

The Board agreed that  
Mali has made  
meaningful progress  
overall in implementing  
the 2016 EITI Standard

Decision reference: 2017-29/BM-37/BP-37-9-B

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## News

### **Mali makes meaningful progress in transparency despite significant challenges**

*EITI implementation has proved