and gas speculative prospecting licenses in 2017, along the same lines as the agreement with Dolphin Geophysical Ltd.

Initial assessment

The 2014 EITI Report provides a comprehensive overview of the process followed for allocating two mining licenses awarded through competitive bidding and the general oil and gas license allocation statutory rules. However, it did not describe the process for transferring licenses in the mining, oil and gas sectors, nor the process for awarding the four licenses granted on a first-come-first served basis in 2014. A description of the technical and financial criteria used for direct negotiation of oil and gas PSCs was also missing. The MSG should ensure that future EITI Reports clarify the number of mining, oil and gas licenses and any non-trivial deviations from the allocation procedures for all oil, gas and mining licenses awarded during the year under review. The technical and financial criteria used for assessing bids through direct negotiation should also be described. The International Secretariat’s initial assessment is that Mauritania has made meaningful progress towards meeting this requirement.

License registers (#2.3)

Documentation of progress

The 2014 EITI Report provided information on licenses held by both material and non-material companies in both mining and oil and gas. For mining, Annex 9 (pp.109-115) provided information on 169 mining licenses active in 2014. The information provided included names of license-holder, the dates of application for 166 of the 169 licenses as well as the dates of award and expiry for the 169 mining licenses active in 2014. The three licenses for which no dates of application were provided were held by material companies (SNIM and MCM). While the commodity covered by each license is provided for only 17 of the 169 mining licenses active in 2014, all license information included the commodity code (e.g. B2 for gold exploration and C2 for gold production). However, the EITI Report did not provide the description of each code, making it impossible for a layman to access information on the commodity covered by each of the remaining 152 mining licenses. While Annex 10 (p.116) referred to a PDF annex to the 2014 Report providing coordinates of all mining licenses, it provided no guidance on how to access this separate PDF,
which was not available online at the time of review. 153 Finally, the 2014 Report provided a cursory description of the responsibilities of MPEM’s Cadastre Department for maintaining the mining license registry in Section 4.2.6 (p.24), but it only stated that this license register was not accessible online.

For oil and gas, Annex 8 (p.108) of the 2014 Report provided information on 19 oil and gas licenses active in 2014, which appeared to include all oil and gas licenses held by both material and non-material companies. The information provided included name of license-holder, date of contract signature, date of effectiveness and expiry date. However, dates of application or of start of direct negotiations were not provided for any oil and gas license. While the type of commodity covered by these licenses was not made explicit in Annex 8, the overview of oil and gas licenses in Section 4.3.4 (p.30) stated that licenses cover hydrocarbons, meaning both crude oil and natural gas. Annex 10 (p.116-121) included the coordinates of the 11 of the 19 oil and gas licenses active in 2014. Reference to the petroleum cadastre established under Article 7 of the Hydrocarbons Code was included in Section 4.3.6 (p.32), alongside a link to the list of PSCs on the MPEM website154 (the link is broken). While Section 4.3.1 (pp.27-28) provided only a low-definition map of oil and gas blocks, the 2014 Report did not provide an assessment of the comprehensiveness of the Petroleum Cadastre, the types of information provided, accessibility criteria nor any planned reforms.

Information on licenses in the 2013 EITI Report155 was less complete. It was noted (p.25) that while the Mining law required the government to maintain a registry of mining licenses, it was not required for this registry to be available to the general public. While Annex 8 (pp.103-116) provided some details of the mining licenses, the 2013 EITI Report noted that information in the mining license registry did not comply with Requirement 3.9.b of the 2013 EITI Standard. Indeed, the information in Annex 8 included license-holder name, commodity mined and permit status but not the coordinates nor dates of application, award or expiry. The 2013 EITI Report’s information on oil and gas licenses was equally incomplete. Section 4.3.4 (p.30) provided only a general link to the MPEM website in guise of the petroleum license registry, while the more specific link provided on p.32156 was no longer operational. The 2013 EITI Report also noted that the petroleum license registry had not been updated since 2007, although Annex 7 (p.102) provided general details of owners of oil and gas licenses.

Stakeholder views

MSG members from all stakeholder groups agreed that there was no publicly available online cadastre for either mining or petroleum licenses and that the EITI Report provided the only source of publicly-available information on licenses. MSG members also noted that the official communiqués of the Council of Ministers (Cabinet) following award of mining and petroleum licenses contained the GPS coordinates of the license and that this information was thus public. The US Department of State’s 2015 Fiscal Transparency Report noted that, once awarded, basic information on extractive industry contracts or

153 The EITI Mauritania Secretariat provided the separate 173-page PDF of Annex 10, which included the coordinates of all mining licenses, during the fact-finding mission and confirmed this PDF had not been published online.


Validation of Mauritania: Report on initial data collection and stakeholder consultation

licenses was publicly available.\footnote{US Department of State (2015), 2015 Fiscal Transparency Report.}

Representatives from MPEM’s mining cadastre department provided the missing dates of application for the three mining licenses and expressed concern that they had not been adequately consulted by the IA in preparation of the 2014 EITI Report. The IA confirmed the information on mining licenses represented what the MPEM’s cadastre department had reported. Representatives from the three CSO networks noted their concerns that the list of mining licenses in the register (and disclosed in the EITI Reports) was incomplete, although no evidence of any gaps was presented to support this allegation. MSG members explained that the explanation of codes for mineral licenses commodities covered were available from the mining code and that they considered this to be sufficiently transparent. The IA noted that the minerals covered by licenses was only required for production licenses under the EITI Standard, and that these had been provided in the 2014 EITI Report. Several government stakeholders highlighted the importance of the World Bank’s USD 10.3 million public sector governance technical assistance project, approved by the World Bank Board in March 2016, which included among others support for migration to an online publicly-accessible mining cadastre.\footnote{World Bank (28 march 2016), Mauritania – Public Sector Governance Project - \url{http://www.worldbank.org/en/news/loans-credits/2016/03/28/mauritania-public-sector-governance-project}}

Given that the existing offline mining cadastre already uses GIS mapping with an Access97 user interface, representatives from the cadastre department did not expect additional data collection was required. A MPEM representative noted that the ministry was digitizing the license register and had completed roughly 75% of the licenses. The ministry was also considering several choices of cadastral software, including Flexicadastre and RDF’s MCAST systems.

A MPEM representative noted that the government had hard copies of the original letters marking the start of direct negotiations, which provided the equivalent of the dates of application for oil and gas PSCs, although these had not been digitized. The representative noted that the ministry was migrating its oil and gas cadastre online and expected this to be completed by the end of 2016. This was seen as a key step to supporting the government’s first planned oil block bidding round in 2017. Government and industry representatives explained that the coordinates of only 11 of the 19 oil and gas licenses had been disclosed in the EITI Report because these were the 11 PSCs that were currently active. A MPEM representative noted the high number of speculative applications for oil and gas licenses and expressed concern at the practice of asset flipping, although the government turned down frivolous applications for direct negotiation in cases where its due diligence uncovered particular risks. The representative noted there was no requirement in the law for the government to respond to all applications.

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made meaningful progress towards meeting this requirement. The 2014 EITI Report provided the license-holder names and dates of award and expiry for all mining, oil and gas licenses as well as the dates of application, commodity covered and coordinates of some licenses, but not all. Despite ongoing reforms of the mining and petroleum cadastral systems, the EITI Report did not provide commentary on the status of reforms. The MSG should ensure that future EITI Reports provide dates of application, commodity covered and coordinates are provided for all licenses held by material companies, and for all active licenses if possible. The MSG may also wish to consider ways of using its EITI reporting to track progress in implementation of planned cadastral reforms.
Contract disclosures (#2.4)

Documentation of progress

The 2014 EITI Report did not explicitly clarify the government’s policy on contract disclosure in either the mining or the oil and gas sector. The 2013 EITI Report\(^{(159)}\) (p.68) noted that Article 15 of the Mining Code stipulated that mining and quarry agreements be registered in the public register, the modalities and content of which were established by the ministerial decree by the Minister of Mines. The assessment of follow-up on recommendation 3.14 in the 2014 EITI Report (p.76) noted this provision of the Mining Code but noted the lack of publication of any mining contract, implying that government policy was to publish all mining contracts. Neither the 2013 or 2014 EITI Reports clarified whether any laws or contractual provisions required disclosure of any oil and gas contracts. While the 2014 EITI Report (p.74) noted that oil and gas contracts signed post-2007 were not yet published and recommended that these be disclosed, implying that the government’s policy was to disclose all oil and gas PSCs, this government policy was not explicitly stated.

In practice mining contracts do not appear to be disclosed. The 2013 EITI Report (in Section 8 as part of the IA’s recommendations) and the 2014 EITI Report (p.76) noted that mining contracts signed between the government and companies were not published on the Ministry’s website. Section 4.3.4 (p.30) of the 2014 Report stated that signed PSCs up to 2007 were available on the MPEM website, but only provided a general link to the MPEM homepage. While it stated that not all PSCs are published online, with Section 8 (p.74) noting that no post-2007 contract had been published online as of time of publication, the 2014 Report did not clarify whether the full-text of entire contracts were published in every case. These PSCs were also disclosed on OpenOil’s database of oil and gas contracts, which lists the same ten oil and gas PSCs for Mauritania.\(^{(160)}\)

Finally, neither the 2013 nor the 2014 Reports comment on any reforms, planned or ongoing, related to contract disclosure.

Stakeholder views

There were contrasting views related to the government’s policy on contract disclosure in both the mining and oil and gas sectors. All stakeholders agreed that the government’s policy on contract disclosure had not been discussed with the IA in preparing the 2014 EITI Report. In the mining sector, industry and government representatives noted that while the provisions of the Mining Code required that all mining exploration and production licenses be recorded in a central register open to the public, this did not cover mining production contracts. While CSOs considered that there may be legitimate commercial sensitivity constraints to publishing the full text of mining contracts, they noted that the government’s policy on publishing mining contracts remained unclear. The IA confirmed the conflicting views about the government’s policy on contract disclosure amongst MSG members and noted that the government’s apparent opposition to publishing contracts was not codified in writing. All stakeholders including the IA confirmed that there were no Mauritanian mining contracts in the public domain at present.


\(^{160}\) OpenOil’s database of Mauritania oil and gas contracts - [http://repository.openoil.net/wiki/Mauritania](http://repository.openoil.net/wiki/Mauritania)
In the oil and gas sector, all industry and government representatives agreed that the government’s policy was not to publish the full text of PSCs since 2007, but only the template PSC agreed in October 2011.\footnote{\url{http://www.petrole.gov.mr/IMG/pdf/cep_type_definitif_-_23_octobre_2011.pdf}} Representatives explained that the government had published the old PSCs in one batch in 2007 given that these were already widely available at the time, but had decided not to publish subsequent PSCs in order to preserve the government’s negotiating space in future PSC deliberations. Indeed, they emphasised that the dozen points of negotiation in the template PSC, such as fiscal terms and profit-sharing split, were tailored to the specific circumstances prevailing at the time of negotiation with each of the operators and the government did not want to lock in the same terms for all future PSCs. However, several government representatives noted that the fiscal terms of all current PSCs were widely known in the industry, although they did not wish to formalise the publication of the contracts. One MPEM representative noted that the government would consider disclosing the full text of contracts if this was made a requirement of the EITI Standard but confirmed the government’s current policy not to disclose PSCs. One industry representative considered the government’s policy on PSC disclosure to be unclear given the reversal of the government’s position on publishing contracts since 2007. CSOs agreed that they did not consider the government’s position on PSC disclosure to be clear.

None of the stakeholders consulted were aware of any planned reforms related to contract disclosure, but one government representative recognised the need to formalise the government’s policy on contract disclosure as part of Mauritania’s implementation of the EITI Standard.

\textbf{Initial assessment}

The 2014 EITI Report did not document the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. It can be inferred from the EITI Report that the government’s policy was in favour of contract disclosure based on previous practice, but consultations with government and industry stakeholders highlighted that there was a tacit understanding not to disclose contracts. EITI Reports provided only partial details of relevant legal provisions and actual disclosure practices of contracts, but did not state a clear government policy. The 2014 EITI Report did not provide an overview of the contracts and licenses that are publicly available. The International Secretariat’s initial assessment is that Mauritania has made inadequate progress towards meeting this requirement. It is recommended that the government formalises its policy on contract transparency and that the MSG ensure future EITI Reports clearly reflect this government policy as well as document any planned or ongoing reforms and specify the exact number and type of contracts already in the public domain.

\textbf{Beneficial ownership disclosure (\#2.5)}

\textbf{Documentation of progress}

Mauritania started addressing beneficial ownership (BO) in its 2013 EITI Report.\footnote{CNITIE (April 2015), Rapport ITIE 2013 (Moore Stephens) - \url{http://itie-mr.org/images/Rapport%20Conciliation%20ITIE%20Mauritanie%202013.pdf}} While some companies provided legal ownership data, none disclosed beneficial ownership: requests for voluntary disclosure of beneficial ownership information were included in the reported templates, with results provided in Annex 1 (p.77), but only eight of the 15 reporting companies provided any information on their legal ownership,
and none included any BO details.

The MSG followed the same approach for the 2014 EITI Report, with the beneficial ownership reporting templates provided in Annex 7 (p.100). The 2014 EITI Report noted the absence of a public BO registry in Section 4.7 (pp.40-41) and the lack of a consistent definition of control and effective beneficiary in Mauritania’s legislation. The MSG adopted the definition in the EU’s Fourth Directive on Anti-Money Laundering and set a 25% threshold for beneficial ownership reporting. However the 2014 EITI Report did not clarify the government’s policy on BO disclosure, nor any ongoing or planned reforms or actual disclosure practice. The 2014 Report disclosed the legal owners of some material companies, but reporting was not comprehensive. While Section 2.5 (p.13) stated that only one of 17 reporting companies, International Petroleum Group, did not report details of its beneficial ownership, the 16 companies that did report only disclosed their legal ownership. Annex 4 (pp.88-89) provided details of these 16 companies’ reporting, including name of company, name of shareholders and their equity stakes, information on their “beneficial ownership” and any comments. However, it was clear that the “beneficial ownership” information disclosed related only to their legal ownership since it included primarily companies (and governments in the case of SOEs). In total, legal information was provided on 17 of the 20 material companies. The legal owners of three companies were SOEs (i.e. more than 51% owned by the state – Mauritania, Malaysia and Algeria) while two more companies were minority state-owned (i.e. less than 51% government stake – two by the Mauritanian state, one by the South Korean state). A total of 13 of the reporting companies had legal owners that were publicly-listed on a stock exchange, but only nine of these were wholly (100%) owned by publicly-listed mother companies. This is also evident from Annex 12 (p.142).

At its 23 June 2016 meeting\(^{163}\), the MSG established a BO working group to lead work on drafting a three-year roadmap by January 2017.

**Stakeholder views**

MSG members confirmed that all three stakeholder groups were represented on the BO working group established in June 2016 and that they had begun work on drafting the three-year roadmap at the francophone EITI training in Abidjan in late August. They noted that the intention was to adopt the same approach towards BO disclosure in the next EITI Report currently under preparation, covering 2015. However, all stakeholders agreed that there did not seem to be a clear government policy on BO disclosure. The IA considered that there had been weak support on the MSG for BO disclosures for the 2013 and 2014 EITI Reports, which explained the low level of reporting with no company reporting details of their BO.

However, there was confusion between legal and beneficial ownership amongst many of the stakeholders consulted. Several industry and government stakeholders considered that investors were required to disclose their BO at the time of incorporation of a Mauritanian company, but upon further discussion recognised that the requirement was only to disclose the first level of legal ownership. The IA did not consider that there was scope to confuse legal and beneficial ownership during the EITI reporting phase, given that all companies had been sent a template for legal ownership and one for beneficial ownership information. One MPPEM representative stated that sourcing beneficial ownership information on production license-holders would be easier than for exploration license-holders, since applicants for

production licenses were already required to disclose their legal ownership structure. The representative noted that the Commercial Registry (Greffe du Tribunal de Commerce), under the Ministry of Commerce, Industry and Agriculture, may be the natural government entity to collect beneficial ownership information. All stakeholders consulted noted that legal reform would be required to source BO information for all companies holding, applying for or investing in mining, oil and gas licenses.

The OECD’s March 2016 Global Forum on Transparency report\footnote{See OECD (14 March 2016), Global Forum on Transparency and Exchange of Information for Tax Purposes, Phase 1 and 2 review - \url{https://www.oecd.org/tax/transparency/GFratings.pdf}} found that Mauritania was largely compliant with requirements for exchange of tax information, but that ownership information repositories were not in place.\footnote{See OECD (2015), Global Forum on Transparency and Exchange of Information for Tax Purposes, 2015 Report on Progress - \url{https://www.oecd.org/tax/transparency/global-forum-annual-report-2015.pdf}} There has not been significant debate about beneficial ownership in the press or political circles in recent years and no Mauritanian appears to feature in the “Panama papers” leak.\footnote{Note the ability to search for company and individual names on the ICIJ (International Consortium of Investigative Journalists) ‘Panama Papers’ database since 9 May 2016 - \url{https://offshoreleaks.icij.org/}. There is no option for searching the jurisdiction of Mauritania.}

**Initial assessment**

Implementing countries are not yet required to address beneficial ownership and progress with this requirement does not yet have any implications for a country’s EITI status. The MSG has made some attempt at disclosing the BO of material companies reporting in EITI Reports, but has not clarified the government’s BO policy. While disclosure of BO information has been incomplete, with information pertaining only to legal ownership, the MSG has clearly considered the issue of BO and undertaken work to disclose such information in a phased approach. The MSG has established a BO working group to steer preparations of Mauritania’s three-year roadmap by 1 January 2017, in line with Requirement 2.5.b.ii of the 2016 EITI Standard.

In preparation for enforcement of Requirement 2.5 of the 2016 EITI Standard, the government is encouraged to clarify government policy on BO disclosure. The IMF has advised the government to conduct a new census of tax payers and complete the computerisation of tax revenue agencies in a bid to expand fiscal revenues.\footnote{See p.10 of Freedom House (2011), ‘Countries at the crossroads 2011: Mauritania’ - \url{https://freedomhouse.org/sites/default/files/inline_images/MAURITANIAFINAL.pdf}} By providing a framework for disclosing the beneficial owners of companies bidding for, investing in and holding extractive industry licenses, the EITI could complement government efforts to effectively tax companies operating in Mauritania.

**State participation (#2.6)**

**Documentation of progress**

**Materiality of revenues:** State participation gives rise to material revenues to the state, both in the mining and oil and gas sectors. According to Section 4.2.9 (p.27) of the 2014 EITI Report, dividends from state participation in the extractive industries alone yielded 21% of extractives revenues in 2014, equivalent to 2.1% of non-extractive 2014 GDP. Sections 4.3.2 (p.29) and 4.4.2 (p.36) stated that SMHPM collected in-
kind revenue on behalf of the state (Profit Oil-State) and remitted the proceeds to the FNRH. Section 4.2.9 (pp.26-27) described state participation in the mining sector, either through SNIM or through direct state equity stakes in mining projects through SMHPM, as well as relevant laws. Section 4.3.8 (pp.33-34) described the institutional framework for state participation in oil and gas, whereby SMHPM collects material revenues on behalf of the state from the only producing PSC, with an effective take of 30% of production in 2014 given that production from the Chinguetti field was below the 25,000 barrels per day (bpd) threshold.

Financial relationship between government and SOEs: The 2014 EITI Report highlighted the lack of statutory rules governing the financial relationship between the oil and gas SOE and the government, but did not explicitly describe rules or practices related to the mining SOE (SNIM). Section 4.3.8 (p.33-34) noted ongoing work to develop a statutory framework regulating the relations between the state and SMHPM. Section 2.1 (p.8) noted that SMHPM retains its share of production from the Chinguetti oilfield (as Cost Oil and Profit Oil-Associated State) in its own accounts and considers it as operating income. SMHPM however remits the state’s share of Profit Oil to FNRH, net of its own Cost Oil (p.34). SMHPM’s third-party financing from Sterling Energy Plc was described in general terms in Section 4.3.8 (p.34), although no details on the terms of the loan (e.g. interest rate, maturity, etc.) were provided. Sections 2.1 (p.8) and 7.3.2 (p.64) provided the 2014 value of loan repayments by SMHPM to UK-listed Sterling Energy Plc (MRO 4.4 billion, or USD 14.53 million) for the financing of SMHPM’s equity stake in the Chinguetti field. However the 2014 EITI Report did not appear to provide an explanation of the prevailing practices on SMHPM’s retained earnings and reinvestment. Section 4.4.2 (p.36) stated that SMHPM published certified annual financial statement, certified by two auditors, but that these were not available online. Section 4.6.3 (p.40) described the statutory rules for auditing of SOEs, but not the actual practices.

Section 4.2.4 (p.23) provided a general description of SNIM and Section 4.2.9 (p.27) noted that state participation in SNIM gave rise only to dividends. Section 5.1.2 (p.45) described the unique dividend paid by SNIM to the state, set at 9% of the value of SNIM’s FOB turnover. However, the 2014 EITI Report did not explicitly state that SNIM operated as a commercial company and was thus allowed to retain earnings for reinvestment and contract third-party financing.

Government ownership: The 2014 EITI Report provided information on the level of government ownership in SOEs. Section 2.5 (p.13) noted that the General Directorate of Domains and State Assets (Direction des Domaines et du Patrimoine de l’Etat) did not disclose the state’s ownership in SOEs and that the information on state ownership stakes was thus sourced from reporting companies, which would imply concerns over the comprehensiveness of reporting of the state’s equity stakes in the extractive industries. Section 4.2.9 (p.26) described the state’s entitlement to a 10% free-carry equity stake in all mining production license-holders, with an option to acquire a higher stake subject to negotiations. Section 4.2.9 (p.27) provided the state’s equity stakes in three mining companies (SNIM, Sphere Mauritania and Legleirat Iron) and SNIM’s three subsidiaries, including the state’s equity stake at end-2013 and end-2014. From this information it is apparent that Legleirat Iron was established as a new SOE on 5 August 2014. However, given the lack of 2013 ownership information on SNIM’s subsidiary MSMS Takamul, other than the fact that it existed in 2013, it is unclear whether there was any change in SNIM’s ownership of MSMS Takamul in 2014. While the MSG had clearly instructed the SNIM to provide the outstanding information to the Independent Administrator, most recently at its 31 March 2016 meeting, the SOE did not report

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its ownership of stakes in other companies in the extractive industries.

State ownership in oil and gas companies was also disclosed in the 2014 EITI Report. Section 4.3.6 (p.32) described the state’s entitlement to a minimum of 10% stake in all PSCs. Section 4.3.8 (p.33) clarified the state’s 100% ownership of SMHPM and provided SMHPM’s equity stakes in 11 PSCs, sourced from MPEM. Annex 8 (p.108) also provided information on all oil and gas licenses active in 2014, including the state’s equity ownership in each PSC. However, the 2014 EITI Report did not provide information regarding the terms attached to the state’s equity stake, including their level of responsibility to cover expenses at various phases of the project cycle, e.g., full-paid equity, free equity, carried interest.

Changes in ownership: Section 4.2.9 (p.27) of the 2014 EITI Report noted one change in government ownership in 2014, namely the creation of Legleirat Iron as a new SOE on 5 August 2014, but provided no additional information on the terms of the transaction. Given the lack of 2013 ownership information about SNIM’s subsidiary MSMS Takamul, other than the fact that it existed in 2013, it is unclear whether there was any change in SNIM’s ownership of MSMS Takamul in 2014. The 2014 Report did not comment on any changes in government ownership in the oil and gas sector.

Loans and loan guarantees: Mauritania’s EITI Reports have made progress in disclosing loans contracted by SOEs from private third-parties and reporting entities’ disclosures revealed that the government and SOEs did not report loans or loan guarantees to companies in the extractive industries. Section 4.2.9 (p.27) of the 2014 EITI Report stated that Treasury, SNIM and SMHPM were requested to disclose information on loans and “subsidies” to extractives companies in 2014 but that, on the basis of these disclosures, there were no such loans or “subsidies”.

The 2013 EITI report provided a cursory overview of the management of SOEs, but did not explain the rules and practices governing the financial relationship between the government and SOEs. It provided a similar list of government equity stakes in mining, including the 78.35% stake in SNIM, the 10% stake in Sphère Mauritania and SNIM’s 50% stake in El Aouj Mining Company (p.26). Likewise, there was no assurance of the comprehensiveness of these disclosures, particularly related to SNIM’s non-core subsidiaries. Section 4.2.7 (p.26) noted that the SNIM did not report its stakes in other companies, but the IA asked all reporting companies to report their shareholding structure, including any state participation (p.14). In oil and gas, the 2013 EITI Report (p.32) listed the 100% ownership of SMHPM and SMHPM’s 12% stake in the sole producing oilfield, Chinguetti operated by Petronas, and described its effective 30% share of profit oil in 2013 (given that production at Chinguetti did not rise above the 25,000bpd threshold in 2013). Aside from SMHPM’s 12% stake in Tullow Oil’s Zone A and 13% in SIPEX’s Ta-1 projects, the 2013 EITI Report noted that SMHPM held 10% stakes in other oil and gas blocks. Section 4.2.7 (pp.26-27) noted that no loans or “subsidies” were extended to any state-invested mining company in 2013 on the basis of reporting entities’ disclosures. Section 4.3.7 (pp.32-33) described SMHPM’s third-party loan from Sterling Energy Plc but did not provide specific details of the loans, beyond referring to the loan agreement and the provisions for repayment, which totalled MRO 4.5 billion in 2013 (p.8).

Stakeholder views

Several development partners noted their impression that transparency in the financial management and accounts of the two extractives SOEs had regressed in recent years, until both companies published six years’ worth of audited financial statements in late June 2016. While government stakeholders and development partners were aware that the two SOEs had published these financial statements, industry and CSO representatives had not been informed at the time of consultations. Several CSOs noted the popular demand for information about the financial status of the two SOEs, particularly given the stalled
progress on construction of two new SNIM buildings in Nouakchott following a dispute with the contractors. A SOE representative did not consider the EITI Report’s explanation of the rules and practices governing SOEs’ financial relations with the state to be sufficiently clear or comprehensive, even though it had held discussions with the IA in preparing the 2014 EITI Report. All stakeholders consulted confirmed that SMHPM had made a presentation to the MSG on its participation in the oil and gas sector, although this was not evident from MSG meeting minutes. They also noted that SNIM only rarely participated in MSG meetings and had not made a similar presentation to the MSG.

The IA confirmed that the General Directorate of Domains and State Assets had not reported in either the 2013 or 2014 EITI Reports. The IA noted the confusion related to state assets during preparations for the last EITI Report in 2015. While a decree in 2014 had shifted responsibility for holding state extractives assets from the Directorate General to SMHPM, there had been no regulations implementing this transfer since then and SMHPM’s view was that it was not yet the effective holder of state extractives assets. While the IA had only received information on state participation in several emails, rather than as one submission from the government, they had not had any cause to doubt the comprehensiveness of disclosures by reporting entities. Representatives from SMHPM confirmed that the ownership of state equity in the mining sector was transferred by decree to SMHPM in 2014 and that their staffing had increased by 40% as a result. MSG members explained that while Annex 4 of the 2014 EITI Report indicated that the “Mauritanian State” held stakes in SMHPM, SNIM, Legleitat Iron and Sphere Mauritanie, these stakes were held by different entities, noting that the stake in Legleitat Iron was held by the SMHPM while the stakes in SNIM and SMHPM were held directly by the state. A MPEM representative explained that under the original 1999 Mining Code there was no provision for state participation in the mining sector aside from the SNIM, but that the 2008 Mining Code had introduced a 10% minimum free carry with the option to increase this stake on commercial terms. Given that the SMH had been given responsibility for holding state equity in mining projects only in 2014 (creating the SMHPM), it only held the state’s stake in Legleitat Iron. Government stakeholders explained that it was unclear which government entity held the 10% stake in Sphere Mauritanie yet, given that the company’s production license had not yet been “activated” (the company had not yet moved to production despite holding a production license since 2012) given the impact of the global commodity price downturn on the pace of developments in Mauritania’s mining sector. Government stakeholders explained that SNIM was only required to make a “unique contribution” (dividend) to the national budget annually and confirmed that SNIM did not collect revenues from mining companies on behalf of the state. A representative from SNIM confirmed that the SOE operated in the same way as a private mining company and did not have any regulatory or oversight functions in the sector. He also noted that SNIM was allowed to retain earnings for reinvestment and regularly contracted third-party loans, as it was statutorily allowed to do, but did not extend loans itself to extractives companies nor benefit from an implicit sovereign guarantee on their financing. The IA considered that the description of rules governing SNIM’s financial relations with the state was sufficiently comprehensive, given that it provided a link to the SNIM website where it was clearly stated that SNIM operated as a commercial entity and only transferred dividends to government, since it did not collect payments from companies on behalf of government. The SNIM representative noted that the only special derogation that SNIM held from the government related to its ability to maintain offshore bank accounts, as a means to reduce its credit risk and to operate in foreign

169 Financial Times (15 April 2016), ‘Mauritania’s mining industry hit by commodity price fall’ - https://next.ft.com/content/32bea32c-e6ee-11e5-a09b-1f8b0d268c39
Validation of Mauritania: Report on initial data collection and stakeholder consultation

currencies. Secretariat staff expressed concern over any gaps in the description of the SNIM in the EITI Reports, highlighting that the only EITI recommendation related to the SNIM (that its audited financial statements be published) had been fully implemented in June 2016.

In the oil and gas sector, representatives from government and a SOE did not consider the EITI Report’s explanation of the practices related to the financial relations between SMHPM and the state to be sufficiently clear or comprehensive. Several SOE representatives confirmed that SMHPM collected revenues on behalf of the state, such as Profit Oil, but also collected its own revenues that it was able to retain and reinvest into its operations. Government and SOE representatives noted that aside from its collection of revenues on behalf of the state and its management of state equity in oil, gas and mining projects, SMHPM did not have any other regulatory responsibilities, as was the case for other SOEs like Sonatrach in Algeria. Government representatives explained that SMHPM received a 10% stake in all PSCs as a free-carry, but that it subsequently reimbursed the PSC operator for its share of capital expenditure from the start of production. Government and SOE representatives also confirmed that SMHPM was able to contract third-party debt but clarified that the agreement with Sterling Energy represented an equity-type of financing arrangement, whereby Sterling provided SMHPM’s capital and operating expenditure for the Chinguetti oil field in exchange for a share of production, bearing the risk of any fall in production. However, these representatives noted that this type of financing agreement, was unique given that the state and SOE did not provide any guaranty other than full execution of the contract. Given the under-performance of Chinguetti oil production (and the downturn in global pricing) Sterling had had to absorb the loss on this agreement.

The World Bank’s assessment of the governance of Mauritanian SOEs in June 2013 found that, with the exception of the SNIM, publication and even availability of financial statements was “problematic” for all SOEs. Even for SNIM, it noted that financial statements were not available beyond 2011.\textsuperscript{170} In addition, information recommended for disclosure by the OECD was deemed to be not routinely available for SOEs, including information on “material events”\textsuperscript{171}, disclosure of related-party transactions, company objectives and social policy outcomes\textsuperscript{172} and risk exposures and management.\textsuperscript{173} The US Department of State has also raised general questions about the level of transparency around SOEs in its 2015 Investment Climate Statement, noting that the government did not encourage any foreign or local enterprises, including SOEs, to follow generally accepted principles such as the OECD Guidelines for Multinational Enterprises and that SOEs were often subject to political influence, lack of transparency and


\textsuperscript{171} “Material event” refers to the “impact on the enterprise of changes in their own circumstances or the market environment”.

\textsuperscript{172} In the case of companies with legally enforceable program contracts, social objectives are disclosed. However, as noted in the Chapter ‘Fiscal Risk and Performance Monitoring’ in World Bank (June 2013), very few SOEs in Mauritania are governed by a program contract.

accountability. The World Bank has produced research on the two extractives SOEs, which are regulated by Ordinance n.90-09 of 4 April 1990 and Decree n.90-118 of 19 August 1990, and has highlighted that the government’s Directorate of Financial Oversight (DTF) did not periodically disclose consolidated information on the state asset portfolio of SOEs and public agencies, either to the public or to Parliament. While the World Bank’s June 2013 study on SOEs provided an inventory of SOEs and public agencies in Mauritania in annex, the prevailing rules and practices were not clarified. The World Bank has noted that SNIM and SOEs with less than 50% state or public-sector equity are regulated by the Commercial Code as private limited corporations (‘Sociétés anonymes’).

In its 2016 Article IV consultation on Mauritania, the IMF noted that the government contracted debt on behalf of all SOEs aside from SNIM, which borrowed without explicit government guarantee. Research from the IMF also indicated that SNIM debt was categorised as non-publicly guaranteed external debt, given that SNIM was deemed to “not need government guarantees”. A SNIM representative confirmed that the SOE did not benefit from a sovereign guarantee, either implicit or explicit. However, while SNIM is run on a commercial basis and borrows without government guarantees, the IMF estimated SNIM’s debt could become a contingent liability to the central government in future. Indeed the IMF calculated the SNIM’s debt service-to-revenue ratio at around 35% in 2015, with around 70% of its debt burden coming due between 2016 and 2021. In 2015 the IMF noted that the non-publicly guaranteed external debt, at 17% of GDP in 2013, is seen as having recently increased “as SNIM has borrowed externally to finance its mining expansion plans.” In 2016 the IMF revised its estimate of SNIM’s external debt as having grown


175 See Annex 5 (pp.66-74) and Annex 6 (pp.75-77) of World Bank (June 2013), ‘Governance of State Owned Enterprises and Public Agencies in the Islamic Republic of Mauritania’ - http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/09/29/090224b0831115e8/1_0/Rendered/PDF/Governance0of0Public0of0Mauritania.pdf


183 See section 1 (p.2) of IMF (2015), 2014 Article IV Consultation on Mauritania -
from 5% of GDP to 11.5% between 2010 and 2015. The World Bank has also highlighted that the SNIM has in the past received capital injections from the sale of equity holdings to foreign investors (mostly state-owned entities). The IMF has also noted that SNIM repatriates part of its revenues via its central bank account, rather than the Public Treasury.

In late June 2016 audited financial statements were published for both SNIM for the period 2009-2015 and SMHPM for the period 2009-2014. According to SNIM’s 2014 audited financial statements, a total of MRO 2.077 billion in outstanding debt (outside the scope of the SNIM’s trustee agreement) was owed through SNIM’s wholly-owned subsidiary COMECA to the Mauritanian Government as of 31 December 2014, at 0.00% interest rate maturing in 2015. According to SMHPM’s 2014 audited financial statements, the SOE’s medium to long-term debt burden reduced from MRO 36.471 million at end-2013 to MRO 21.766 million at end-2014, although the composition of this debt was not disaggregated in the published statements.

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made inadequate progress towards meeting this requirement. While the 2014 EITI Report addresses state participation in the extractive industries, it does not disclose all information required under Requirement 2.6. It listed two extractives companies in which the state holds majority equity and some of the rules and practices governing financial transfers between SOEs and government, including relevant laws and practices related to dividends and third-party lending. However, it did not clarify whether there were any changes in ownership of extractives SOEs or their subsidiaries in 2014 and it remains unclear whether disclosures of loans or loan guarantees are comprehensive. The terms associated with government equity in each company were not disclosed, and the rules and practices governing SOEs’ retained earnings and reinvestment were not described. The MSG does not appear to have discussed the issue of government or SOE lending to companies in the extractive industries with the MEF or the General Directorate of Domains and State Assets to ascertain the total universe of government direct loans, state-owned banks’ loans or third-party loans to SOEs. The International Secretariat understands that SNIM owed a total of MRO 2.077 billion to the government at end-2014, according to the SOE’s financial statements. A comprehensive assessment of state participation in the extractive industries is particularly important for Mauritania given the state’s extensive role in the sector. The MSG should ensure that future EITI Reports clarify the rules and practices governing financial relations between extractives SOEs and the government, the level of and

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**References**


188 http://www.smhpm.mr/etats.html

189 http://www.comeca.mr/
terms associated with state equity participation in the sector as well as a comprehensive overview of loans and guarantees extended by the state or SOEs to extractives companies in the year under review.

*Table 2 - Summary assessment table: Award of contracts and licenses*

<table>
<thead>
<tr>
<th>EITI provisions</th>
<th>Summary of main findings</th>
<th>Validator’s recommendation on compliance with the EITI provisions (to be completed for ‘required’ provisions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal framework (#2.1)</td>
<td>The 2014 EITI Report describes the legal framework and fiscal regime governing the extractive industries, including the lack of fiscal devolution, an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies. However, it appears that a number of reforms undertaken in 2013 and 2014 appear to be missing from the EITI Reports covering those respective years.</td>
<td>Satisfactory progress.</td>
</tr>
<tr>
<td>License allocations (#2.2)</td>
<td>The 2014 EITI Report provides a comprehensive overview of the process followed for allocating two mining licenses awarded through competitive bidding and the general oil and gas license allocation statutory rules. However, it did not describe the process for transferring licenses in the mining, oil and gas sectors, nor the process for awarding the four licenses granted on a first-come-first served basis in 2014. A description of the technical and financial criteria used for direct negotiation of oil and gas PSCs was also missing.</td>
<td>Meaningful progress.</td>
</tr>
<tr>
<td>License registers (#2.3)</td>
<td>The 2014 EITI Report provided the license-holder names and dates of award and expiry for all mining, oil and gas licenses as well as the dates of application, commodity covered and coordinates of some licenses, but not all. Despite ongoing reforms of the mining and petroleum cadastral systems, the EITI Report did not provide commentary on the status of reforms.</td>
<td>Meaningful progress.</td>
</tr>
<tr>
<td><strong>Contract disclosures (#2.4)</strong></td>
<td>The 2014 EITI Report did not document the government’s policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. It provided only partial details of relevant legal provisions and actual disclosure practices, but did not include a commentary on any reforms that are planned or underway. The 2014 EITI Report did not provide an overview of the contracts and licenses that are publicly available.</td>
<td>Inadequate progress.</td>
</tr>
<tr>
<td><strong>Beneficial ownership disclosure (#2.5)</strong></td>
<td>The MSG has considered beneficial ownership disclosure at several MSG meetings and has conducted initial work on disclosure of legal ownership information, but not the government’s policy, in the 2013 and 2014 EITI Reports.</td>
<td></td>
</tr>
<tr>
<td><strong>State-participation (#2.6)</strong></td>
<td>While the 2014 EITI Report listed two extractives companies in which the state holds majority equity and some of the rules and practices governing financial transfers between SOEs and government, including relevant laws and practices related to dividends and third-party lending, it did not clarify whether there were any changes in ownership of extractives SOEs or their subsidiaries in 2014 and it remains unclear whether disclosures of loans or loan guarantees are comprehensive. The terms associated with government equity in each company were not disclosed, and the rules and practices governing SOEs’ retained earnings and reinvestment were not described.</td>
<td>Inadequate progress.</td>
</tr>
</tbody>
</table>

**Validator’s conclusions and recommendations:**

1. The MSG should ensure that future EITI Reports clarify the rules and practices governing financial relations between extractives SOEs and the government, the level of and terms associated with state equity participation in the sector as well as a comprehensive overview of loans and guarantees extended by the state or SOEs to extractives companies in the year under review.

2. The MSG should ensure that future EITI Reports clarify the number of mining, oil and gas licenses and any non-trivial deviations from the allocation procedures for all oil, gas and mining licenses awarded during the year under review. The technical and financial criteria used for assessing bids through direct negotiation should also be described.
3. The MSG should ensure that future EITI Reports provide dates of application, commodity covered and coordinates are provided for all licenses held by material companies, and for all active licenses if possible. The MSG may also wish to consider ways of using its EITI reporting to track progress in implementation of planned cadastral reforms.

4. It is recommended that the government formalises its policy on contract transparency and that the MSG ensure future EITI Reports provide dates of application, commodity covered and coordinates are provided for all licenses held by material companies, and for all active licenses if possible.

5. In preparation for enforcement of Requirement 2.5 of the 2016 EITI Standard, the government is encouraged to clarify government policy on BO disclosure.

6. The MSG may wish to consider ways of using the EITI Report and website to clarify areas that remain ambiguous or time-consuming for investors and describe deviations in the implementation of relevant laws and regulations.

5. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

3.2 Assessment

Overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

The 2014 EITI Report provided an overview of the mining, oil and gas sectors including significant exploration activities. Section 4.1 (p.20) provided a brief overview of mining, primarily an overview of the types of mineral deposits, while Section 4.2.1 (pp.20-21) included an overview of mining deposits, including low-definition maps, types of mining licenses active in 2014 and estimates of iron ore, gold, copper and quartz reserves sourced from MPEM. It was stated that only large-scale industrial mining takes place in Mauritania, implying that there was no informal activity in the mining sector in 2014. For oil and gas, Section 4.3.1 (pp.27-28) provided a brief overview of the history of exploration and production, the main companies active (also described in Section 4.3.5 (p.31)) and a low-definition map of oil and gas blocks. Section 4.2.7 (p.25) provided an overview of the main companies in the mining sector and their key exploration projects. Section 4.3.1 (pp.27-28) included an overview of major exploration activities, with more details provided in Section 4.3.5 (p.31).

The 2013 EITI Report provided an overview of the extractives sectors, including coverage of exploration in mining in Section 4.2.6 (p.25) and in oil and gas in Section 4.3.5 (p.31). However, despite natural gas discoveries announced prior to the April 2015 publication of the 2013 EITI Report, the description of oil and gas exploration remained relatively cursory with no mention of these discoveries.

Stakeholder views

All MSG members consulted considered the 2014 EITI Report’s overview of the mining, oil and gas sectors, including significant exploration activities, to be sufficiently comprehensive, while broader
industry and civil society stakeholders not on the MSG did not express any particular views. Representatives from MPFM noted that the information on the sector and exploration was sourced from their ministry and thus considered it to be accurate and comprehensive. Oil and gas industry representatives noted that there had been a decline in the number of companies operating in Mauritania since the peak in 2006-2008, but highlighted significant natural gas discoveries offshore in the past two years as an impetus for further exploration activity. Mining industry representatives noted on-going exploration and highlighted new mining deposits currently being developed to come into production in coming years.

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. The large discoveries of natural gas offshore Mauritaian and Senegal, which have yielded ambitious plans for a floating LNG export terminal by operator Kosmos Energy, could provide the impetus for the MSG to use EITI reporting as a means of providing a comprehensive overview of ongoing exploration activities. Far more detailed information on production on a monthly basis is available at the MPFM. Such work could be updated online independently of EITI Reports. The MSG is also encouraged to include descriptions of informal extractives activities in future EITI Reports, particularly given the start of artisanal and small-scale mining in 2016. The MSG could further develop EITI Mauritania’s position as a one-stop shop for information on Mauritania’s extractive industries, given that it operates one of the few functional website in Mauritania, according to stakeholders consulted, and provides the most extensive information on the extractive industries in Mauritania.

**Production data (#3.2)**

**Documentation of progress**

The 2014 EITI Report disclosed the volumes and values of production of Mauritania’s key mineral commodities. Sections 2.2 (p.10) and 7.4 (p.64) provided 2014 production volumes and values (in both MRO and USD) for iron ore, copper, gold, silver and crude oil, disaggregated by producing company, based on reporting companies’ disclosures. Section 2.2 (p.11) provided the 2014 production volumes and value (in both MRO and USD) of crude oil production, which came entirely from the sole producing oilfield in Mauritania, Chinguetti, 70km offshore Nouakchott, sourced from company disclosures. The 2.01 million barrels production volume disclosed by companies (SMHPM and the operator Petronas) in Section 2.2 (p.11) was confirmed by the same figure provided by the MAED in Section 4.3.1 (p.28). While Section 5.1.1 (p.44) stated that the MSG decided to include production volumes and values in the scope of reconciliation, the results of this reconciliation of production figures do not appear to be provided in the 2014 EITI Report, including in the company-by-company reconciliations provided in Annex 11 (pp.122-141). The location of production could be determined using the production figures disaggregated by mine and comparing these to the maps of oil and gas blocks in Section 4.3.1 (pp.27-28) and of mining sites in Section 4.2.1 (pp.20-21).

The 2013 EITI Report provided production volumes by commodity in Section 2.2 (p.10 onwards), but did

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190 With natural gas resources estimated in excess of 15 tcf. See slides 9, 10, 11 and 12 of Kosmos Energy (February 2016), Presentation at Credit Suisse annual energy conference.

not provide production values.

**Stakeholder views**

Industry and government stakeholders consulted considered production data disclosed by both government and companies to be reliable, given that customs officers were present at the mining site and at the port to inspect production and export figures. The IA did not have any concerns over the reliability of production figures in the 2014 EITI Report and several development partners noted that they used MPEM production figures as their primary source. Representatives from MPEM highlighted that the ministry published monthly commodity prices for gold\(^\text{192}\), copper\(^\text{193}\), iron ore\(^\text{194}\) and silver\(^\text{195}\) on its website. They also noted that production volumes and values were provided on the MPEM website, disaggregated by mine.\(^\text{196}\) Representatives from civil society did not express any particular comments or concerns over production figures disclosed in the 2014 EITI Report. The IA clarified that companies were required to report production figures but that these were not reconciled with government production figures. Government and industry stakeholders expressed interest at the idea of reconciling production figures through future EITI Reports, although these representatives and the IA confirmed that such a reconciliation had not been included in the scope of the 2014 EITI Report.

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. The 2014 EITI Report disclosed volumes and values of minerals and crude oil produced, disaggregated by commodity, and it was possible to reconstitute the location of production based on maps provided. There may be opportunities to use the EITI to reconcile production figures across relevant government entities and companies to confirm the reliability of Mauritania’s production statistics. Given the volatility of prices for Mauritania’s key mineral commodities in recent years, the MSG may also wish to include more disaggregated information (e.g. by monthly values and prices) on prices of its key commodity outputs as a means of communicating the impact of global price swings on Mauritania’s extractive industries.

**Export data (#3.3)**

**Documentation of progress**

The 2014 EITI Report provided the volumes and values of Mauritania’s mineral and oil exports. Section 2.3 (p.11) provided 2014 export volumes and values (in both MRO and USD) for all of Mauritania’s extractives exports, disaggregated by commodity (iron ore, copper, gold, silver and crude oil). Section 4.5.3 (p.38) provided the value of 2014 exports of iron ore, gold, crude oil and copper in absolute terms and as a share of total exports. Section 7.5.1 (p.65) provided the breakdown of 2014 iron ore export volumes and values (in both MRO and USD) by SNIM, disaggregated by country of destination. The 2014 exports volumes and values (in both MRO and USD) of copper were provided in Section 7.5.2 (p.65), gold in Section 7.5.3 (p.66).


\(^\text{196}\) [http://www.mauripem.com/production.html](http://www.mauripem.com/production.html)
and crude oil in Section 7.5.4 (p.67), disaggregated by company and, for crude oil, by country of destination. These figures were based on reporting companies’ disclosures. While Section 5.1.1 (p.44) stated that the MSG decided to include export volumes and values in the scope of reconciliation, the results of the reconciliation of exports were not provided in the 2014 EITI Report. The average sales prices for crude oil in 2013 and 2014 were provided in Section 7.5.4 (p.66). The 2013 EITI Report provided export data by volumes and value (p.12). It is noteworthy that Mauritania exported more in volumes than it produced in both 2013 and 2014, according to the respective EITI Reports.

Stakeholder views

No MSG member nor the IA expressed any concern over the reliability of export figures and considered the 2014 EITI Report to provide comprehensive information on exports. A customs representative noted there was no commercial sensitivity in disclosing mineral export volumes and values to EITI, nor on a more regular basis through the customs website, and called for discussions with the MSG to explore ways of disclosing this information in a timely and routine manner. The Directorate of Customs’ website does not currently provide any export statistics.197 The IA clarified that companies were required to report export figures but that these were not reconciled with government export figures. Government and industry representatives on the MSG noted that it would be straightforward to reconcile export figures between company and government disclosures, but noted that they would not expect any discrepancy between these figures given strict customs oversight of the export process.

Initial assessment

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. The 2014 EITI Report provides the export volumes and values for all mineral and oil commodities exported. There may be opportunities to use the EITI to reconcile export figures across relevant government entities and companies to confirm the reliability of Mauritania’s export statistics.

Table 3 - Summary assessment table: Monitoring and production

<table>
<thead>
<tr>
<th>EITI provisions</th>
<th>Summary of main findings</th>
<th>International Secretariat’s recommendation on compliance with the EITI provisions (to be completed for ‘required’ provisions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overview of the extractive sector, including exploration activities (#3.1)</td>
<td>The 2014 EITI Report included a detailed description of the extractive industries and of significant exploration activities. There did not appear to be significant informal activities in the extractive industries in 2014.</td>
<td>Satisfactory progress</td>
</tr>
<tr>
<td>Production data (#3.2)</td>
<td>The 2014 EITI Report provided production volumes and values for all of Mauritania’s mineral</td>
<td>Satisfactory progress</td>
</tr>
</tbody>
</table>

## Export data (#3.3)

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>The 2014 EITI Report provided export volumes and values for all of Mauritania’s exported mineral and oil commodities, disaggregated by commodity.</td>
<td></td>
<td>Satisfactory progress</td>
</tr>
</tbody>
</table>

**International Secretariat’s conclusions and recommendations:**

1. The large discoveries of natural gas offshore Mauritania and Senegal, which have yielded ambitious plans for a floating LNG export terminal by operator Kosmos Energy\(^{198}\), could provide the impetus for the MSG to use EITI reporting as a means of providing a comprehensive overview of ongoing exploration activities. Such work could be updated online independently of EITI Reports. The MSG is also encouraged to include descriptions of informal extractives activities in future EITI Reports, particularly given the start of artisanal and small-scale mining in 2016.

2. There may be opportunities to use the EITI to reconcile production figures across relevant government entities and companies to confirm the reliability of Mauritania’s production statistics. Given the volatility of prices for Mauritania’s key mineral commodities in recent years, the MSG may also wish to include more disaggregated information (e.g. by monthly values and prices) on prices of its key commodity outputs as a means of communicating the impact of global price swings on Mauritania’s extractive industries.

3. There may be opportunities to use the EITI to reconcile export figures across relevant government entities and companies to confirm the reliability of Mauritania’s export statistics.

### 4. Revenue collection

#### 4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

#### 4.2 Assessment

**Materiality (#4.1)**

*Definition of materiality:* The materiality threshold for revenue streams and company coverage was initially set in April 2011\(^{199}\), following corrective actions identified in Mauritania’s 2010 Validation under the EITI Rules\(^{200}\), when the MSG agreed definitions stipulating that all extractive companies operating in

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\(^{198}\) With natural gas resources estimated in excess of 15 tcf. See slides 9, 10, 11 and 12 of Kosmos Energy (February 2016), Presentation at Credit Suisse annual energy conference.


\(^{200}\) See EITI (September 2010), Mauritania Validation report (CAC75) - [https://eiti.org/files/Final_Validation_Report_Mauritania_EN.pdf](https://eiti.org/files/Final_Validation_Report_Mauritania_EN.pdf)
Mauritania would be included in the reporting process.\textsuperscript{201}

The 2014 EITI Report described the MSG’s approach to determining the materiality threshold for selection of revenue streams and the threshold for selecting companies, but did not provide a quantitative materiality threshold for the selection of material companies (e.g. as a share of total government revenues from the extractive industries).

The MSG discussed the materiality threshold for revenue streams included in the scope of reconciliation at its 12 October 2015 meeting.\textsuperscript{202} The materiality threshold for the selection of revenue flows included in the IA’s ToR was referred to in Section 5.1 (p.42), namely an effective threshold of zero for all payment flows in the Hydrocarbons Code, the Mining Code, as well as the Industrial and Commercial Profits Tax (BIC) with the exclusion of Wage Tax (Impots sur les Traitements et Salaires, ITS) and Salary Withholding Tax (Retenues a la Source). This threshold was then discussed and revised with the IA, during the scoping phase. Using a reconciliation coverage target of over 99%, the IA worked backwards to determine the appropriate materiality threshold for the selection of revenue streams, settling on a MRO 300 million in aggregate payments as the materiality threshold in the mining sector. For oil and gas, all revenue flows to FNRH were included as well as Profit Oil and Cost Oil flows. For both mining and oil and gas, Wage Tax (Impots sur les Traitements et Salaires, ITS) and Salary Withholding Tax (Retenues a la Source) were excluded from the scope of reconciliation.

Sections 5.1 (p.42) and 5.2.1 (p.47) described the materiality threshold for selection of companies, although the approach was qualitative given that all mining production license-holders and oil and gas PSC-holders were included in the scope of reporting. Section 5.1 (p.42) provided the rationale for these materiality thresholds. The Treasury’s disclosures during the scoping phase were not disaggregated by flow or by company, particularly for revenue streams flowing to FNRH, making it impossible to set a materiality threshold by nature of revenue flow or by company. By setting the materiality threshold for revenue streams at this level, the MSG was able to ensure a specific goal in terms of reconciliation coverage was met, while taking into account “the specificities of each sector.”

\textit{Material revenue flows:} The 2014 EITI Report described the materiality threshold for selecting revenue streams, alongside a list and descriptions of all material revenue streams. Section 2.4 (p.12) stated that the report covered revenues from the oil and mining sectors, excluding quarrying. The materiality threshold of MRO 300 million in aggregate government revenues per stream was applied for selection of material mining revenue streams, but excluding Wage Tax (Import sur les Traitements et Salaires, ITS), as noted in Section 5.1.1 (pp.42-43). For oil and gas, the MSG agreed to include all oil and gas revenue flows collected by FNRH from oil and gas companies, excluding Wage Tax (Import sur les Traitements et Salaires, ITS) and Salary Withholding Tax (Retenues a la source) but including Profit Oil and Cost Oil. Any payment flow of more than USD 10,000 was required to be disclosed as “others” in the reporting templates. Section 5.1.2 (pp.44-47) provided a description of every revenue stream included in the scope of reconciliation. It is evident from the agreed reporting templates provided in Annex 7 (pp.93-107) that all revenue streams listed in Requirement 4.1.b of the EITI Standard were included in the scope of reconciliation.

\textsuperscript{201} See section 2 (pp.2-3) of EITI (6 January 2012), Mauritania: Secretariat Review (draft) - https://eiti.org/files/Mauritania%20Secretariat%20Review%20Draft%2006%2001%2012.doc

\textsuperscript{202} http://itie-mr.org/images/PV%20du%2012%20octobre%202015.pdf
**Material companies:** The 2014 EITI Report provided a qualitative materiality threshold for the selection of material companies, but not a quantitative one. All companies in the oil and gas sector were included in the scope of reconciliation with no materiality threshold according to Sections 2.4 (p.12) and 5.2.2 (p.47). Only those mining companies that were producing or held a production license were included in the scope of reconciliation, according to Sections 2.4 (p.12) and 5.2.1 (p.47). The list of nine material mining companies was provided in Section 5.2.1 (p.47), while 11 material oil and gas companies are listed in Section 5.2.2 (p.47). The list of non-material (mining) companies was provided in Annex 2 (p.86). The profile of material companies was provided in Annex 1 (pp.83-85), including date of creation, type of extractives business, value of stock capital, legal owners’ names, their equity stake and nationality, whether or not the legal owner is publicly listed and stock exchange name where relevant. The legal owners of six of the 20 material companies are not provided.

**Materiality threshold for discrepancies:** The 2014 EITI Report set a materiality threshold for discrepancies at MRO 3 million in Section 3.3 (p.18).

**Company reporting:** The 2014 Report assessed the level of company reporting and the materiality of omissions. An overview of company reporting was provided in Annex 12 (p.142), including whether the company was an exclusive subsidiary of a publicly-listed company, whether their reporting template was certified by an external auditor, whether the audit was in line with international standards, audit opinion/qualification, whether the 2014 financial statements were audited and whether the 2014 financial statements were provided to the IA. Section 2.5 (p.12) stated that two mining companies and one oil and gas company had not reported. An assessment of the materiality of their omissions was included, as a share of total government extractives revenues, disaggregated by company and in aggregate (0.35% of total government extractives revenues). The IA assessed these incidences of non-reporting and concluded that (p.12) “given the low levels of contributions from these companies, the absence of these companies’ reporting should not affect the comprehensiveness or the reliability of the data in the current report.”

However, aggregate unreconciled discrepancies in the 2014 Report appeared to be material. In mining, discrepancies of MRO 1.499 billion post-reconciliation, or 1.59% of total government mining revenues post-reconciliation, were highlighted in Section 2.6 (p.14). In oil and gas, discrepancies of MRO 0.103 billion post-reconciliation, or 0.36% of total government oil and gas revenues post-reconciliation, were highlighted in Section 2.6 (p.15). In total, post-reconciliation discrepancies reached MRO 1.602 billion, or 1.36% of total government extractives revenues. Section 6.2.3 (pp.55-56) provided an explanation and investigation of discrepancies and their resolution. Section 6.2.4 (pp.57-58) provided an overview of unreconciled discrepancies, disaggregated by company in table a) and by revenue stream in table b). The reasons for these discrepancies were categorised in three types: payments not reported by companies but reported by Treasury, revenues not reported by Treasury but reported by companies and non-reporting by three companies. However, the IA did not provide an assessment of the comprehensiveness of the 2014 EITI Report in light of unreconciled discrepancies.

**Government reporting:** The 2014 EITI Report listed all material government entities and provided an assessment of the materiality of omissions in their reporting. Section 5.4 (p.48) listed the three government entities and two SOEs included in the scope of reporting. Section 2.5 (p.13) stated that all government entities reported except for the Directorate of Domains and State Assets (Direction du Patrimoine de l’Etat). However, given that it did not collect revenue flows in 2014 but was required only to disclose the state’s ownership in SOEs, this omission was not material in terms of the financial
reconciliation.

**Full government disclosure:** The 2014 EITI Report provided full government unilateral disclosure, but disaggregated by non-material company and not by revenue stream. Sections 2.4 (p.12) and 5.1 (p.42) confirmed that government was required to provide full unilateral disclosure for material revenue streams from companies that were deemed non-material. Aggregate government unilateral disclosure was provided as a lump sum in Section 7.1.3 (p.62), while Annex 5 (pp.90-91) provided the detail of full government unilateral disclosure of revenues from non-material companies, disaggregated by company but not by revenue stream.

In the 2013 EITI Report, the MSG set the materiality threshold for revenue streams at MRO 100 million for mining, and included all oil and gas revenue streams in the scope of reconciliation (pp.40-41), with the same exception for wage tax (“impôt sur les Traitements et Salaires (ITS)”) and salary withholding tax (“retenus à la source (RAS”) ). The justification for excluding these two taxes was that they were not required to be covered under the EITI Standard. Nonetheless the 2013 EITI Report estimated coverage of government extractive industry revenue as 99.9%. The materiality threshold for selecting companies was set in the same qualitative way as in the 2014 EITI Report, including all production license-holders. Section 2.4 (p.13) listed the ten mining companies holding production licenses and all 11 companies holding oil and gas licenses. This resulted in the selection of 10 mining companies and 11 oil and gas companies, which were listed (pp.44-45). The 2013 EITI Report did not set a specific materiality threshold for discrepancies. A total of 15 of the 21 material companies reported all material payments, although six did not. The materiality of these omissions was assessed in Section 2.5 (p.14).

The 2013 EITI Report listed all five material government entities, including two SOEs (p.45), all of which reported all material revenues. Full government disclosure was provided in Annex 4 (pp. 83-86), albeit disaggregated by non-material company and not by revenue stream.

**Stakeholder views**

All stakeholders on the MSG confirmed that material companies had been selected based on the type of licenses they held rather than a quantitative materiality threshold. The IA and a CSO MSG member explained that the initial unilateral disclosure by government had been insufficiently granular to use a quantitative materiality threshold for selecting revenue streams. Government MSG members and the IA confirmed that the initial unilateral disclosure was sourced from the Treasury and from the FNRH during the scoping phase. Yet the IA recommended that in future the IA be allowed to source information directly from Treasury and FNRH systems rather than rely on their reporting templates, which sometimes led to mis-categorisations initially. All stakeholders, including the Treasury and the IA, confirmed that Mauritania operated under a centralised public financial model, where line departments like customs, tax and ministries acted as invoicing agents, but that payment was directly received by the Treasury. The approach to data collection in the EITI Report, where Treasury reported all revenues aside from those to FNRH, was thus seen as the most appropriate.

The MSG confirmed they were satisfied that including all production license-holders in the scope of

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\[203\] The non-reporting companies for 2013 were Dolphin Geophysical Ltd; Bofal Indo Mining Company Sa (BIMC Sa); Quartz Inc Mauritania; Mauritania Minerals Company Sa (MMC); Temagot Bumgi and Tazadit Under Ground.

\[204\] The materiality of omissions was included as a share of total government extractives revenues: Dolphin Geophysical Ltd (1,2% of government extractives revenues); Bofal Indo Mining Company Sa (0,05%) and Quartz Inc Mauritania (0,002%).
reporting provide sufficiently comprehensive coverage. While there was some confusion amongst certain CSO MSG members, who considered that the materiality for selecting revenue streams set a threshold per individual transaction, most MSG members confirmed that they considered materiality to cover aggregated annual payments per stream. A MPEM representative confirmed that mining companies at the exploration phase made only minimal payments to government. However, a CSO MSG member argued for the inclusion of exploration companies in the scope, noting that there had been a boom in mining exploration licensing in during high commodity prices, but that the government had seen little of these revenues since license-holders were exempted from import tax.

There was broad agreement amongst MSG members over the comprehensiveness of the EITI Report’s coverage of revenue streams. Members confirmed that signature bonuses were only paid in the oil and gas sector, not in mining. However, there was strong disagreement over the merits of excluding Wage Tax (Impots sur les Traitements et Salaires, ITS) and Salary Withholding Tax (Retenues a la Source) from the scope of reporting. Industry and government MSG members were strongly in favour of excluding these revenue streams, arguing that they represented a form of tax paid by the employee and not by companies on the basis of extractives activities. However, CSOs criticised the fact the MSG had excluded these payments, arguing that this under-estimated the economic contribution of extractives companies. Several CSOs also called for the extension of EITI reporting to quarrying activities.

MSG members also highlighted the improvement in company reporting from the 2012 to the 2014 EITI Reports. Stakeholders from industry and civil society noted that the Mining Law required companies to participate in EITI reporting, noting that companies were also required to report quarterly on their tax payments to the Treasury in order to justify their import tax exemptions. A MPEM representative noted that while the Petroleum Code required companies to participate in EITI reporting, it did not cover speculative seismic permits since it predated the first such agreement with Dolphin Geophysical. The MPEM representative explained that Dolphin had thus not considered itself legally bound to report and noted that the company was currently in receivership due to the sharp slump in oil markets.

Representatives from Treasury and the IA confirmed that Treasury data could be extracted both by company and by revenue stream, albeit with the challenges in some cases noted above. Representatives from SOEs, MPEM and civil society explained that full government disclosure had been presented disaggregated by company rather than by revenue stream because the Treasury had faced challenges in compiling consistent company names, given inconsistencies in nomenclatures, and that the Treasury and IA had undertaken significant work to reconstitute a clear picture of companies’ names and associated payments.

Initial assessment

The International Secretariat’s initial assessment is that Mauritania has made meaningful progress towards meeting this requirement. The MSG has agreed with the IA a set of materiality thresholds that ensure sufficiently comprehensive coverage for the 2014 EITI Report. Justification for the two materiality thresholds is provided and all material revenue streams and companies are listed. The materiality of non-reporting, which was small, was assessed and full unilateral government disclosure was provided, albeit disaggregated by company. While a quantitative threshold was not provided for selecting companies, the MSG’s agreed approach provides sufficiently comprehensive coverage of extractives revenues. However, the EITI Report did not include an assessment from the IA regarding the comprehensiveness of the EITI Report nor full unilateral government disclosures disaggregated by revenue stream. The MSG should ensure that future EITI Reports clearly describe its approach to defining materiality and present full
government reporting disaggregated by revenue stream.

In-kind revenues (#4.2)

Documentation of progress

The 2014 EITI Report stated that the government collects revenues in-kind and disclosed the volumes collected and sold by the government as well as the revenue proceeds of the sales. However, it did not clearly state whether SNIM collected any in-kind revenue on behalf of the government, aside from the diagram of revenue flows in Section 4.4.2 (p.35). Section 2.2 (p.11) explained that the government collects revenue in-kind in the oil and gas sector through SMHPM, including 10% of production for SMHPM and 17% for the state in 2014 from the sole producing field in Chinguetti, operated by Petronas. The diagram in Section 4.4.2 (p.36) showed that SMHPM collects in-kind revenue (Profit Oil-State, SMHPM’s Cost Oil and SMHPM’s Profit Oil), but only collected Profit Oil-State on behalf of the state, before remitting the sales proceeds of Profit Oil-State to FNRH. Section 5.1.2 (pp.44-47) provided descriptions of Profit Oil State and Profit Oil/Cost Oil SMHPM.

Section 2.2 (p.11) provided the 333,824 barrels collected as Profit Oil-State and the 209,156 barrels collected as SMHPM’s Profit Oil and Cost Oil in 2014. Sections 2.6 (p.16), 5.1.2 (pp.44-47) and 6.1.2 (p.50) listed reconciliation results of in-kind Profit Oil-State and Cost Oil/Profit Oil-SMHPM revenues, with no discrepancies post-reconciliation. Section 2.1 (p.8) provided the total value of SMHPM’s share of Chinguetti production in 2014 (MRO 5,761 billion). Section 7.1 (p.59) presented the government’s in-kind revenue including volumes and values of Profit Oil-State collected, volumes and values of Profit Oil-State sold, albeit not disaggregated by buyer. Additional details such as product sold, price, marked or sales volumes were not provided nor were sales reconciled with disclosures from the oil buyers, although these aspects are not required. Transfers from SMHPM to FNRH of Profit Oil-State sales proceeds were reconciled in Annex 11 (p.122), without discrepancy.

The 2013 EITI Report similarly described the state’s in-kind revenues from the oil and gas sector (p. 57). Volumes collected by government were disclosed as were volumes sold and sales proceeds. Only an average annual export price was provided for crude (p.63), based on calculations from the table (p.57). Additional details on the sales of in-kind revenues were not provided. Sales of the government’s share of in-kind revenues were not reconciled with buyers.205

Stakeholder views

A representative from SNIM and the IA confirmed that the SOE did not receive any in-kind revenues, including from its subsidiaries. Several SMHPM representatives explained that while each partner in the Chinguetti field was originally expecting to commercialise their own shares of production separately, Chinguetti production had declined faster than planned since 2006. The partners had thus decided to pool their oil sales and contracted a marketing agent on a bi-annual basis through competitive tender, with Vitol currently in the role. The representatives confirmed that all partners in the project were required to sign off on the oil sales, which meant that SMHPM was in charge of the commercialisation of the state’s in-kind oil revenues. They explained that the oil sales price was set on a rolling average of Platt’s Brent quote for the five days following the bill of lading, net of the discount on Brent, costs of letter of credit and freight as well as the marketing commission. They also confirmed that the sales proceed were paid directly by Vitol to the FNRH. A MPEM representative noted that there was only one crude oil cargo sold

205 See transitional arrangements to the 2016 EITI Standard, presented to the 34th EITI Board meeting in Oslo on 1-2 June 2016.
per quarter given the low production volumes at Chinguetti and that the cargo was sold one month ahead of loading from the FPSO. The existence of a pricing committee overseeing the oil sales, composed of representatives from SMHPM, Petronas, MEF, MPEM and the central bank, was confirmed. The SMHPM representatives welcomed the EITI targeted effort on sales of the government’s in-kind revenues and expressed interest in joining the effort, notably by disclosing detailed information on oil sales that SMHPM already had and by exploring ways of reconciling these sales with crude oil buyers. MSG members confirmed that SMHPM had presented this system of crude oil sales to the MSG in 2015.

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress towards meeting this requirement. The MSG has clearly assessed the materiality of the state’s in-kind oil revenues. The 2014 EITI Report confirmed the materiality of in-kind revenue in the oil and gas sector and disclosed volumes collected and sold as well as proceeds of sales. While it did not explicitly state that the state did not collect in-kind revenues in the mining sector, it provided a diagram of revenue flows that did not specify any in-kind revenues. Given SMHPM’s support for disclosing more disaggregated information about Mauritania’s oil sales in future reports, and the existence of timelier monthly reports on oil production and revenues on the Treasury website, the MSG is encouraged to include additional information on the sales process and cargos sold in the period under review. In line with the MSG’s interest in participating in the EITI’s targeted effort on sales of the state’s in-kind revenues, the MSG is also encouraged to consider reconciling oil sales volumes and values with the buyers of Mauritania’s oil. Such efforts would be particularly relevant ahead of planned commercial exports of natural gas located in Mauritanian and Senegalese territorial waters.

**Barter and infrastructure transactions (#4.3)**

**Documentation of progress**

The 2014 EITI Report concluded that there were no active barter or infrastructure agreements in the extractive industries in 2014, based on reporting companies’ disclosures. Section 4.2.10 (p.27) stated that the reporting templates included lines for barter and infrastructure agreements concluded in 2014, but that no material companies reported such agreements. Section 4.2.9 (p.27) of the 2013 EITI Report merely stated that there were no infrastructure and barter agreements concluded in 2013. The basis for such an assessment was not provided and analysis of MSG meeting minutes indicated that no detailed consideration of infrastructure provisions and barter agreements was undertaken by the MSG.

**Stakeholder views**

MSG members from all constituencies confirmed that they had discussed the existence of barters in an MSG meeting but had agreed that they did not exist. They expressed surprise at the lack of evidence of this discussion in meeting minutes. A development partner noted he was not aware of any infrastructure development or barter provisions in any mining contract.

**Initial assessment**

The International Secretariat’s initial assessment is that this requirement was not applicable to Mauritania in 2014. However, the MSG should ensure that adequate records be kept of its discussions on barter and

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infrastructure agreements to ensure that the basis for reporting such agreements be agreed in advance of reporting. The MSG is also encouraged to consider any barter or infrastructure agreements that were active in the year under review, rather than only ones that had been concluded in a specific year.

Transport revenues (#4.4)

Documentation of progress

Section 5.1.1 (p.44) of the 2014 EITI Report stated that the scoping study had not found evidence of any significant revenues from the transport of oil, gas or minerals. However, there was no evidence in meeting minutes of the MSG’s discussion of the existence of transport revenues. The 2013 EITI Report had not included an assessment or reference to the materiality of extractive transport revenues.

Stakeholder views

MSG members confirmed that they had discussed the issue of transport revenues but had agreed they did not exist. Government representatives noted that all infrastructure such as railways and ports were required to be open to third-party access subject to negotiations with the relevant parties. All stakeholders consulted confirmed that the Zouerat-Nouadhibou railway and the Nouadhibou mineral port were the SNIM’s property, but that there was no current third-party use of these facilities. The SNIM representative consulted confirmed that the amortisation of SNIM’s infrastructure was included in their audited financial statements. Representatives from SNIM and government confirmed that the SOE would allow third-party use of its transport infrastructure but that there was no regulatory framework yet established for such third-party access since negotiations for third-party use of the railway had never been concluded. The SNIM representative referred to negotiations on a USD 1 billion agreement for the use of SNIM’s infrastructure with Glencore that had reached an advanced stage in 2014, before noted that Glencore had retracted from the deal in the final stages due to the downturn in commodity markets. A development partner stated that the railway and port were currently closed to third-party access pending the conclusion of any bilateral negotiations for their third-party use.

Initial assessment

The International Secretariat’s initial assessment is that this requirement was not applicable to Mauritania in 2014.

Transactions between SOEs and government (#4.5)

Documentation of progress

The 2014 EITI Report disclosed and reconciled the revenues collected by SOEs on behalf of the government. The government collected revenue in-kind in the oil and gas sector through SMHPM, including 10% of production for SMHPM and 17% for the state in 2014, according to Section 2.2 (p.11). The diagram in Section 4.4.2 (p.36) showed that SMHPM collected in-kind revenue (Profit Oil-State, SMHPM’s Cost Oil and SMHPM’s Profit Oil), but only collected Profit Oil-State on behalf of the state, remitting the proceeds of these sales to FNRH. Sections 2.6 (p.16), 5.1.2 (pp.44-47) and 6.1.2 (p.50) provided the reconciliation of in-kind Profit Oil-State and Cost Oil/Profit Oil-SMHPM revenues between companies’ and government’s disclosures, highlighting the lack of discrepancies post-reconciliation. The transfers from SMHPM to the FNRH of proceeds of the sale of Profit Oil-State were reconciled, with the results provided in Annex 11 (p.122), revealing no discrepancies. Annex 11 (p.122) noted that SMHPM did not pay Industrial and Commercial Profits Tax (BIC) to the state in 2014. The payments from SNIM to the Treasury were also disclosed and reconciled. The pie chart in Section 2.1
Validation of Mauritania: Report on initial data collection and stakeholder consultation

(p.7) revealed that all payments by SNIM were recorded in the national budget and that SNIM did not collect revenues on behalf of the state. Section 2.1 (p.8) noted that dividends from SNIM to the state totalled MRO 24,932 billion in 2014, the largest single revenue stream at 21.1% of total government extractives revenues. Annex 12 (p.138) provided the detail of reconciliation of SNIM payments to government, including surface royalties (Redevances superficiaires), annual unique royalty (Redevance annuelle unique), capital gains tax (Impôt sur le revenu des capitaux mobiliers), land tax (Impôt sur le revenu foncier), minimum tax (Impôt minimum forfaitaire), VAT on imported goods (TVA-EXT), penalties (Penalités), dividends from state equity (Dividendes issues de la participation de l’Etat), budget contributions (Contributions au budget), which were new in 2014, and a total of MRO 347.4 million in reconciled other significant payment flows. Total unreconciled discrepancies in SNIM’s payments to government were MRO 2.038 billion. The 2014 EITI Report does not disclose or refer to any other transfers from SOEs to government or vice-versa.

The 2013 Report provided a similar level of disclosure both of SMHPM’s transfers to government and both SMHPM and SNIM’s payments to government.

Stakeholder views

Representatives from MPEM, SNIM and the IA confirmed that SNIM did not collect any revenues from mining companies on behalf of the state. MSG members confirmed that statutory transfers between SOEs and the government had been comprehensively disclosed and reconciled in the 2014 EITI Report. Stakeholders consulted did not identify any additional ad-hoc transfers between SOEs and the government in 2014. A development partner expressed some scepticism about the reliability of SNIM’s disclosures in the absence of publicly-available audited financial statements from SNIM during the preparations for the 2014 EITI Report.

Initial assessment

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. The 2014 EITI Report described the role of SOEs operating in Mauritania and comprehensively disclosed and reconciled statutory financial transfers between SOEs and the government. While the 2014 EITI Report did not refer to any ad-hoc transfers from SOEs to the government in 2014, we understand that there were no such ad-hoc transfers in 2014. The MSG is encouraged to ensure that future EITI Reports explicitly consider the existence of ad-hoc transfers from SOEs to government, disclosing and reconciling such transfers should the MSG assess these as material.

Subnational direct payments (#4.6)

Documentation of progress

The 2014 EITI Report referred to three direct subnational payment streams but did not appear to disclose these. Section 5.1.1 (p.43) stated that “almost all” extractives revenues were collected by the single Treasury account and listed three revenue streams that it categorised as “direct subnational payments”: built and unbuilt property levy (contribution sur le foncier bâti et non bâti), the “patente” (la patente) and synthetic tax (l’impôt synthétique). Noting that these were considered “non-significant” in the case of Mauritania, material companies were required to unilaterally disclose these three types of payments in the 2014 EITI Report, entailing that these were not reconciled. However, there is no evidence in the 2014 EITI Report of reporting companies’ disclosures of these three payments flows.

The 2013 EITI Report unilaterally disclosed what it categorised as one type of “direct subnational payment”, in the form of the communal tax (“taxe communale”) in Annex 11 (p.135). The companies
paying communal tax in 2013 were MCM, SNIM and Tasiast Mauritanie Ltd SA. These disclosures were not reconciled and no description of status, procedures or underlying regulations was provided.

**Stakeholder views**

All stakeholders on the MSG and the IA confirmed that there were no statutory direct subnational payments in Mauritania given that public financial management was based on the principle of a single Treasury account. This meant that the three types of payments earmarked for subnational governments (communes) were paid directly to the Treasury and recorded in the national budget, with the central government then executing projects benefiting these communes. Industry stakeholders confirmed that they made all payments to the Treasury or FNRH in the case of oil and gas companies. Mining industry representatives explained that they had made payments directly to communes up until 2008, when the law changed and required all payments to be made to Treasury.

**Initial assessment**

The International Secretariat’s initial assessment is that this requirement was not applicable to Mauritania in 2014. While the 2014 EITI Report categorised three types of payments as direct subnational payments, we understand that these payments were made directly to the central government and were earmarked for expenditure in specific communes.

**Level of disaggregation (#4.7)**

**Documentation of progress**

The 2014 EITI Report presented data disaggregated by company, revenue flow and receiving government entity. However full unilateral government disclosure in Annex 5 (pp.90-91) was only disaggregated by company, not by revenue flow. Section 3.5 (p.18) confirmed that data in the 2014 EITI Report was disaggregated by company, revenue stream and government entity. Section 6.2.1 (p.52) presented the results of reconciliation disaggregated by company, while Section 6.2.2 (pp.53-54) presented data disaggregated by revenue stream and collecting government entity. The details of reconciliation reports per company were provided in Annex 11 (pp.122-141), disaggregated by revenue flow but not by receiving government entity. Data in the 2014 EITI Report was not presented disaggregated by project. The 2013 EITI Report provided the same level of disaggregation as the 2014 EITI Report.

**Stakeholder views**

All stakeholders on the MSG expressed satisfaction at the level of disaggregation in the 2013 and 2014 EITI Reports. Representatives from Treasury explained that payments of taxes and levies were not disaggregated by project and noted that reporting on a project-basis would require significant additional work (and reforms to Treasury systems) to disaggregate payments by project. Members of the MSG noted that the possibility of project-level reporting had not yet been considered.

**Assessment**

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. While the 2014 EITI Report did not present the government’s full unilateral disclosure disaggregated by revenue streams, all reconciled financial data was presented disaggregated by company, revenue stream and receiving government entity. The MSG is encouraged to consider the feasibility of project-level reporting in producing future EITI Reports.
Data timeliness (#4.8)

Documentation of progress

Since its temporary suspension on 26 February 2013 due to delays in producing the 2010 EITI Report by the 31 December 2012 deadline, Mauritania has produced EITI Reports with reconciled data that is less than two years old. The 2010 and 2011 EITI Reports were published in June 2013 and Mauritania’s suspension was lifted by the EITI Board on 27 June 2013. The 2012 EITI Report was published in December 2014, the 2013 EITI Report in April 2015 and the 2014 EITI Report in May 2016. All data in the 2014 EITI Report, including non-financial information, related to 2014 or a more recent year.

Stakeholder views

All MSG members highlighted that Mauritania’s EITI reporting had become more timely since 2014, with the production of three EITI Reports covering 2012-2014 in roughly one year and a half. Stakeholders from all three constituencies noted the dynamism of the current national coordinators and attributed progress in EITI reporting to leadership of the national secretariat. Secretariat staff highlighted the importance of the government’s announcement that it would cover the costs of future EITI Reports and noted this removed a key financial barrier to timely EITI reporting. Government representatives and parliamentarians consulted called for even more timely publication of EITI Reports to support their relevance for policy-making, for instance in budget deliberations. A Treasury representative highlighted the importance of its current work supported by GIZ to establish systems to automate EITI data collection within government systems, as a means of streamlining EITI reporting and further improving the timeliness of EITI Reports.

Initial assessment

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. Mauritania published its 2011, 2012, 2013 and 2014 EITI Reports within two years of the start of the fiscal year under review. The MSG is encouraged to explore means of integrating disclosures of information required under the EITI Standard in normal government and company systems, as a means of supporting even more timely EITI reporting.

Data quality (#4.9)

The EITI Standard states that “the multi-stakeholder group and the Independent Administrator are required to agree a Terms of Reference for the EITI Report based on the standard Terms of Reference and the ‘agreed upon procedure for EITI Reports’ endorsed by the EITI Board.” The assessment below addresses the requirements outlined in requirement 4.9, and adherence to the key features of the agreed upon procedure for EITI Reports.

Documentation of progress

Appointment of the IA: Procurement of the IA follows provisions of the Public Procurement Code, whereby the MSG is not involved in the procurement of the IA. According to secretariat staff, the MSG agrees the ToR for the IA, followed by the publication of a call for expressions of interest by the Public Procurement Commission (Sovereignty Section) (Commission de Passation de Marchés Publics Section Souveraineté), which then undertakes evaluation and selection of initial bidders, calls for technical proposals, forms an internal bid evaluation committee that ranks bids and opens financial proposals before finalising selection of the successful bidder. The Commission of Control of the Public Procurement Commission verifies that proper procurement procedures were followed (either those set by the donor or according to Mauritanian law depending on the source of funding). While there is no record from MSG
meeting minutes of these discussions, secretariat staff explained that the decision to proceed with repeat procurement of the IA for the 2014 EITI Report was based on a provision of Decree 2012-084 modifying the Law on Public Procurement (Loi de Passation de Marchés Publics)\(^{207}\) allowing for repeat procurement. The MSG does not review the selection of the successful bidder prior to conclusion of the IA’s contract, signed by the MSG Chair who is empowered by the Public Procurement Commission following its selection of the successful bidder.

On 9 September 2015, the MSG Chair appointed Moore Stephens as the Independent Administrator for Mauritania’s 2014 EITI Report.\(^{208}\) The appointment followed the MSG’s decision to proceed with a repeat single-source procurement of the IA for the 2012 and 2013 EITI Reports in May 2015, according to secretariat staff. On 18 May 2015 the MSG Chair requested financial support for its 2014 EITI Report from the World Bank’s MDTF. The Public Procurement Commission provided its no objection on the repeat procurement of the IA in July 2015, while the World Bank provided its no objection on 28 July 2015. The Public Procurement Commission granted authority to the MSG Chair to sign the contract with the IA in late August 2015.

On 20 October 2014, the MSG Chair appointed Moore Stephens as the IA for Mauritania’s 2012 and 2013 EITI Reports.\(^{209}\) The appointment followed the Public Procurement Commission’s publication of a call for expression of interest on 22 May 2014, the opening of technical proposals from selected bidders on 7 August 2014, its evaluation of technical proposals by 14 August 2014 and the opening of the top-ranked bidder’s financial proposal one week later. Following no objection to the selected bidder by GiZ, which funded the two EITI Reports, the Public Procurement Commission notified Moore Stephens of its selection as the IA on 20 August 2014.

The TOR for the IA for the 2014 EITI Report was agreed by the MSG on 11 June 2015, although there are no minutes available for this meeting online and the ToR for the IA was not published online.

**ToR for the IA:** The ToR for the IA agreed by the MSG for the purpose of the 2014 EITI Report is based on the Standard ToR agreed by the EITI Board, but there are some deviations. The major deviation is that the companies and revenue flows included in the scope of reconciliation in Annex 1 of the agreed ToR are not clearly defined, with only the number of companies and flows referred to.

**Agreement on reporting templates:** There is no evidence from meeting minutes of the MSG’s discussion of reporting templates. However at its 12 October 2015 meeting\(^{210}\) the MSG discussed at length and agreed to omit salary tax (ITS) from the scope of reconciliation before approving the 2014 inception report, which included the IA’s proposals for reporting templates. Secretariat staff explained that while a workshop had been convened between the IA and reporting companies and government entities in 2014 to agree the reporting templates for the 2012-2013 EITI Reports, the MSG had agreed the same reporting templates for the 2014 EITI Report.

**Audit procedures review:** The International Secretariat’s January 2012 Review of Mauritania referred to a technical note dated 23 May 2011 from the President of the Court of Accounts (Cours des Comptes),


\(^{208}\) The contract value for the IA for the 2014 EITI Report was €45,375.

\(^{209}\) The contract value for the IA for the 2012 and 2013 EITI Reports was €67,200.

\(^{210}\) [http://itie-mr.org/images/PV%20du%201%20octobre%202015.pdf](http://itie-mr.org/images/PV%20du%201%20octobre%202015.pdf)
stipulating its commitment to include a specific audit of extractives revenues in its annual work programme and that it would propose legislation to extend its mandate accordingly. Minutes of the MSG’s 11 April 2011 meeting indicated the MSG’s agreement on actions to ensure that government accounts be audited to international standards, ensuring the reliability of EITI disclosures. However the 2012, 2013 and 2014 EITI Reports all noted that the Court of Counts (Cour des Comptes) had fallen behind on its auditing of government entities (both agencies and SOEs) and had yet to establish specific guidelines for extractives revenues.

The 2014 EITI Report provided a summary of its review of statutory audit procedures for both extractives companies and government entities, although the review of actual practices only covered government agencies, not companies or SOEs. The statutory rules for company auditing were described in Section 4.6.1 (p.39), but the actual company practices were not. The statutory auditing rules for government entities were described in Section 4.6.2 (pp.39-40), including the role of both the CdC and the IGF. It was noted that the last audit report available on the Court of Accounts (Cour des Comptes) website dated from 2006. The statutory auditing rules for FNRH were described in Section 4.6.4 (p.40) and the “total absence” of FNRH audit reports was noted. Section 4.4.3 (p.37) further clarified that the Court of Counts (Cours des Comptes) “controlled” the management of FNRH annually, with its reports annexed to the government’s general statement of conformity. While the FNRH should have been audited annually by an independent international auditor, it was noted that no such audits had been undertaken since 2007, although the audit of the FNRH’s accounts from “the past years” was noted as ongoing and expected to be finalised “soon”. Section 4.6.3 (p.40) described the statutory auditing rules for SOEs, although SOEs’ actual auditing practices were not described. Section 4.4.2 (p.36) clarified that SMHPM published certified financial statement annually, certified by two external auditors, but noted that these are not available online.

**Audited financial statement:** The 2014 EITI Report provided an overview of those companies whose 2014 financial statements were audited to international standards, albeit only for companies that reported this information. Annex 12 (p.142) provided an overview of company financial statement audits in 2014: of the 20 material companies, 17 had audited 2014 financial statements although only ten of these were audited to international standards while four companies did not disclose whether their 2014 financial statements were audited. However only one of the 17 companies that had audited 2014 financial statements actually provided a copy to the IA. Section 4.6.2 (pp.39-40) noted that the last audit report available on the Court of Accounts (Cour des Comptes) website dated from 2006, implying that no Court of Account audit of government entities has taken place since. Recommendation 3.12 (p.75) highlighted the lack of publicly-available audited financial statements by SMHPM and SNIM since 2009.

**Public accessibility of audits:** The 2014 EITI Report did not provide advice to readers on how to access

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211 See section 2 (p.3) of EITI (6 January 2012), Mauritania: Secretariat Review (draft) - https://eiti.org/files/Mauritania%20Secretariat%20Review%20Draft%2006%2001%2012.doc

212 See section 3 (p.6) of EITI (6 January 2012), Mauritania: Secretariat Review (draft) - https://eiti.org/files/Mauritania%20Secretariat%20Review%20Draft%2006%2001%2012.doc


Validation of Mauritania: Report on initial data collection and stakeholder consultation

audited financial statements of reporting entities, other than noting that SMHPM’s annual statements were not available online in Section 4.4.2 (p.36) and that SNIM had not published audited financial statements since 2009 in Recommendation 3.12 (p.75).

Assurance procedures: The 2014 EITI Report described the methodology adopted for the reconciliation of company payments and government revenues, but only demonstrated the application of international professional standards for company reporting. The quality assurance procedures for EITI reporting were described in Section 3.4 (p.18). Companies were required to submit a company representative’s signature, the disaggregated detail of payments, a copy of their audited 2014 financial statements and certification from their external auditor alongside their reporting templates. Companies that were subsidiaries of publicly-listed groups were exempted from providing certification of EITI Reporting templates from their external auditors on the basis of “the disclosure requirements for listed companies” and the fact that “their accounts are published and certified in the context of the accounts of the listed mother company”. At its 7 January 2016 meeting, after data collection had already been concluded, the MSG decided on this two-tier approach to quality assurance procedures for companies, although the decision was based on the understanding that copies of their audited 2014 financial statements would be provided “or a link provided to download them.” For government entities, quality assurance procedures consisted of a signature from a representative of the entity, supported by the disaggregated detail of receipts and certification of the government’s EITI disclosures by the IGF for the first time in Mauritania’s EITI reporting. Created in 1983 by decree, the IGF is under the authority of the Minister of Finance and therefore not statutorily independent from the executive branch of government. The procedures followed by the IGF in its certification of government disclosures was not described in the 2014 EITI Report and no link (or guidance) was provided to the IGF’s agreed upon procedures or the certification provided by IGF.

The detail of the quality assurance certification required from all reporting entities was included in the reporting templates in Annex 7 (p.96). A representative from each reporting entity was required to certify that:

- the EITI reporting was comprehensive and in line with the entity’s financial statements;
- all payments/revenues were supported with authentic receipts and probing evidence;
- the EITI reporting was cash based (i.e. no settlements before or after 2014);
- the classification of revenues was correct;
- that the 2014 financial statements were audited to international standards with no reservation.

Comprehensiveness and reliability: The IA provided an assessment of the comprehensiveness and reliability of the data in the 2014 EITI Report as well as an informative summary of the work it performed. The general overview of the IA’s work was included in Section 1.3 (p.6), including reference to Standard 4400 of the International Standard on Related Services (ISRS) and the Code of Ethics of the International

Ethics Standards Board for Accountants. Section 3 (pp.17-18) provided a more detailed description of the IA’s work. Section 2.5 (p.13) included the IA’s assessment of the comprehensiveness of the 2014 EITI Report: “Given the elements stated above, and under reserve of the impact of limitations noted above, we can reasonably conclude that this report covers in a satisfactory manner all significant revenues from Mauritania’s extractive industries in 2014”. Section 1.3 (p.6) clarified that the 2014 EITI Report consisted neither of an audit nor of a limited assessment, but that reconciled data was either based on audited financial statements or data certified by reporting entities. In assessing the materiality of three companies’ non-reporting in Section 2.5 (p.12), the IA noted that: “Given these companies’ non-significant contributions, the lack of reporting should not affect the comprehensiveness and reliability of the data presented in this report.”

**Reconciliation coverage:** The 2014 EITI Report provided the coverage of reconciliation. It is possible to calculate the actual reconciliation coverage in light of three material companies’ non-reporting, although this ratio was not explicitly provided in the 2014 EITI Report. The materiality threshold agreed by the MSG for the 2014 Report provided a reconciliation coverage of 99.03% of government unilaterally-reported mining revenues (excluding social payments) and 99.06% of government unilaterally-reported oil and gas revenue (excluding SMHPM’s in-kind revenues of Profit Oil-SMHPM and Cost Oil, social and environmental payments), according to Section 2.6 (p.14). However, given the exclusion of oil and gas companies’ salary tax (ITS) and revenues from oil and gas contractors, Section 7.3.1 (p.63) stated that the materiality threshold provided a reconciliation coverage of 95% of revenues collected by FNRH in 2014. The three non-reporting material companies accounted for 0.35% of total government disclosures of revenues from material companies, according to Section 2.5 (p.12).

**Compliance and gaps:** The 2014 EITI Report provided an overview of non-compliance with agreed quality assurance procedures by companies and assessed the materiality of these gaps as a share of government extractives revenue. An overview of company compliance with agreed quality assurance procedures was provided in Section 2.5 (p.13) and Annex 12 (p.142). In total, one of the 17 reporting companies217 did not provide the requested certification from a company official. Only ten of the 17 reporting companies provided certification from their external auditors, although the ten complying companies accounted for 90.8% of total government extractives revenues. Of the seven companies that did not provide certification from their external auditor, five were wholly-owned subsidiaries of publicly listed companies and thus were not required to submit certification from their external auditors. However, Annex 12 reveals that one of the six wholly-owned subsidiaries of listed companies (Tasiast, a subsidiary of Toronto-listed Kinross Gold Corp.) provided a certification letter from an external auditor. Thus, only two of the 17 reporting companies did not provide the requested quality assurances, which together accounted for only 0.91% of total government extractives revenues according to Section 2.5 (p.13). Section 3.5 (p.18) confirmed that all reporting entities reported payments disaggregated by payment date.

Section 2.5 (p.13) of the 2014 Report also confirmed that government reporting followed agreed quality assurance procedures, given that reporting by the Treasury (DGTCP), which covered both revenues received by the Treasury and those flowing to the FNRH, were certified by the Inspector-General of Finance (IGF). Treasury’s disclosures were also disaggregated by payment date, as noted in Section 3.5 (p.18). However, the 2014 EITI Report does not describe nor provide a link to the agreed-upon procedures undertaken by IGF nor the full findings of its review of government EITI disclosures.

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217 Tazadit Underground Mine
Validation of Mauritania: Report on initial data collection and stakeholder consultation

Sourcing and authorship: The non-financial information in the 2014 EITI Report appeared consistently sourced. The EITI Report did not appear to include comments from stakeholders other than the IA and Sections 1.3 (p.6) and 3 (pp.17-18) confirmed the IA’s full authorship of the Report.

Previous EITI recommendations: Section 8.3 (pp.68-81) included commentary on progress in following up on recommendations from past EITI Reports (form 2012 and 2013). Of the 23 past EITI recommendations, seven recommendations had been fully followed up and implemented, eight recommendations were in progress of being followed up on and eight recommendations had not been followed up.

EITI recommendations: Sections 2.7 (p.16) and 8 (p.67) included only two new recommendations:

- Encouraging compliance by material companies with data quality assurance procedures by including certification of EITI reporting in their normal auditing processes.

- Considering updating the mining policy (last updated in 1997), integrating Mauritania’s engagements in transparency, accountability and the sustainable development of its mineral resources.

The 2013 EITI Report relied on certification of government disclosures by the Court of Accounts (Cour des Comptes) and management representation as well as external auditors’ certification for company disclosures, as described in Section 3.4 (p.21). In Section 2.5 (p.15) the IA noted that despite gaps in quality assurance and reporting by some companies and government entities, “we can reasonably conclude that this report covers in a satisfactory manner all significant revenues from Mauritania’s extractive industries for 2013.” In the IA’s recommendations in Section 8 (on pp.64-65) however, the IA stated that the lack of audit of government entities or FNRH accounts meant it could not attest to the validity of data. The MSG’s materiality threshold for revenue streams of MRO 100 million for mining and 0 for oil and gas streams (pp.40-41) provided coverage of 99.9% of 2013 government extractive industry revenue. The actual reconciliation coverage in light of material companies’ non-reporting was not provided. Of the 15 reporting companies in the 2013 Report, one company (SIPEX/Sonatrach) did not include a certification from a company representative according to Section 2.5 (p.15), although the materiality of this omission was not assessed. Of the ten reporting companies that were expected to provide certification from their external auditors (those that were not subsidiaries of listed companies), only one company (Petronas) did not provide this external assurance. The materiality of this omission by Petronas was assessed, given that the company’s payments accounted for 2.2% of total government extractives revenue in 2013. Finally, none of the Treasury’s disclosures were certified by the Court of Accounts (Cour des Comptes). While the materiality of this omission was not assessed, the Treasury’s disclosures covered both Treasury and FNRH revenue, meaning they accounted for 100% of reconciled revenue flows. Section 4.6.1 (p.38) provided reviews of statutory audit requirements for companies, for government entities in Section 4.6.2 (p.39) and for SOEs in Section 4.6.3 (p.39), although the actual practices were not described. The 2013 Report did not provide any further clarity on the issue of actual auditing practices for SOEs’ 2013 financial statements, nor any further advice of the public accessibility of reporting entities’ audited financial statements. Section 8 (pp.67-75) provided commentary on progress in following up on the 16 recommendations from the 2012 Report. However, given the short timeframe between publication of the 2012 and 2013 Reports (four months), only two of the 16 recommendations had been follow up and implemented. The 2013 Report provided a list of seven recommendations in Section 8 (pp.64-66), although virtually all of the recommendations focused on strengthening EITI reporting rather than broader recommendations for reforms, with the notable exception of the recommendation to update the mining cadastre.

Stakeholder views
Secretariat staff and industry MSG members consulted noted that there had been a robust discussion of the ToR for the 2014 IA and that they considered that the ToR provided the scope of the EITI Report. Thus they did not consider that the MSG was required to have a discussion of the reporting templates proposed by the IA, aside from the lengthy discussion related to the exclusion of salary tax (ITS) from the scope of reconciliation when the MSG discussed the 2014 inception report. They confirmed that there had been a workshop with reporting entities and the IA in 2014 to agree reporting templates for the 2012-2013 EITI Reports and that this ensured adequate oversight of the reporting templates by the MSG. They had not discussed the reporting templates for 2014 separately from approving the inception report in September 2015. CSO MSG members consulted did not express any particular views on the reporting templates proposed by the IA, aside from noting their displeasure at the fact that salary tax (ITS) had been excluded from the scope of reconciliation.

Secretariat staff described the regular government procurement process they followed in procuring the IA, executed by the Public Procurement Commission. Staff confirmed that the MSG did not in effect have final approval over the selection of the IA, beyond the National Coordinator signing the contract with the IA, on instructions from the Public Procurement Commission. CSOs involved in drafting the ToR expressed contentment at this normal government competitive procurement process and considered the MSG had adequate oversight. MSG members consulted noted that they had never used a local firm as an IA, noting that even for companies like SNIM there was a requirement to be audited by a firm of international renown.

The CDC released its 2005 budget auditing report in 2007 and its 2006 report in 2010. Representatives from the Court of Counts provided hard copies of the 2007-2009 statutory national audit for consultation only. They confirmed that the Court of Counts typically published reports covering three years and that these included audits of the FNRH.

The US Department of State’s 2015 Investment Climate Statement highlighted the inconsistent implementation of new accounting regulations introduced in 2011 for non-governmental and private entities, which now had to have reputable financial management, submit periodic reports of financial transactions and maintain a local bank account (number and address). " Both the Inspectorate General of the State and the IGF respond to specific requests and their mandate extends to SOEs, according to World Bank research."

An IGF representative explained that the IGF was only called upon to certify government’s EITI disclosures right before the deadline for data collection and thus was only able to perform spot checks on certain government EITI disclosures. Over the course of a month of work, the IGF had followed statutory rules on internal audit set out in Mauritania’s Decree 89-012 and had not found any significant anomaly in the government disclosures. The representative confirmed that there was no specific manual of procedures

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220 See p.12, US Department of State (June 2015), Mauritania Investment Climate Statement.

221 See section 7.108 (p.44) of World Bank (June 2013), ‘Governance of State Owned Enterprises and Public Agencies in the Islamic Republic of Mauritania’ - [http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/09/29/090224b0831115e8/1_0/Rendered/PDF/Govern ance0of00ublic0of0Mauritania.pdf](http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/09/29/090224b0831115e8/1_0/Rendered/PDF/Governance0of00ublic0of0Mauritania.pdf)
followed for this EITI certification and that the IGF simply followed general internal audit rules. It had communicated its findings to the Minister of Economy and Finance in a private letter but had not informed the MSG directly, nor had it consulted with the IA or MSG prior to commencing its certification work. The representative highlighted that the IGF had not identified any inconsistencies between the Treasury’s EITI disclosures and statutory regulations and laws governing the sector. MSG members confirmed that the IGF had not presented their findings on government EITI disclosures to the MSG and that they had not seen a copy of the IGF’s report. However, several CSO MSG members considered the approach to quality assurance procedures involving the IGF in the 2014 EITI Report was a net improvement on previous EITI reporting, as it provided a stronger level of assurance for government data than in the past. The IA noted that the IGF had completed its certification of government disclosures prior to reconciliation, but did not express any concerns over significant changes during the reconciliation process that would cast doubt on the validity of the IGF’s certification.

Industry stakeholders all considered that the current quality assurance procedures were satisfactory, with most oil and gas companies sending their reporting templates to be signed by management and mining companies seeking a certification letter from their external auditors on an annual basis. Foreign oil company representatives considered that the quality assurance procedures for wholly-owned subsidiaries of listed companies (exempt from seeking a letter from an external auditor) had been set three years (for the 2012-2013 EITI Report) and had not considered the need to revisit them until January 2016. One company representative noted that while the Petroleum Code required companies to participate in EITI reporting, but that it did not specify the level of quality assurance of the data. While Tasiast was a fully-owned subsidiary of Kinross, industry MSG members clarified that certification from an external auditor was made voluntary for wholly-owned subsidiaries of listed companies. A CSO MSG member explained that three oil and gas companies in Mauritania operated as branches, not fully-fledged subsidiaries, and thus did not employ any accountants locally nor produced any audited financial statements for their Mauritania operations specifically. The CSO member noted that it was not possible to reconcile cash-based EITI reporting with accrual-based audited financial statements and that this was why many subsidiaries of listed companies had not provided copies of their audited financial statements to the IA for review. MSG members did not express any particular comment on Tazadit Underground’s non-compliance with the required quality assurance procedures for the 2014 EITI Report.

Overall, MSG members expressed satisfaction at the reliability of data in the 2014 EITI Report. A CSO MSG member considered Treasury data to be reliable given the centralisation of all non-oil and gas revenues through the single Treasury account. Several oil and gas industry representatives noted that the recent introduction of receipts for oil and gas payments would improve the traceability of oil and gas revenues.

Initial assessment

The International Secretariat’s initial assessment is that Mauritania has made meaningful progress towards meeting this requirement. The MSG adopted a ToR for the IA in line with the standard ToR approved by the EITI Board. Although it did not have final approval over the selection of the IA, MSG members considered that they had adequate oversight of the selection process. Despite the lack of evidence in meeting minutes, the MSG considers it approved the reporting templates for the 2014 EITI Report. The 2014 EITI Report described statutory audit procedures for companies and government as well as deviations in practice from these procedures on the part of government. It described the quality assurance procedures for reporting entities, assessed the materiality of non-compliance by companies, provided the coverage of reconciliation and included the IA’s overall assessment of the reliability of the
2014 EITI Report. It also reviewed progress in following up on past EITI recommendations and formulated two new recommendations. However, the MSG and IA do not appear to have undertaken a review of actual auditing practice by companies in 2014 prior to agreeing quality assurance procedures. The 2014 EITI Report did not describe the agreed procedures for the IGF’s certification of government disclosures, nor reference to where this information was publicly-accessible, and did not provide the IA’s assessment of any non-compliance by government entities with the quality assurance procedures. The MSG should undertake a review of actual auditing practice ahead of agreeing quality assurance procedures for future EITI Reports. It should also ensure that future EITI Reports clearly describe the approach to quality assurance of government disclosures and assess the materiality of any non-compliance or deviations from the agreed-upon procedures.

Table 4 - Summary assessment table: Revenue collection

<table>
<thead>
<tr>
<th>EITI provisions</th>
<th>Summary of main findings</th>
<th>International Secretariat’s recommendation on compliance with the EITI provisions (to be completed for ‘required’ provisions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comprehensiveness (#4.1)</td>
<td>The MSG agreed a set of materiality thresholds that ensure sufficiently comprehensive coverage for the 2014 EITI Report and provided justification for the two materiality thresholds as well as listings of all material revenue streams and companies. The materiality of non-reporting was assessed and full unilateral government disclosure was provided, albeit disaggregated by company. While a quantitative threshold was not provided for selecting companies, the MSG’s agreed approach provided sufficiently comprehensive coverage of extractives revenues. However, the EITI Report did not include the IA’s clear statement regarding the comprehensiveness of the EITI Report nor full unilateral government disclosures disaggregated by revenue stream.</td>
<td>Meaningful progress</td>
</tr>
<tr>
<td>In-kind revenues (#4.2)</td>
<td>The 2014 EITI Report confirmed the materiality of in-kind revenue in the oil and gas sector and disclosed volumes collected and</td>
<td>Satisfactory progress</td>
</tr>
<tr>
<td>Validation of Mauritania: Report on initial data collection and stakeholder consultation</td>
<td></td>
<td></td>
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<tr>
<td>-----------------------------------------------</td>
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<tr>
<td><strong>Barter and infrastructure transactions (#4.3)</strong></td>
<td>The MSG has considered the existence of barter and infrastructure agreements and concluded that this requirement was not applicable to Mauritania in 2014.</td>
<td></td>
</tr>
<tr>
<td><strong>Transport revenues (#4.4)</strong></td>
<td>The MSG has considered the existence of transport revenues and concluded this requirement was not applicable to Mauritania in 2014.</td>
<td></td>
</tr>
<tr>
<td><strong>Transactions between SOEs and government (#4.5)</strong></td>
<td>The 2014 EITI Report described the role of SOEs operating in Mauritania and comprehensively disclosed and reconciled statutory financial transfers between SOEs and the government. While the 2014 EITI Report did not refer to any ad-hoc transfers from SOEs to the government in 2014, we understand that there were no such ad-hoc transfers in 2014.</td>
<td></td>
</tr>
<tr>
<td><strong>Subnational direct payments (#4.6)</strong></td>
<td>While the 2014 EITI Report categorised three types of payments as direct subnational payments, we understand that these payments were made directly to the central government and were earmarked for expenditure in specific communes.</td>
<td></td>
</tr>
<tr>
<td><strong>Level of disaggregation (#4.7)</strong></td>
<td>While the 2014 EITI Report did not present the government’s full unilateral disclosure disaggregated by revenue streams, all reconciled financial data was presented disaggregated by company, revenue stream and...</td>
<td></td>
</tr>
</tbody>
</table>

**Satisfactory progress**
<table>
<thead>
<tr>
<th><strong>Data timeliness (#4.8)</strong></th>
<th>Mauritania published its 2011, 2012, 2013 and 2014 EITI Reports within two years of the start of the fiscal year under review.</th>
<th>Satisfactory progress</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Data quality (#4.9)</strong></td>
<td>The MSG adopted a ToR for the IA in line with the standard ToR approved by the EITI Board and considers it approved the reporting templates for the 2014 EITI Report. Although it did not have final approval over the selection of the IA, MSG members considered that they had adequate oversight of the selection process. The 2014 EITI Report described statutory audit procedures for companies and government as well as deviations in practice from these procedures on the part of government. It described the quality assurance procedures for reporting entities, assessed the materiality of non-compliance by companies, provided the coverage of reconciliation and included the IA’s overall assessment of the reliability of the 2014 EITI Report. It also reviewed progress in following up on past EITI recommendations and formulated two new recommendations. However, the MSG and IA do not appear to have undertaken a review of actual auditing practice by companies in 2014 prior to agreeing quality assurance procedures. The 2014 EITI Report did not describe the agreed procedures for the IGF’s certification of government disclosures, nor reference to where this information was</td>
<td>Meaningful progress</td>
</tr>
</tbody>
</table>
International Secretariat’s conclusions and recommendations:

1. The MSG should ensure that future EITI Reports clearly describe its approach to defining materiality and provide full government reporting disaggregated by revenue stream.
2. The MSG should undertake a review of actual auditing practice ahead of agreeing quality assurance procedures for future EITI Reports. It should also ensure that future EITI Reports clearly describe the approach to quality assurance of government disclosures and assess the materiality of any non-compliance or deviations from the agreed-upon procedures.
3. The MSG should ensure that adequate records be kept of its discussions on barter and infrastructure agreements to ensure that the basis for reporting such agreements be agreed in advance of reporting. The MSG is also encouraged to consider any barter or infrastructure agreements that were active in the year under review, rather than only ones that had been concluded in a specific year.
4. Given SMHPM’s support for disclosing more disaggregated information about Mauritania’s oil sales in future reports, and the existence of timelier monthly reports on oil production and revenues on the Treasury website, the MSG is encouraged to include additional information on the sales process and cargos sold in the period under review. In line with the MSG’s interest in participating in the EITI’s targeted effort on sales of the state’s in-kind revenues, the MSG is also encouraged to consider reconciling oil sales volumes and values with the buyers of Mauritania’s oil. Such efforts would be particularly relevant ahead of planned commercial exports of natural gas located in Mauritanian and Senegalese territorial waters.
5. The MSG is encouraged to ensure that future EITI Reports explicitly consider the existence of ad-hoc transfers from SOEs to government, disclosing and reconciling such transfers should the MSG assess these as material.
6. The MSG is encouraged to consider the feasibility of project-level reporting in producing future EITI Reports, particularly given the enactment of mandatory project-level reporting requirements in the EU and US.
7. The MSG is encouraged to explore means of integrating disclosures of information required under the EITI Standard in normal government and company systems, as a means of supporting even more timely EITI reporting.

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue.

management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

The diagram in Section 4.4.2 (p.35) of the 2014 EITI Report stated that all mining revenues flowed to the national budget, aside from social payments that were not collected by the national government but rather by communes. The pie chart in Section 2.1 (p.7) showed that all payments by SNIM and mining companies were recorded in the national budget, accounting for 80.2% of total EI revenues. The diagram in Section 4.4.2 (p.36) revealed that all oil and gas revenues flowed to FNRH, again aside from social payments. Section 4.4.3 (p.37) stated that only the withdrawals from FNRH were recorded in the national budget. Section 2.1 (p.7) noted that payments by SMHPM and oil and gas companies, accounting for 19.2% of total extractives revenues, flowed to FNRH and were not counted as contributions to the budget. Of the funds that were paid to FNRH in 2014, only MRO 25.3 billion (or 1.1% of total FNRH revenues in 2014) was transferred to the national budget. Section 7.3.1 (p.63) provided the detail of transfers from FNRH to the national budget in 2014. The management of FNRH was under the responsibility of the central bank and FNRH operations were recorded in a special account operated by Treasury, according to Section 4.4.3 (pp.36-37), which provided a general description of the governing of the FNRH fund management and a general link to the general Treasury website but not the detail of the FNRH’s fund allocation or actual management. The 2014 EITI report did not make reference to national or international revenue classifications, although the summary data spreadsheets on the eiti.org Mauritania webpage provide GFS classifications of extractives revenues.

The 2013 Report provided a similar overview of extractives revenues recorded in the national budget and the general allocation rules for extra-budgetary revenues (p.8). However, the IA noted in its review of 2012 EITI recommendations (p.67) that the nomenclature of payments from oil and gas companies to the FNRH and from mining companies to Treasury was not consistently respected, hindering the traceability of payments to the government. It also noted (p.68) that some oil and gas revenues were transferred to accounts other than the FNRH, in contravention to the 2006 FNRH law, but did not provide an explanation of allocation of revenue not transferred to FNRH. The 2013 EITI Report did not include reference to national or international revenue classification systems.

Stakeholder views

Representatives from the IA, Treasury and the central bank confirmed that all oil and gas payments were effectively off budget as management of the FNRH was operated outside the national budget, with only drawdowns on the fund recorded in the budget. Central bank representatives explained that they managed the fund in a more conservative manner than foreign exchange reserves, entirely in time deposits at central banks, although this practice had never been formalised aside from a letter from the central bank governor following the 2008 crisis. While the FNRH law had provided for the government to establish an investment commission with the central bank, they noted that the fund had never risen above USD 120 million and that they estimated that it only became interesting to invest funds above the USD 200 million mark. A CSO MSG member noted that the FNRH were not actively managed and thus could not be considered to be affected to a particular purpose prior to withdrawal within the national budget. Government representatives highlighted the on-going audit of the FNRH, which was due for publication by end-2016 and would cover the period 2012-2015. Oil and gas industry and government
representatives confirmed that the FNRH was now providing receipts for oil and gas payments, a consistent EITI recommendation, and highlighted this as a tangible benefit of EITI implementation. CSOs expressed concern over a lack of information about the expenditures funded by extractives revenues and were frustrated by the MSG’s decision not to extend EITI reporting to budget execution.

The US Department of State’s 2015 Fiscal Transparency Report noted that Mauritania’s budget was publicly available and substantially complete, including natural resource revenues and earnings from SOEs.\(^{223}\) However the report also notes the lack of significant progress in Mauritania’s minimum fiscal transparency standard in 2014-2015, in part due to delays in the publication of statutory audits.\(^{224}\) Development partners have also recommended establishing a sovereign wealth fund for mining revenues\(^ {225}\) and the government has revised its draft of an organic budget law that includes a provision for establishing a stabilisation fund based on mining revenues.\(^ {226}\)

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made meaningful progress towards meeting this requirement. While the 2014 EITI Report defines the extractives revenue streams that are not recorded in the national budget and raised concerns over the lack of audit if oil and gas revenues collected by the FNRH, the MSG has not used the EITI Report to clarify the asset allocation practices for FNRH funds. The MSG should ensure that future EITI Reports include a clear description of the management of all off-budget extractives revenues and could consider using EITI Reports as a means of tracking implementation of public financial management reforms.

**Subnational transfers (#5.2)**

**Documentation of progress**

Section 5.1.1 (p.43) of the 2014 EITI Report provided a cursory description of subnational transfers, noting that “almost all” extractives revenues were transferred to the single Treasury account. It then listed three flows, built and unbuilt property levy (contribution sur le foncier bâti et non bâti), the “patente” (la patente) and synthetic tax (l’impôt synthétique), that it categorised as “non-significant”. All material companies were asked to unilaterally disclose these three payments (p.43), but there is no evidence in the 2014 Report of these disclosures nor any further description of these funds’ affectation to communes.

The 2013 Report provided three companies’ unilateral discloses of only one type of payment, the communal tax (“taxe communale”) in Annex 11 (p.135) and briefly described in Section 7.3 (p.61). There was no description of status, procedures or underlying regulations supporting this type of payment. Neither the 2013 nor the 2014 EITI Reports disclosed the formula for revenue sharing between central and subnational governments, nor any discrepancies between the calculated transfer and the actual transfers.

**Stakeholder views**


The IA confirmed that these three types of payment flows were statutorily subnational transfers, but that it was unclear whether they were actually affected to the designated communes by the central government. In line with the principle of a single state account (“unicité des comptes publics”), the Treasury’s tax collectors at the commune level would levy the fees that were then transferred in real time to the central Treasury account. MSG representatives from all three stakeholder groups confirmed that companies made payments directly to the Treasury through local tax inspectors and that these were recorded in the national budget. The representatives explained that prior to the change in the law in 2008, mining companies made communal tax payments directly to the communes.

Initial assessment

The International Secretariat’s initial assessment is that Mauritania has made inadequate progress towards meeting this requirement. While the 2014 EITI Report lists three types of payment flows earmarked for communes and refers to companies’ unilateral disclosures of such payments, it does not describe the statutory mechanism nor the barriers to implementation of such subnational transfers, nor the payments themselves. While perhaps not material, these payments are often those most directly witnessed by local communities. The MSG should ensure that future EITI Reports clearly describe the statutory process for subnational transfers and any challenges in implementation. The MSG may also wish to reconcile companies’ disclosures of these payments with the Treasury’s receipts.

Additional information on revenue management and expenditures (#5.3)

Documentation of progress

The 2014 Report provided general reference to revenues earmarked for specific programmes and regions and an overview of the country’s budget and audit process. Section 5.1.2 (pp.46-47) referred to “some” revenues collected by central government and transferred to special funds, communes and local governments, although the legal framework for such transfers was not described. The budget-making process was described in Section 4.4.1 (p.34). The only additional information related to the budget process was the average crude oil sales price of USD 96.2 a barrel in 2014 in Section 7.5.4 (p.66). Section 4.6.2 (pp.39-40) described the statutory auditing process of government entities, including a description of the role of the CdC, noting that its publicly-available audits were only available up to 2006, and the role of the IGF. Sections 4.4.3 (p.37) and 4.6.4 (p.40) described the statutory audit procedures for FNRH, highlighting the “total absence” of FNRH audits. Section 4.6.3 (p.40) described the statutory audit process for SOEs while Section 4.4.2 (p.36) described those specific to SMHPM.

Sections 7.3 (p.61), 4.6.2 (p.39), 4.6.3 (p.39) and 4.4.1 (p.33) of the 2013 EITI Report provided the same degree of information.

Stakeholder views

Treasury representatives noted that monthly updates both on the government’s financial operations (le Tableau des Operations Financières de l’Etat – TOFE)227 and on oil production, exports and revenues228 were published on the Treasury website. Central bank representatives noted that their institution published annual economic and financial indicators that provided annual oil production and average

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Validation of Mauritania: Report on initial data collection and stakeholder consultation

prices for Mauritania’s key commodities (oil, iron ore, gold and copper). The central bank also published annual balance of payments reports that provided figures for the annual value of exports of key commodities (oil, iron ore, copper and gold) and a quarterly statistical bulletin that provided the annual volumes and values of production and exports of these key commodities. A representative from customs noted his interest in publishing commodity export figures on the customs website monthly, explaining the lack of any practical barriers to such timely disclosures. Representatives from MPEM and Treasury explained that the annual national budget was always prepared excluding oil and gas revenues given the volatility of international prices. Treasury officials noted that Mauritania maintained three-year projections for production and revenues as part of its medium-term fiscal framework. Industry representatives did not express any particular views on including additional information on the budget-making process or expenditures in the EITI Report. Several CSOs highlighted popular demands for more information on the use of extractives revenues and called for EITI reporting to extend to expenditures, which were most felt by local communities.

Initial assessment

It is encouraging that the MSG has made limited attempts to include information on revenue management and expenditures in the 2013 and 2014 EITI Reports. Such efforts are only encouraged and are not taken into account in assessing compliance. We note the publication of timely data on extractives production and exports on the Treasury and central bank websites. The MSG is encouraged to include a detailed description of any earmarked revenues, such as those reserved for communes, in future EITI Reports.

The MSG may also wish to use future EITI Reports as a means of mapping existing sources of data related to the budget-making process and could consider using EITI reporting as a means of reconciling key data, such as on production and exports, published from different government entities. Information disclosed through EITI reporting could also help improve fiscal visibility and budget planning. The government could improve its short- to medium-term fiscal modelling with more accurate information on revenue flows. Drawing on the GiZ-supported technical assistance to the Public Treasury and open financial modelling tools, Mauritania could encourage popular participation in budget forecasting and revenue flow projections.

Table 5 - Summary assessment table: Revenue management and distribution

<table>
<thead>
<tr>
<th>Summary assessment table</th>
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</thead>
</table>


232 For instance OpenOil’s open financial modelling of oil and gas projects is available to the MEF and the MPEM. With support from GiZ, OpenOil ran a week-long course to MPEM staff in November 2015.
## EITI provisions

<table>
<thead>
<tr>
<th>EITI provisions</th>
<th>Summary of main findings</th>
<th>Validator’s recommendation on compliance with the EITI provisions (to be completed for ‘required’ provisions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution of revenues (#5.1)</td>
<td>While the 2014 EITI Report defines the extractives revenue streams that are not recorded in the national budget and raised concerns over the lack of audit if oil and gas revenues collected by the FNRH, the MSG has not used the EITI Report to clarify the asset allocation practices for FNRH funds.</td>
<td>Meaningful progress.</td>
</tr>
<tr>
<td>Sub-national transfers (#5.2)</td>
<td>While the 2014 EITI Report lists three types of payment flows earmarked for communes and refers to companies’ unilateral disclosures of such payments, it does not describe the statutory mechanism nor the barriers to implementation of such subnational transfers, nor the payments themselves.</td>
<td>Inadequate progress.</td>
</tr>
<tr>
<td>Information on revenue management and expenditures (#5.3)</td>
<td>The 2014 EITI Report provided limited information on earmarked revenues.</td>
<td></td>
</tr>
</tbody>
</table>

### International Secretariat’s conclusions and recommendations:

1. The MSG should ensure that future EITI Reports include a clear description of the management of all off-budget extractives revenues and could consider using EITI Reports as a means of tracking implementation of public financial management reforms.
2. The MSG should ensure that future EITI Reports clearly describe the statutory process for subnational transfers and any challenges in implementation. The MSG may also wish to reconcile companies’ disclosures of these payments with the Treasury’s receipts.
3. The MSG may wish to use future EITI Reports as a means of mapping existing sources of data related to the budget-making process and could consider using EITI reporting as a means of reconciling key data, such as on production and exports, published from different government entities.

## 6. Social and economic spending

### 6.1 Overview

This section provides details on the implementation of the EITI requirements related to social and economic spending (SOE quasi-fiscal expenditures, social expenditures and contribution of the extractive sector to the economy).
6.2 Assessment

Social expenditures (#6.1)

Documentation of progress

Section 5.1.1 (p.43) of the 2014 EITI Report stated that mandatory social expenditures existed, but that neither regulations nor mining or petroleum contracts included requirements for mandatory social expenditures. The section noted that any mandatory social expenditures were only theoretically covered by other agreements concluded “in the margins” of these contracts. The MSG decided to require material companies to unilaterally report their mandatory and voluntary social expenditures without materiality threshold, as noted in Section 5.1.1 (p.43). The reporting templates provided in Annex 7 (p.94-95) showed that companies were requested to unilaterally disclose their social expenditures, disaggregated by mandatory and voluntary types. The disclosures by the two companies reporting social expenditures were presented in Section 7.2 (p.63), revealing that the only social expenditures reported were voluntary. Although voluntary expenditures were disaggregated between cash and in-kind, the nature of these in-kind expenditures was not described.

Annex 3 (p.87) further disaggregated these disclosures, with the two reporting companies’ unilateral disclosures of voluntary social expenditures disaggregated by “beneficiary name”. However, companies appeared to have used their own discretion in categorising beneficiary names given that the information provided consisted in some cases of the beneficiary name and in others of the type of expenditure, but not both. Cash expenditures were not distinguished from in-kind expenditures in the detail of the two companies’ disclosures. While the absence of disclosures of mandatory social expenditures would seem to imply that there were no mandatory social expenditures in 2014, this was not explicitly stated. Indeed, the footnote in Section 7.2 (p.63) noted that reporting of voluntary social expenditures was voluntary and that there was thus no assurance that these were comprehensive.

The diagram in Section 4.4.2 (p.35-36) indicated that all social payments in both mining and oil and gas are paid to communes (i.e. local governments). However, the detail of the two reporting companies’ voluntary social expenditures in Annex 3 (p.87) showed that certain beneficiaries were government entities while others appeared to be non-governmental (e.g.: Associations, Festival organisers, transporters, etc.).

The 2013 EITI Report stated that mandatory social expenditures existed and several companies unilaterally reported such mandatory payments. Section 5.1.1 (p.41) noted that companies were required to unilaterally disclose social expenditures, disaggregated between mandatory and voluntary, cash and in-kind and report the type of beneficiary. It specified that companies were required to report in-kind social expenditures on the basis of the value booked in their financial accounts. The results of companies’ unilateral disclosures were presented in Section 7.2 (p.61), although not disaggregated by project/expenditure, with mandatory expenditures clearly distinguished from voluntary ones and cash distinguished from in-kind for each type. Annex 3 (pp.81-82) presented the detail of each expenditure for the two reporting companies, but the type of beneficiary was not consistently provided and the disaggregation (mandatory/voluntary and cash/in-kind) provided in Section 7.2 (p.61) were not provided for each expenditure reported in Annex 3 (pp.81-82).

In November 2015 the MSG published a study on voluntary social expenditures based on the 2013 EITI
Report’s disclosures of companies’ social expenditures. The study recommended establishing a framework for consultations between companies, government and beneficiary communities on the design and implementation of voluntary social expenditures.

Stakeholder views

All MSG members consulted and the IA confirmed that there were no mandatory social expenditures in either mining or oil and gas in 2014. The IA confirmed it had undertaken a review of legislation to determine that there were no statutorily mandatory social expenditures in either mining or oil and gas. However, the IA noted that there were instances when mining companies may have concluded separate agreements with host communities for the provision of social expenditures, which explained why the MSG had included a template for mandatory social expenditures in both 2013 and 2014. However, reporting companies were required to disclose the legal basis on which such expenditures were reported as mandatory. Several oil and gas industry representatives noted that oil and gas companies were required to contribute through an annual manpower training fee to the MPEM’s Directorate General of Hydrocarbons, although they considered this to be a contribution to local content development rather than a form of mandatory social expenditure. A representative from one mining company noted that his contract had included provisions for rehabilitating a stretch of road, although this had been completed as of 2012 and the company thus no longer had any mandatory social expenditure obligations in 2014. However, a development partner noted his impression that the foundations operated by MCM and Kinross were enshrined in each company’s operating contracts. Yet the First Quantum Minerals (owner of MCM) 2016 Sustainability Report only referred to “a long-term agreement with the Mauritanian Government” covering social expenditures while the Kinross Tasiast 2013 Social Responsibility Report did not highlight any framework agreement with government for the company’s social expenditures.

All CSOs consulted expressed strong views on the importance of social expenditures in the extractive industries. Several CSOs called for the introduction of mandatory social expenditures in the mining sector calculated as a share of a company’s annual budget, following examples of other countries in the region such as Mali. A CSO representative from a local administration noted the importance of disclosing all voluntary social expenditures given the impact of such spending on local communities. Several CSOs expressed concern at not having been successful in lobbying the MSG to agree for additional disclosures related to voluntary social expenditures and called for additional descriptions of the uses of such social expenditures. These CSOs welcomed the MSG’s November 2015 study on voluntary social expenditures and called for the establishment of a framework for consultations on the design and use of such expenditures. Secretariat staff explained that the MSG was now working with companies to establish a framework for oversight of voluntary social expenditures.

Initial assessment

The International secretariat’s initial assessment is that this requirement was not applicable to Mauritania.

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in 2014. It is encouraging that the MSG has made some attempt to include information on voluntary social expenditures in the 2013 and 2014 EITI Reports. Such efforts are only encouraged and are not taken into account in assessing compliance. In light of CSO demands for more information on social expenditures, the MSG may wish to consider clarifying the barriers to implementation of mandatory social expenditures and could consider including more consistent information on the identity of beneficiaries of voluntary social expenditures. It should also consider the case of the SNIM’s foundation, whose spending the MSG considers to be voluntary social expenditures but did not disclose through its EITI reporting (see Requirement 6.2).

SOE quasi fiscal expenditures (#6.2)

Documentation of progress

The 2014 EITI Report indicated that Mauritanian SOEs did not undertake quasi-fiscal expenditures. Section 5.1.1 (p.43) noted that the two extractives SOEs (SMHPM and SNIM) were required to disclose their quasi-fiscal expenditures unilaterally. Neither SOE disclosed any QFEs for 2014, although it was unclear whether these quasi-fiscal expenditure disclosures were comprehensive.

The 2013 EITI Report did not explicitly address the existence of quasi-fiscal expenditures by SOEs in the extractive industries. Reporting templates provided in Annex 6 (p.100) required Treasury, SMHPM and SNIM to disclose any subsidies extended to companies in the extractive industries, although no distinction was provided for subsidies covered in the national budget as opposed to those extended by SOEs off-budget.

Stakeholder views

The IA confirmed that SNIM and SMHPM did not report any quasi-fiscal expenditures, although the IA had followed up in conversations with stakeholders to confirm that the SNIM Foundation did not undertake such expenditures. The IA noted it had not received a copy of the SNIM Foundation annual report for 2014. Representatives from SMHPM confirmed the SOE did not undertake any quasi-fiscal expenditures but highlighted that SMHPM covered the costs of the audit of speculative seismic license-holders as well as the sale of the state’s share of in-kind oil production without compensation from the government. A representative from SNIM stated that the SOE undertook social expenditures through the SNIM Foundation, established in 2007, which produced annual financial statements that were not published, but that the company did not consider these to be quasi-fiscal expenditures. The SNIM Foundation annual report provided by a SNIM representative noted that the foundation had undertook expenditures of USD 15 million and that roughly 15% of its annual budget had been spent to support local economic development throughout Mauritania in 2014. The annual report highlights expenditures on clinics and public health (USD 1.3 million), schools (USD 1 million), mosques, businesses, markets, slaughterhouses, cultural and sports infrastructure, green spaces, public lighting and access to water and energy as part of its portfolio in 2014. The annual report also highlighted 2014 SNIM expenditures outside of the SNIM Foundation, which it categorised as subsidies to facilitate access to water and electricity in Nouadhibou.


and Zouerate.\(^{238}\)

Other government representatives confirmed that they did not consider that extractives SOEs undertook quasi-fiscal expenditures and referred to the two SOEs’ audited financial statements as evidence of the lack of quasi-fiscal expenditures. Representatives from the MEF stated that SNIM operated as a commercial company and that all non-commercial expenditures undertaken by its foundation were considered social expenditures.

**Initial assessment**

The International Secretariat’s initial assessment is that this requirement was not applicable to Mauritania in 2014. While the MSG appears to have considered the existence of quasi-fiscal expenditures and requested disclosures of such expenditures from the Treasury and SOEs in preparing the 2014 EITI Report, it appears that these SOEs did not undertake quasi-fiscal expenditures in the year under review. While we understand that SNIM undertakes significant non-commercial expenditures through its foundation, we take note of authorities’ views that these payments represent a form of voluntary social expenditures. The MSG should ensure that future EITI Reports clearly distinguish quasi-fiscal expenditures from social expenditures, particularly in relation to payments undertaken by the SNIM Foundation.

**Contribution of the extractive sector to the economy (#6.3)**

**Documentation of progress**

The 2014 EITI Report provided an overview of the contribution of the extractive industries to the economy. Section 4.5.2 (p.38) provided the extractive industries’ contribution to GDP in 2014 in absolute terms, both aggregated and disaggregated by major commodity, while aggregate production value was provided for mining in Section 2.2 (p.10) and for oil and gas in Section 2.2 (p.11). Their share of GDP was provided in Sections 2.1 (p.10) and 4.5.2 (p.38).

Sections 2.1 (p.7) and 2.1 (p.10) provided their contribution to government revenues in absolute terms and as a share of total government revenue.

Sections 2.3 (p.11) and 4.5.3 (p.38) provided their contribution to exports in absolute terms, both aggregated and disaggregated for each commodity, while Sections 2.1 (p.10), 2.3 (p.11) and 4.5.3 (p.38) provided their share of total exports.

Their contribution to employment was provided in absolute terms in Section 4.5.4 (p.38) and as a share of total employment in Sections 2.1 (p.10) and 4.5.4 (p.38). Two figures were provided for total employment, one comprehensive set from the National Statistical Office and a second set from reporting companies’ disclosures. Annex 6 (p.92) provided the detail of 13 of the 20 material companies’ staffing levels, disaggregated by local national, non-local national and foreign staff.

An overview of key areas where production is concentrated was also provided. Section 4.2.1 (pp.20-21) included an overview of the geographic location of mining deposits, including low-definition maps. Section 4.3.1 (pp.27-28) provided a brief overview of oil and gas, including a low-definition map of oil and gas blocks.

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\(^{238}\) These expenditures included USD 970,006 and USD 590,199 for water access in Zouerate and Nouadhibou respectively and USD 8,418,442 and USD 952,146 for electricity access for the two towns. See p.60, SNIM (2015), SNIM Rapport de responsabilité sociale et environnementale 2014, unpublished, provided by SNIM representative on 19 September 2016.
The 2013 EITI Report provided almost all information required under Requirement 6.3 of the EITI Standard aside from extractive industries’ share of total employment in 2013.

**Stakeholder views**

CSOs on the MSG considered that the information on the extractive industries’ contribution to the economy was important to their stakeholders and called for a more detailed assessment of social expenditures to ensure that the sector’s contribution to the economy was comprehensive. Particularly in light of the sharp decline in extractives revenues since 2014, CSOs emphasised the need to clearly explain to the public the causes for this decline and the impact on the national economy. Industry and government representatives considered the information about the sector’s contribution to the national economy to be sufficiently comprehensive and did not make any particular comments on opportunities to expand this aspect of the EITI Report. The IA noted that the MSG had not expressed any particular views or comments on the information related to economic contribution in the last three EITI Reports.

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. The 2014 EITI Report expands on previous EITI Reports’ description of the contribution to the economy. It includes, in absolute and relative terms, the size of the extractive industries, their contribution to government revenue, exports and employment. The MSG has also gone beyond the basic EITI Requirements in disclosing detailed information on employment by mine and nationality, although not for oil and gas. This is an example of how the EITI Report can be used to disclose information that is meaningful and relevant to national debates. Analysis and modelling of data in Mauritania’s ten EITI Reports could be used to analyse and create open models of extractives revenues to highlight the link between lower global prices and government income to citizens.

**Table 6 - Summary assessment table: Social and economic spending**

<table>
<thead>
<tr>
<th>EITI provisions</th>
<th>Summary of main findings</th>
<th>International Secretariat’s recommendation on compliance with the EITI provisions (to be completed for ‘required’ provisions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social expenditures (#6.1)</td>
<td>While not explicitly stated in the 2014 EITI Report, we understand that mandatory social expenditures were not implemented in the mining, oil and gas sectors in 2014. The MSG has made efforts to include companies’ unilateral disclosures of voluntary social expenditures in the 2013 and 2014 EITI Reports.</td>
<td></td>
</tr>
<tr>
<td>SOE quasi fiscal expenditures (#6.2)</td>
<td>While the MSG appears to have considered the existence of quasi-fiscal expenditures and requested disclosures of such expenditures</td>
<td></td>
</tr>
</tbody>
</table>
from the Treasury and SOEs, the 2014 EITI Report stated that there were no such expenditures in 2014.

| Contribution of the extractive sector to the economy (#6.3) | The 2014 EITI Report provided, in absolute and relative terms, the size of the extractive industries, their contribution to government revenue, exports and employment. | Satisfactory progress. |

**International Secretariat’s conclusions and recommendations:**

1. The MSG should ensure that future EITI Reports clearly distinguish quasi-fiscal expenditures from social expenditures, particularly in relation to payments undertaken by the SNIM Foundation.
2. The MSG may wish to consider using future EITI Reports to clarify the barriers to implementation of mandatory social expenditures and could consider including more consistent information on the identity of beneficiaries of voluntary social expenditures.
Part III – Outcomes and Impact

7. Outcomes and Impact

7.1 Overview

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

7.2 Assessment

Public debate (#7.1)

Documentation of progress

Communications: The MSG has undertaken several activities aimed at disseminating information about the EITI and stimulating debate about the findings of EITI Reports. Steps taken to ensure that EITI reports are comprehensible and accessible have included translation of EITI Reports into the official languages, namely French and Arabic (for the 2012 EITI Report\textsuperscript{239}), production of summary reports for the 2012, 2013 and 2014 EITI Reports, with support from GiZ, translated into Arabic, launching an Arabic-language version of the EITI Mauritania website\textsuperscript{240} in 2015 and launching the first EITI Mauritania quarterly newsletter in April 2015.\textsuperscript{241}

Mauritania’s communications strategy has evolved in the past four years, gradually broadening its geographical reach as well as the types of communications materials to include summary reports and translation into the Arabic language. In June 2014 the MSG adopted a new communication strategy\textsuperscript{242} covering July 2014 to December 2015, which called for engagement with the media, distribution of EITI Reports online and in print, publication of a quarterly newsletter\textsuperscript{243} and training activities for EITI regional focal points.

Implementation of the communications strategy led to the establishment of a group of journalists specialised in the extractive industries (METEX) in late 2014. This group of young journalists received support from the EITI national secretariat for the publication of news articles on the EITI and findings from the EITI Reports. The 2014 communications strategy also led to the formation of an ad hoc Parliamentary Committee on Good Governance and the nomination of EITI focal points in the regions, where extractive activities are taking place.

The 2012 and 2013 EITI Reports published in December 2014 and April 2015 respectively were translated into Arabic and widely disseminated in print, online and through the media (radio and print media). Both EITI Reports were launched at a press conference in June 2015\textsuperscript{244} and at a workshop on 12 October

\textsuperscript{239} http://itie-mr.org/images/Rapport%202012%20arab.pdf
\textsuperscript{240} http://www.itie-mr.org/ar/
\textsuperscript{241} http://itie-mr.org/images/REVUE%20CN-ITIE%20n1_2015.pdf
\textsuperscript{243} The first issue of the newsletter, covering January to March 2015 was published in April 2015 http://itie-mr.org/images/REVUE%20CN-ITIE%20n1_2015.pdf (accessed on 15 September 2016).
\textsuperscript{244} http://itie-mr.org/index.php/en/2014-06-10-08-08-33/72-journee-de-restitution-des-rapports-de-conciliation-des-chiffres-et-
2015. Participants to the workshop included parliamentarians, NGOs as well as company representatives and government officials led by the Minister of Petroleum, Energy and Mines at the time, Mr Ahmed Salem Ould Béchir. The 2014 EITI Report published in June 2016 have been disseminated online and at a day-long launch event in June 2016.

The national secretariat maintains a website (itie.mr.org), which was redeveloped in early 2013 and has been regularly updated since January 2014. In addition to EITI Reports and workplans, minutes of MSG meetings and EITI-related activities are regularly published on the website. A film about natural resource governance was released on the EITI Mauritania website in June 2014. The website had 36000 unique visitors as of September 2016.

**Outreach:** The EITI Mauritania Secretariat has undertaken outreach efforts in the regions, particularly since 2012, although these have tended to be punctual events rather than sustained relationships. In 2012, the MSG held regional seminars in Kaédi, reaching communities of the southern regions of Gorgol and Guidimakha, as well as in the country's east, in Kiffa, Aioun and Néma. In 2013, the MSG held regional seminars on the basis of the 2010 and 2011 EITI Reports (published in June 2013) in Nouakchott (in June), Nouadhibou (also in June, albeit focusing on fisheries), Akjoujt, Atar and Zouerate (in September and October) as well as a dinner-debate with Parliamentarians in Nouakchott. The focus of discussions at the regional seminars was reportedly on corporate social responsibility, environmental protection and sustainable development.

The national secretariat organised training workshops for the EITI focal points appointed in two provincial capitals, in Akjoujt on 19 October 2015 and in Nouadhibou on 27 October 2015. As outlined in the CNITIE’s 2014 communications strategy, there was a need to better define the mandate and profile of these EITI focal points, established in early 2014, We understand from the communications plan however that the main focus of the EITI focal points was meant to be on communications and dissemination of EITI information at the local level, with a view to generating debate, rather than as a means of data collection or stakeholder consultations.

An ad hoc Parliamentary Committee on Good Governance was established in late 2014 at the MSG’s volumes-2012-2013

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248 See point 1 (pp.11-12) of CNITIE (Juillet 2014), Rapport annuel d’activités 2013 du Comité National de l'ITIE de la République Islamique de Mauritanie - https://eiti.org/files/RAPPORT%20D'ACTIVITES%202013%20CNITIE%20MAURITANIE%20rapport%20final.pdf


Validation of Mauritania: Report on initial data collection and stakeholder consultation

request\textsuperscript{252}, meeting three times in 2015 to discuss the 2012-2013 EITI Reports. Since then the committee has used EITI figures in at least one parliamentary debate in March 2016 to discuss the SNIM’s payments to government. The committee appears under-resourced from both human resources and financial perspectives. The committee members are in contact with Senegalese parliamentarians following the visit of a Senegalese parliamentary delegation in 2015, but there is eagerness to expand these links to other parliamentary groups in the region, following the example of the West African Network on Environment that already exists. Civil society has also contributed to outreach and capacity building efforts with Parliamentarians. In May 2015 the PWYP coalition and the World Lutheran Federation hosted a workshop for parliamentarians around advocacy of extractives-hosting communities.\textsuperscript{253}

From 9 to 23 August 2016, with support from GIZ and the national EITI Secretariat, PWYP Mauritania facilitated public consultations and dissemination campaign targeting the three main mining regions, all located in the northwest of the country. PWYP held public events in the city of Akjoujt for the Inchiri region (population 19 000), in Zouerate for the Tiris Zemmour region (population 53 000) and in the coastal city of Nouadhibou for the Dakhlet Nouadhibou region (population 120 000). A similar communication effort took place in those three cities in December 2015.

**Stakeholder views**

Parliamentarians consulted from both sides of the political spectrum called for the government to fund the process adequately. They saw the EITI as central to the work of the Good Governance Committee, which remained an ad hoc and unfunded committee established to inform parliamentarians in their decision-making. Parliamentarians from this Committee noted they had first become aware of the EITI in 2015, when they participated in a first dissemination event on the basis of the 2012 and 2013 EITI Reports. The nine parliamentarians consulted, including the vice president of the national assembly and members of the opposition all praised the EITI as a useful tool to monitor government revenues and provide reliable information. They stated that EITI has highlighted significant governance challenges in the management of public finances, especially in the absence of up-to-date audit reports from the supreme audit institution, the Court of Counts (CdC). Opposition members of parliament stated that the EITI had grown in importance in recent years, but that it remained largely a theoretical exercise, with EITI data often too old by the time it was published and the fact that EITI Reports did not address current events such as the Kinross investigation in the US.\textsuperscript{254} A opposition parliamentarian considered that the EITI should act as an independent observatory that followed up on EITI recommendations. He considered the EITI itself to be too close to the government: while access information on the extractive sector had improved thanks to the EITI, the perception of opacity and procedures not being followed continued. Parliamentarians from the ruling party were largely positive, recognising that while everything was not perfect, there was a genuine commitment from the government to improve how business was conducted in Mauritania. Both sides agreed on the need to include parliamentarians in the MSG, the EITI national

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committee, to act as the channel linking the MSG to parliament to implement regulatory reforms that would give the EITI a broader mandate. Parliamentarians also highlighted the need to strengthen their capacities on all aspects related to the oil, gas and mining sectors.

Other stakeholders from all three constituencies consulted considered that the EITI had filled a vacuum in information, becoming a trusted source of information on the extractive industries. A majority of stakeholders met during the fact-finding mission mentioned that they had not seen the 2014 EITI Report published two months earlier. Stakeholders highlighted that EITI implementation and the associated debate mirrored the management of the extractive industries, which were highly centralised in the capital Nouakchott, with local communities affected by mining activities in the north-west of the country rarely involved in the debate. A development partner questioned the extent to which EITI Reports were actively disseminated and contributed to public debate, noting that EITI communications had effectively been compartmentalised within the national secretariat with little apparent involvement from the three stakeholder groups.

**Initial assessment**

EITI Mauritania has improved the quality of EITI reporting in recent years and ensured that the EITI Reports are accessible to the public, albeit primarily online, and contribute to public debate in the capital. Dissemination activities involving civil society groups, parliamentarians and the media appear to be effective in stimulating an informed debate about the management of the extractive sector. Dissemination of the findings in EITI Reports and press reports of the follow-up on the recommendations by the relevant government agencies has also given the EITI new momentum. Accessibility of EITI data beyond the capital Nouakchott remains weak. Stakeholders affected by mining activities in rural areas are not involved in EITI implementation and their voices are rarely heard at the central level, where all decisions about the sector are made. Despite these weaknesses, all the key aspects of this requirements have been implemented and the underlining objective of generating an informed public debate about the management of the extractive sector has been achieved. The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement.

In light of significant logistical challenges, the MSG may wish to consider developing more formalised consultation mechanisms with mine-affected communities, perhaps by developing the regional focal points, to provide them with a meaningful voice on the MSG.

**Data accessibility (#7.2)**

**Documentation of progress**

The EITI Mauritania secretariat has not yet made EITI data available in machine-readable excel spreadsheets on its website, although it provided summary data templates for EITI Reports published under the EITI Standard (i.e. the 2012, 2013 and 2014 EITI Reports) to the International Secretariat on 30 June 2016, which are available for download on the EITI global website.²⁵⁵

While the national secretariat translated the 2012 EITI Report into Arabic²⁵⁶, the 2013 and 2014 EITI Reports do not appear to have been translated from French into any local languages. However, summary

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²⁵⁵ See “Revenue Collection” section of the Mauritania EITI country page, https://eiti.org/implementing_country/36#revenue-collection

versions of both the 2012 and 2013 EITI Reports have been translated into Arabic, with support from GiZ, although these do not appear to have been published on the EITI Mauritania website.

In May-June 2016, GiZ has supported technical assistance to the Public Treasury to improve the department’s internal accounting processes to facilitate reporting of extractive industry revenues by type of revenue and sector. The aim of the project is to improve the efficiency of annual EITI reporting through greater reliance on automation.\textsuperscript{257} While the project’s outcomes will not facilitate the public’s access to EITI information per se (although more disaggregated extractive industry revenue information is expected to be published through the government’s monthly budget execution report (Tableau des Operations Financières de l’Etat - TOFE)), it is an important first step in assessing the feasibility of “mainstreamed” EITI reporting, i.e. embedding disclosures of information required under the EITI Standard through routine government publications. By including EITI information in regular budgetary publications, the Treasury and GiZ expect to grow the demand and use of EITI information by economic policy-makers and bureaucrats.

Stakeholder views

A Treasury representative noted the challenges of annual EITI data collection and highlighted the significance of the GiZ-funded technical assistance project on streamlining the Treasury’s EITI reporting. Several government representatives and development partners noted the potential for EITI to help reform government systems, both through implementing the recommendations but also by supporting GFS classification of extractives revenues.

Several CSOs highlighted the importance of the translations of the 2012 EITI Report and summary reports for 2013 into Arabic and called for more outreach in the Arabic language. The CSOs emphasised that the summary EITI Reports had been disseminated to all big mining towns and amongst local communities. Industry stakeholders did not express any particular comment on the usefulness of EITI information, although several representatives noted they would read parts of an EITI Report and use it as a reference.

Initial assessment

Requirement 7.2 encourages the MSGs to make EITI reports accessible to public in open data formats. Such efforts are encouraged but not required and are not assessed in determining compliance with the EITI Standard. Mauritania’s EITI data is available in machine readable format through the EITI global website, drawing on summary data tables completed by the national secretariat. However, these are not published on the EITI Mauritania website. While Treasury routinely publishes information on the national budget, the MPEM does not routinely publish information about licenses and license allocations, automated online disclosure of licensing information, production data and government revenues on its website. Likewise, SOE audited financial statements have only been published irregularly in recent years (see Requirement 7.3 below). Ongoing digitisation of the mining cadastre should lead to more online disclosure, although it will be important for the government to ensure that its databases are interoperable.

The MSG is encouraged to further entrench extractive sector transparency in government systems, and take steps to move towards more frequent production of EITI information on a routine basis. The MSG may consider undertaking a study to identify what information required to be disclosed under the EITI

\textsuperscript{257} See GiZ (Avril 2016), Termes de référence d’une étude pour améliorer le traitement comptable et le suivi (reporting) des recettes du secteur extractif – unpublished.
Validation of Mauritania: Report on initial data collection and stakeholder consultation

Standard is already publicly available and what information is not yet routinely disclosed. Opportunities for providing more EITI data in open data formats could also be explored, for instance through the EITI Mauritania website.

Lessons learned and follow up on recommendations (7.3)

Documentation of progress

Follow up on recommendations from EITI reporting and Validation has historically been slow in Mauritania, although there has been a significant quickening of the pace since mid-2015. Since the 2012 EITI Report, the IA (Moore Stephens) has included an assessment of progress in implementing recommendations from the previous EITI Report, which has highlighted the lack of progress up to the 2013 EITI Report. However, since early 2015 the pace of activity has quickened. On 5 May 2015 the Prime Minister called a first meeting of an ad hoc Inter-Ministerial Committee on follow-up of EITI recommendations, composed of the Minister of Finance, the Minister of Petroleum, Energy and Mines, the Minister Secretary General of the Government, the President of the Court of Counts and the Governor of the Central Bank of Mauritania.258 This was instrumental in following up and implementing key EITI recommendations, for the first time in a decade of EITI implementation.

The first recommendation followed up on related to quality assurance for government’s EITI disclosures. Starting in 2015 the MSG has worked with the IGF for the certification of EITI disclosures for the 2014 EITI Report, given that previous EITI Reports had consistently highlighted that the Cour des Comptes had fallen several years behind on auditing public-sector accounts. The government also introduced receipts for oil and gas payments for the first time, a key recommendation from past EITI Reports. In October 2015, the government introduced a system of receipts for oil and gas companies’ payments to the state’s sovereign petroleum fund, the FNRH. In support of this reform, the Prime Minister’s Office also issued a circular instructing/confirming that oil and gas companies must only make payments to the FNRH and not other government entities.259 Finally, the government also launched an international tender for the first audit of the FNRH since its establishment in 2006. The audit will cover 2012-2014 and should be completed by end 2016.

The MSG noted in its 7 January 2016 meeting that over 90% of recommendations from the 2013 EITI Report had been implemented to its satisfaction.260 These recommendations were broadly consistent with recommendation in previous EITI reports for 2012261 and 2013262, focusing on:

- Improve the traceability of extractive company payments. (2012)

258 Photos of the first meeting of the Inter-Ministerial Committee are available on the EITI Mauritania website: http://itie-mr.org/index.php/en/2014-06-10-08-08-33/64-reunion-du-comite-interministeriel-itie


- Stop oil and gas company payments to government’s accounts other than the FNRH. (2012)
- Introduce a system of receipts for oil and gas payments to the FNRH. (2012)
- Publish all mining licenses (2012) and improve the mining cadastre. (2013)
- Update the list of published oil and gas contracts. (2012, ongoing)
- Audit state accounts. (2012, ongoing)
- Audit the FNRH. (2012, ongoing at the time of the mission)
- Publish SOEs’ financial accounts (SNIM and SMHPM). (2012, completed in June 2016)
- Certify public administrations’ reporting templates. (2012 and 2013, completed by IGF)
- Include salary withholding tax in future EITI Reports. (2012, considered and rejected by MSG in 2014)
- Establish a public registry of beneficial ownership in the extractive industries. (2012, not completed)
- Update the database of active mining companies. (2012, ongoing at the MPEM)
- Establish a database of information on the extractive industries. (2013, ongoing)
- Ensure reporting entities report non-financial information required under the EITI Standard in their reporting templates. (2013, completed in the 2014 report)

In additions to following up on recommendations in EITI reports, the MSG has also undertaken several institutional and governance studies, that gave rise to a range of recommendations for reform and restructuring of the architecture for EITI implementation. The November 2013 Diagnostic Report on EITI Implementation issued a set of 22 recommendations, of which five were general, seven were to the MSG and ten were to the national secretariat. A follow-up Study on the Institutional and Regulatory Reinforcement of EITI in Mauritania published in September 2015 found that these recommendations had only “partly” been implemented. Six of the recommendations had already been implemented, two more were deemed to be “in the process” of execution, six were found to be planned as part of the September 2015 study and eight were left unexecuted.

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265 The six implemented recommendations were: Development of a two-year EITI workplan in line with the EITI Standard by the latest 15 December 2013, Define a provisional calendar of regular MSG meetings., Define the national secretariat’s operational needs, Reinforce EITI Mauritania’s visibility by improving the website, Establish simple planning and management tools within the national secretariat, and Establish a archiving system for digital and manuscript data.

266 The two “in process” recommendations were: Define civil society’s needs and envisage mechanisms for their capacity development, and Improve the national secretariat’s planning and anticipation capacity.

267 The six “not planned” recommendations were: Review the normative framework for EITI implementation in Mauritania. Replace the internal regulation with two regulations, for the MSG and national secretariat, Consider renewing civil society MSG members to ensure better representation., Proceed with renewal of industry MSG members, Formalise the technical sub-committees, and Define an organigram for the national secretariat.
Stakeholder views

The Minister of Finance El Moctar Ould Djay stated that recommendation in EITI Reports had been useful in improving public financial management. He considered himself a substantial user of the EITI Report, which allowed the Ministry to monitor government revenues disaggregated from the extractive industries, which was not possible in the past. He welcomed the publication of the audited financial statements by SOEs and noted that the government had just issued tax invoice to SNIM. Several CSO MSG members noted that the follow up of EITI recommendations had been important and mentioned the introduction of receipts for oil and gas payments as a major outcome of EITI implementation. Oil and gas industry representatives also highlighted these reforms as significant achievements, that would likely improve the business environment and reduce the risk of corruption. Government officials acknowledged that this reform would help improve revenue treatability, as issuing a receipt for each payment will also require accurate accounting of the revenues received following the national revenue classification system. Civil society’s adoption of the Code of Conduct, which will allow for the renewal of CSO representatives in the MSG was also highlighted as a major achievement. Similarly, the adoption of clear rules and procedures in the ToRs for the MSG was seen as an important step in improving internal governance and addressing the outstanding issues identified in the evaluation of the functioning of the MSG.

Initial assessment

The EITI Mauritania MSG and the government have taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies and weaknesses of the EITI process and to consider the recommendations for improvements from the Independent Administrator. The International Secretariat’s initial assessment is that Mauritania has made satisfactory progress in meeting this requirement. However, given that implementation of recommendations in previous EITI reports is still ongoing, the MSG and the government should continue implementing these recommendations and ensure that future recommendations and findings from EITI reports are evaluated and acted upon in a timely manner. The government is encouraged to consider formalising its ad hoc Committee on following up on EITI recommendations to link it to ongoing reforms within the Mauritanian Government.

Outcomes and impact of implementation (#7.4)

Documentation of progress

While Mauritania has undertaken several studies of the institutional structure and governance of EITI implementation, analysis of MSG meeting minutes and annual progress reports indicates that the MSG has only made general commentary on the impact of implementation, but has not undertaken any formalised impact assessment. Mauritania’s 2015 annual progress report (APR) was approved by the MSG on 23 June 2016 and subsequently published. The report noted the MSG’s achievements over the

268 The eight un-executed recommendations were: Draft job descriptions for each member of the national secretariat, Task one person with the circulation of meeting minutes to all MSG members., Consider establishing ad hoc interest groups by industry and civil society, Consider the implications of the EITI Standard on the current scope of EITI reporting, Remind the MSG and the national secretariat of their respective roles and responsibilities., Reinforce internal communications in the national secretariat. Define levels of authority and delegation of powers, and Reinforce the EITI’s visibility by improving the functioning of the EITI Nouakchott office.

course of the country’s 10 published EITI Reports, including the expansion in reporting entities, publication of disaggregated data and certification of government disclosures by the IGF. Other achievements highlighted include improved reporting by government agencies such as Treasury, Central Bank and Customs.

The APR included a summary of activities, progress with respect to the EITI Requirements, MSG responses to EITI recommendations, comparison to the workplan objectives and a narrative report on impact. The report highlighted preparations of the inter-ministerial committee meeting in May 2015 for the government to consider recommendations made in previous EITI Reports. It also highlighted the study on internal governance of the MSG, conducted with support from GIZ, and publication of the 2013 EITI Report in December 2015. In 2016, the MSG held a pre-validation workshop, a workshop on the functioning of the FNRH and published the 2014 EITI Report.

With respect to its compliance with the EITI Requirements, the MSG assessed itself as performing highly on monitoring by the MSG and social payments, average with respect to the publication of contracts and beneficial owners and good on exploration and production data. The APR looked at 16 recommendations from EITI reporting. It noted satisfactory progress in improving traceability of payments by companies, improving monitoring of payments by the oil companies outside the purview of the national fund; providing a receipt for payments to the national fund, auditing of the national fund, improving quality assurance of data by reporting entities, improving timeliness of EITI reporting and expanding the scope of EITI reporting. The document also noted reduced delays in the submission of reporting templates and regular updating of the mining cadastre. The MSG also established a working group on beneficial ownership. The report also noted that government accounts had been audited, although the audit reports had not been published on the Auditor General’s website, and that SOEs’ audited financial statements remained outstanding. The update of oil contracts and update of mining company database were categorised as ongoing, although the report noted that the model contracts were available online.

The workplan foresaw five main objectives of EITI implementation: publication of information on the sector’s contribution to the economy; improvements in dialogue and build trust; expansion in the scope of the EITI to fishing; local community capacity building and improvements in communications tools.

Under the first objective on the sector’s contribution to the economy, the APR highlighted publication of EITI Reports, workshops on the 2013 Standard as well as workshops targeting the press and companies. Under improving dialogue and building trust, the APR noted that the MSG had created focal points in areas of extractives activity, supported a group of journalists focused on the extractive industries, created MSG working groups and held workshops with parliamentarians and civil society representatives.

However, the activities related to the expansion of the EITI to fishing, commissioning of a study and awareness building for key actors were not executed in 2015. With respect to local capacity building, the MSG commissioned a study on social payments and conducted capacity-building workshops with mining communities. The APR noted that all activities were not completed due to delays in the release of MDTF funds, among other factors.

Generally, the APR stated that EITI implementation in Mauritania had led to greater public awareness of the potential impacts of EITI implementation and greater civil society control by engaging parliamentarians and civil society organizations on the findings of EITI Reports. It also cited improved coordination between government agencies as a key result, although it also noted the difficulty in engaging certain government and civil society representatives. Areas identified in the report for possible improvement included expanding the scope of civil society networks engaging on EITI, strengthening the
capacity of the national secretariat and other actors as well as expanding the scope of EITI reporting to fisheries. The report noted the MSG’s intention to renew its own ToR, disseminate the 2014 EITI Report, facilitate the second meeting of the inter-ministerial committee on EITI recommendations and prepare for Mauritania’s upcoming Validation.

It was noted that the APR was discussed with technical and financial partners such as the World Bank, GIZ, the US embassy, French cooperation, the African Development Bank, the IMF, civil society, the press and students at the University of Nouakchott. The November 2013 Diagnostic Report also described general benefits of EITI implementation for each of the three stakeholder groups, rather than specific and quantifiable benefits.\(^270\) For the government, EITI implementation had “undeniably” improved transparency in sectors that the government judged strategically important and supported dialogue with civil society that was in the process of structuring itself. It had also allowed successive governments to better frame the state’s priorities and increase fiscal revenues. For industry (including SOEs), the main benefits were in better communications, in particular with civil society, which contributed to companies’ improved external relations. For civil society the gains were seen as broadly similar, supporting an open dialogue with government and industry, providing access to information and an institutional forum through which civil society could ask questions and further advocate on behalf of citizens and elected representatives.

**Stakeholder views**

Representatives from the three CSO networks noted that one of the main results of EITI implementation was that CSOs now had a seat at the table and could push for publication of contracts for instance. There was general doubt about any benefit to local populations because EITI Reports were historically only published in French, although there have been translations into Arabic since 2015. Stakeholders from different constituencies highlighted the weak institutional environment in which the EITI was implemented. Several CSOs cautioned that tangible impact may have been limited to marginal improvements, especially since EITI had focused on following the formal rules of the game, such as publishing EITI Reports in a timely manner, rather than use the EITI as an instrument for reforms given that EITI Reports were seen as mere snapshots of a specific moment in time rather than an analysis of trends. Stakeholders from all three constituencies did note however that the publication of EITI Report was a tangible impact in itself as it helped build an idea of transparency and encourage use of the concept of accountability. Other CSO stakeholders highlighted that the EITI’s impact on local communities had been very limited because of a perception of elite capture within the capital Nouakchott in a highly centralised system, while access to information by local communities was left to the discretion of local authorities. Members of the MSG agreed that they had all learned a lot through their participation in EITI implementation. While the results were not always visible, the existence of the EITI was reassuring and had contributed to creating trust between stakeholders that previously had not spoken to each other.

**Initial assessment**

The International Secretariat’s initial assessment is that Mauritania has made meaningful progress towards meeting this requirement. The MSG has reviewed progress and outcomes of implementation on a regular basis, including by publishing annual progress reports over the past three years. However, the

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2015 annual progress report focused more on outcomes than on impact and the overall impact of EITI Mauritania remains unclear. The MSG should consider discussing the role the EITI could play in achieving national priorities in reforms of the extractive industries as part of its annual review of the workplan. The MSG may also wish to consider undertaking an impact assessment, with a view to identifying tangible impacts to local communities and other stakeholders in order to determine the extent to which the EITI has contributed to improving public financial management and governance of the mining, oil and gas sectors.

Table 7 - Summary assessment table: Outcomes and impact

<table>
<thead>
<tr>
<th>EITI provisions</th>
<th>Summary of main findings</th>
<th>Validator’s recommendation on compliance with the EITI provisions (to be completed for ‘required’ provisions)</th>
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<tbody>
<tr>
<td>Public debate (#7.1)</td>
<td>The MSG has ensured that EITI Reports are accessible to the public and contribute to public debate. Dissemination activities involving civil society groups, parliamentarians and the media appear to be effective in stimulating an informed debate about the management of the extractive sector within the capital Nouakchott. Dissemination of the findings in EITI reports and follow-up on the recommendations by the relevant government agencies has also given the EITI new momentum. Accessibility of EITI data beyond the capital Nouakchott remains weak however. Stakeholders affected by mining activities in rural areas appear to be rarely reached by dissemination of EITI information and their voices are rarely heard at the central level, where all decisions about the sector are made. Despite these weaknesses, all key aspects of this requirements have been implemented and the underlining objective of generating an informed public debate about the management of the extractive sector has been achieved.</td>
<td>Satisfactory progress.</td>
</tr>
<tr>
<td>Data accessibility (#7.2)</td>
<td>Mauritania’s EITI data is available in machine readable format on the EITI global website, drawing on summary data tables completed by the national secretariat. However, these are not published on the EITI Mauritania website.</td>
<td></td>
</tr>
<tr>
<td>Lessons learned and follow up on recommendations (7.3)</td>
<td>The MSG and the government have taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies and weaknesses of the EITI process and to consider the recommendations for improvements from the Independent Administrator, even</td>
<td>Satisfactory progress</td>
</tr>
</tbody>
</table>
Outcomes and impact of implementation (#7.4)
The MSWG has produced annual progress reports documenting progress and outcomes of implementation, with some limited assessments of impact. However, the 2015 annual progress report focused more on outcomes than on impact and the overall impact of EITI Mauritania remains unclear. Further work on assessing impact is needed and stakeholder engagement in developing the annual progress report should be strengthened.

Meaningful progress

International Secretariat’s conclusions and recommendations:
1. The MSG should consider discussing the role the EITI could play in achieving national priorities in reforms of the extractive industries as part of its annual review of the workplan. The MSG may also wish to consider undertaking an impact assessment, with a view to identifying tangible impacts to local communities and other stakeholders in order to determine the extent to which the EITI has contributed to improving public financial management and governance of the mining, oil and gas sectors.
2. In light of significant logistical challenges, the MSG may wish to consider developing more formalised consultation mechanisms with mine-affected communities, perhaps by developing the regional focal points, to provide them with a meaningful voice on the MSG.
3. The government is encouraged to consider formalising its ad hoc Committee on following up on EITI recommendations to link it to ongoing reforms within the Mauritanian Government.
4. The MSG is encouraged to further entrench extractive sector transparency in government systems, and take steps to move towards more frequent production of EITI information on a routine basis. The MSG may consider undertaking a study to identify what information required to be disclosed under the EITI Standard is already publicly available and what information is not yet routinely disclosed.
Opportunities for providing more EITI data in open data formats could also be explored, for instance through the EITI Mauritania website.

8. Impact analysis (not to be considered in assessing compliance with the EITI provisions)

There is significant scope for the EITI to achieve tangible progress in improving extractive industry governance in Mauritania. A 2008 World Bank study on corruption in Mauritania found that 84% of the 361 companies surveyed admitted to having bribed a government official. It also found that the average value of bribes was 4.8% of annual turnover and 7.7% of the value of contracts awarded. Despite these challenges, some 82% of companies consulted did not view corruption as a major constraint in business development. 271 The IMF noted in an October 2011 ex post programme assessment that Mauritania’s ranking in the World Bank’s Country Policy and Institutional Assessment (CPIA) had “barely changed” since the start of EITI implementation. 272 However the implementation of key recommendations from the

272 See footnote 21 on p.20 of FMI (Octobre 2011), ‘République islamique de Mauritanie : Evaluation ex post d’un engagement à
2013 EITI Report since May 2015 has had significant impacts on the governance and oversight of the oil and gas industry in particular.

The EITI process in Mauritania has had some impact, even if stakeholders agree its primary outcome has been limited to awareness raising and focused on the reporting process. However, stakeholders also highlighted important reforms that had been implemented as a result of following up on EITI recommendations. As part of the International Secretariat’s assessment of the impact of the EITI, all stakeholders were asked why Mauritania was implementing the EITI and to assess its impact. Several industry and government stakeholders noted that Mauritania had decided to implement the EITI in 2005 ahead of an expected oil revenue windfall linked to first production from the Chinguetti field in 2006. All stakeholders consulted highlighted that the decision to implement the EITI had come following a military coup d’état as part of broader governance reforms. One CSO noted that while the initial driver of implementation had been from external pressure to manage its oil wealth, the need to ensure good relations between companies and host communities became a key driver, particularly following high-profile cases against certain mining and petroleum companies. The MSG’s November 2013 diagnostic study on EITI implementation in Mauritania identified achievements and gains for each of the three stakeholder groups centred around greater communication, trust-building and providing a platform for disclosing information about a traditionally opaque and mistrusted industry.273

Stakeholders highlighted greater awareness and use of EITI data at several levels. Amongst parliamentarians consulted, the EITI Report was cited as increasingly supporting budgetary discussions and the increasingly timely publication of EITI Reports was welcomed (the 2015 EITI Report is expected by end-2016). For the MEF, the EITI data had allowed it to disaggregate an extractive industries line in the government’s financial operations report (TOFE), alongside the SMHPM’s regular publication of oil and gas production and export figures. Civil society stakeholders noted the content of reports was too technical for a public with a high illiteracy rate, even if the recent Arabic translation of summary reports had helped somewhat. However, they noted that some of the information, such as that related to social expenditures and earmarked revenues, could be of use to campaigning NGOs. Several CSOs considered that the National Anti-Corruption Strategy enacted on 9 December 2010 constituted an impact of EITI implementation. Indeed article 29 of the Anti-Corruption Strategy274 committed Mauritania to timely and regular publication of then-“EITI++” reports. However, several development partners noted that while the EITI had become a well-established process in Mauritania, it was unclear whether EITI communication and outreach had been effective in generating public debate or whether the EITI findings were contributing to the extractive industries policy dialogue.

Stakeholders from all three groups also considered that the launching of the Fisheries Industries Transparency Initiative (FITI), led by Mauritania and aiming to establish a standard by 2018, was a direct consequence of EITI implementation. Prime Minister Yahya Ould Hademin has directed the EITI MSG to share its experience with FITI when he met the MSG in May 2016. France’s development cooperation has

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274 http://www.pogar.org/publications/ac/2012/AC%20strategies/MRTStrat%C3%A9gie%20de%20lutte%20contre%20la%20corruption%20vf.pdf
highlighted the role of EITI implementation as the primary tool for reinforcing fiscal transparency in Mauritania’s management of its extractive industries in recent years.\textsuperscript{275}

Swifter follow up on EITI recommendations has been part of broader reforms in Mauritania’s regulatory system. In 2015 the government reduced the time to establish a company from nine days to three, which allowed it to progress eight places to 168\textsuperscript{th} of 189 countries in the World Bank’s 2016 Doing Business ranking.\textsuperscript{276}

The implementation of EITI in Mauritania has led to concrete reforms, particularly since 2015, of significance both for public financial management and as part of the broader investment climate. While Mauritania’s September 2015 EITI institutional reform study highlighted the passive nature of decision-making on the MSG that led to slow progress in following up on EITI recommendations\textsuperscript{277}, the pace of reforms had quickened significantly in 2015. Following the ad hoc Inter-Ministerial Committee’s inaugural meeting in May 2015, the government implemented key reforms following consistent recommendations from successive EITI Reports. In October 2015, the MEF circulated confirmation to all operators that all oil and gas payments were to be made to the FNRH only and implemented a system of receipts for all oil and gas payments. Industry stakeholders were unanimous in welcoming these receipts, noting that while it had been possible to prove payments through bank transfer slips, the receipts removed a key concern of investors concerned about audits. In January 2016 the ministry issued a tender for the first audit of the FNRH, the sovereign petroleum fund established in 2006, covering 2012-2015. Finally, in late June 2016, the two extractives SOEs published their audited financial statements, for 2009-2015 for SNIM and 2009-2014 for SMHPM, for the first time since 2012. A development partner highlighted what he saw as a missed opportunity for the government to reform its data collection procedures, using the EITI as a means of ensuring required information was disclosed on a regular basis and in a consistent format by government entities.

Many stakeholders, particularly from government and industry, also emphasised the experience Mauritania had gained over the past decade since first oil production from Chinguetti. Ahead of an expected boom in natural gas production in areas to be jointly developed with Senegal, stakeholders highlighted the close relationship between Mauritania and Senegal. SMHPM representatives noted that the experience of implementing EITI and establishing the FNRH ahead of first oil production at Chinguetti has given Mauritania significant institutional experience in managing the oil and gas sector, which it was now sharing with Senegal. MSG members emphasised that Mauritania had already shared experience through bilateral visits with Senegal since 2013, involving all stakeholders including parliamentarians, and that Mauritania was eager to share its experience of managing oil production, for instance through their disaggregated information on sales of SMHPM’s sale of its in-kind revenue, since the joint discoveries of

\textsuperscript{275} Proparco (January 2011), Quels impacts de la libéralisation du secteur minier africain ?, \url{http://www.proparco.fr/jahia/webdav/site/proparco/shared/PORTAILS/Secteur_prive développement/PDF/SPD8/SPD8_gary_mcmahon_fr.pdf}

\textsuperscript{276} See Financial Times (15 April 2016), ‘Mauritania prioritises rebalancing commodity-heavy economy’ - \url{https://next.ft.com/content/35efb9f0-e6ee-11e5-a09b-1f8b0d268c39} and See Figure 1.2 (p.8) of World Bank (2016), Doing Business in Mauritania 2016 - \url{http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/11/13/090224b0831b4fc3/1_0/Rendered/PDF/Doing0business0iciency000Mauritania.pdf}

\textsuperscript{277} CNITIE (Septembre 2015), ‘Etude de renforcement institutionnel et réglementaire du CN-ITIE en Mauritanie’ - \url{http://itie-mr.org/images/RAPPORT%20FINAL%20RENFORCEMENT%20CNITIE%20Version%20finale.pdf}

However, while the government, through the Public Treasury and the MPEM, had improved transparency by publishing extractives revenues from private companies\textsuperscript{278}, this information has no longer been available on the Treasury's website since 2013.

The impact on host communities is also more tenuous. Dissemination events for the 2012-2013 EITI Reports in 2015 and consultations on civil society participation in the EITI over the summer of 2016 have met an enthusiastic response and there appears to be unmet demand for information that existing outreach and dissemination mechanisms do not adequately reach.

\textbf{Sustainability:} The EITI process has faced significant risks to its sustainability, particularly financially, in the past although government support appears more sustainable as of mid-2016. The financial sustainability of the EITI process has posed a risk with the end of the World Bank’s MDTF support at end-2015. The EITI Mauritania Secretariat has had to operate without funds for several months at a time on an annual basis in recent years, due to delays in accessing World Bank grant funding. While disbursement of MDTF grants covered expenses retroactively, Mauritania has not sought funding under the new Extractive Industries Global Programmatic Support (EGPS) fund from January 2016. However, in May 2016, Prime Minister Yahya Ould Hamedine announced during a meeting with the MSG that the government would expand financial support to cover secretariat staff salaries and production of the 2015 EITI Report. During the International Secretariat’s fact-finding mission, Minister of Economy and Finance Moctar Ould Diaye reiterated the government’s intention to provide financial support for EITI implementation on an ongoing basis.

At the political level, the sustainability of the EITI process appears to be ensured by high-level support, despite potential medium-term challenges as Mauritania moves towards Presidential elections in 2019. While Mauritania has not passed standalone EITI-specific legislation, the government has included clauses to comply with EITI reporting requirements as part of its mining and petroleum sector legislation. However, the experience of a seven-month gap in the chairing of the MSG in 2013, which led to delays in publication of the 2011 EITI Report and Mauritania’s temporary suspension by the EITI Board, highlight the need to sustain high-level political engagement in EITI implementation.

### Annexes

#### Annex A - List of MSG members and contact details

**Members of the MSG (Comité National ITIE), 2009-2016**

<table>
<thead>
<tr>
<th>Name</th>
<th>Function</th>
<th>Organisation</th>
<th>Contact details</th>
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<td>Name</td>
<td>Title/Role</td>
<td>Organization</td>
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<tr>
<td>Ahmed Ould Yaghoub</td>
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<tr>
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</tr>
</tbody>
</table>
Validation of Mauritania: Report on initial data collection and stakeholder consultation

Annex B - List of stakeholders consulted

Government
HE Yahya Ould Hademine, Prime Minister of Mauritania
HE El Moctar Ould Djay, Minister of Economy and Finance
HE Mohamed Ould Abdel Vettah, Minister of Petroleum, Energy and Mines
HE Amedi Camara, Minister of Environment and Sustainable Development
Ahmed Taleb Mohamed, Director General of Mines, MPEM
Ahmed Salem Tekrour, Director General of Hydrocarbons, MPEM
Cheikh Ould Sidi, Chargé de Mission, MPEM
Mohamed Abdelkhi Selme, Ministry of Environment and Sustainable Development (MEDD)
Soko Ibrahima Bocar, Director of Economic Studies, Central Bank of Mauritania (BCM)
Bouna Ould Mouhamdy Ould Kerkoub, Director of Markets, BCM
Mr Sadvi, BCM
Cheikh El Kebir Moulaye Taher, Deputy Governor, BCM
Djibi Sow, Chair of the MSG, National Coordinator and Senior Advisor to the Prime Minister
Ahmed Dhaker, DCMG, MPEM
Baboye Traore, President of the Public Finances Chamber, Court of Counts
Samba Ould Salem, Senior Advisor, Court of Counts
Laa Ould Mohamed Oumar, Secretary General, Court of Counts
Ahmed Beklad, Advisor to the President, Court of Counts
Brigadier General Dah Ould Hamady Ould El Mamy, Director General of Customs
Mohamed Abdallahi Amar Salem, Customs Inspector
Mohakdalah Salem, Directorate of Economic Regimes and Priviliges, Customs
Cheikh Hamhourahmane, DVEF Adjoint, Directorate of Taxation
Ely Tess, Directorate of Taxation
Mohamed Said Ould Ahmed, Director of Studies and IT, Treasury
Idrissa Niang, Deputy Director General, Treasury
Mohamed Mahmoud Mohamed Elmoctar, CSAD, Directorate of Domains and State Assets

Parliament
Abderrahmane Marakshy, MP, President of the Good Governance Group, Parliament

279 For privacy reason contact details of stakeholders met are not included in this report but available upon request from the International Secretariat.
Abdellahi Brehim, MP, member of the Good Governance Group, Parliament
Ahmed Seyid Hemeren, MP, Parliament
Sadfi Sidi Mohamed, MP, Parliament
Khalil Teyib, MP, Vice President, Parliament
Yahya Beherchi, MP, Parliament
Mohamed Leyli, MP, Parliament

Industry
Khroumbaly Lehbib, Economic Advisor, SMHPM
Moustapha Ould Mohamed Lemine, Commercial Director, SMHPM
Cheikh Mohamed Elhafelh Touba, Financial Director, SMHPM
Mr Boghi, Deputy Director General, SMHPM
Elhilal Baba, Financial Director, SNIM
Mohamed Limam, Country Manager, Kosmos Energy
Abdoulkhaman, Kosmos Energy
Kamal Mohamedou, President, Tullow Oil
Ahmed Abdelkarim, Tullow Oil
Imran Abdul Kadir, Country Manager, Petronas
Cheikh Hadija, Total
Jemal Haimdoune, Aura Energy
Patrick Longerstaey, Orecorp
Mohamed Minih, Alecto
N’Dah Mohamed Saleh, Sphere Mauritanie
Ahmed Ould Sidi Aly, El Aouj Mining Co.
Nane Ibrahima Lamine, Wafa Mining
Bi Tian, SGS
Jean-Felix Paganon, President, Tasiast
Malainim Toumi, Vice President, Tasiast
Astou Dieng, Tasiast
Ademine Aboubekrime, Administrative Director, MCM

Civil Society
Youssoupha Diallo, ONEC RIM
Mine Abdoullah, PWYP
Sidi Abdoul Ghoudours, PWYP
Validation of Mauritania: Report on initial data collection and stakeholder consultation

Chreiva M/ Med Laghdaf dite Khatou, CyberForum
Ahmed Ould Yaghoub, Maire d’Akjouj
Essata Diallo, Secretary General of Ministry of Higher Education, Women in Mining association
Mrs Ventmetto, geologist, Women in Mining association
Mema Traoré, Women in Mining association
Sektou Mohamed Vall, ONG AMANE
Ebehoum Aziz Val, ONG AMANE
Aichelou Ahmed, ONG AFH
Ouman Kane, ONG AMAM
Cheikh Aibara, Association de Journalistes Sli-Nalitin
Seyde Mohamed Yeufe, ASPOM
Ahmed Kleib, ONG APEAH
Moussa Sall, RIMYEM
Mohamed Vadel, ONG ATED
Baba Cheikh, ETRE Transparent
Mohamed Salem Loud, Solidarité Developpement Durable (SDD)
Nedwa Morton Nech, Mauritanie2000
Amadou Seck, METEX
Mohamed Abd Bellil, 3CM
Moha Bneizeng, ADIG
Ahmed Vall Boumouzouna, ONG AFE
Mahmoud Moulemine
Hawa Sechbe, APDH
Mohamed Yahya Eba, OMASSAPE
Moussa Bareel, PADHEMJAHE
Oumkheltoum Khaliva, OMED

Others
BA Papa, Permanent Secretary, National Secretariat
Hamada Bacar, Communication officer, National Secretariat
Karim Lourimi, Public Sector Group, Moore Stephens
Mongi Hambl, KPMG Tunis
Babacar Youssouf Diagana, Sagés Consult
Mohamed Lemine Deidah, Consultant
Validation of Mauritania: Report on initial data collection and stakeholder consultation

Ahmedou Ould Bakar, Consultant
El Hadramy Oubeid, Economist, World Bank
Morten Larson, Task Teak Leader, World Bank
Nina Inamahoro, World Bank
Samba Diallo, Economic and Commercial Specialist, US Embassy Nouakchott
Leslie Johnson, Political and Economic Officer, US Embassy Nouakchott
Stephan Eggli, Conseiller Technique Principal, Programme Bonne Gouvernance (PBG), GiZ
Sibylle Albrecht, Conseillère Junior PBG, GiZ
El Hadramy Mohamed Mahmoud, Conseiller Senior Finances Publiques, PBG, GiZ
Vinay Talwar, Head of UK Office, British Embassy Office Mauritania
Miguel Angel Blasco Molina, Attaché du Ministère de l’Environnement, Milieu Rural et Marin, Ambassade d’Espagne
Gabriel Moyano Vital, Attaché, Delegation de l’Union Europeenne en Mauritanie
**Annex C - List of reference documents**

**Workplans and Annual activity reports:**


**EITI Reports, Summaries, Validation Report and Secretariat Review:**

- EITI (September 2010), Mauritania Validation report (CAC75) - [https://eiti.org/files/Final_Validation_Report_Mauritania_EN.pdf](https://eiti.org/files/Final_Validation_Report_Mauritania_EN.pdf)

**Legal documents and ToRs related to EITI implementation:**
Validation of Mauritania: Report on initial data collection and stakeholder consultation


Other documents online:


Other government documents online:

- Website of the Société Mauritanienne Des Hydrocarbures et de Patrimoine Minier (SMHPM) - http://www.smhpm.mr/
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MSG meeting minutes:


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- EITI (December 2010), Minutes of the 14th EITI Board meeting, 13-14 December 2010, https://eiti.org/files/Minutes%2014th%20Board%20Meeting%20ENG.pdf
- EITI (February 2012), Minutes of the 19th EITI Board meeting, 15 February 2012, https://eiti.org/files/Minutes%20from%20the%2019th%20Board.pdf
- EITI (February 2013), Minutes of the 22nd EITI Board meeting, 26-27 February 2013, https://eiti.org/files/Minutes%2022nd%20EITI%20Board%20Meeting.pdf
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Secondary sources:


• World Trade Organisation (September 2011), Trade policy review: Mauritania’ - https://www.wto.org/english/tratop_e/tpr_e/tp350_e.htm
• Freedom House (August 2015), ‘Freedom in the world 2015: Mauritania, summary’ -
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- OpenOil’s database of Mauritania oil and gas contracts - http://repository.openoil.net/wiki/Mauritania


- Le Quotidien de Nouakchott (Octobre 2010), Permis de recherche miniers: Opacité totale et


- Financial Times (15 April 2016), ‘Mauritania prioritises rebalancing commodity-heavy economy’ - [https://next.ft.com/content/35efb9f0-e6ee-11e5-a09b-1f8b0d268c39](https://next.ft.com/content/35efb9f0-e6ee-11e5-a09b-1f8b0d268c39)

- Financial Times (15 April 2016), ‘Mauritania feels the pain of iron ore price drop’ - [https://next.ft.com/content/187dcbb8-e6ea-11e5-a09b-1f8b0d268c39](https://next.ft.com/content/187dcbb8-e6ea-11e5-a09b-1f8b0d268c39)

- Financial Times (15 April 2016), ‘Gas find on Mauritania-Senegal border comes with challenges’ - [https://next.ft.com/content/38845c16-e6ee-11e5-a09b-1f8b0d268c39](https://next.ft.com/content/38845c16-e6ee-11e5-a09b-1f8b0d268c39)

- Financial Times (15 April 2016), ‘Mauritania’s mining industry hit by commodity price fall’ - [https://next.ft.com/content/32bea32c-e6ee-11e5-a09b-1f8b0d268c39](https://next.ft.com/content/32bea32c-e6ee-11e5-a09b-1f8b0d268c39)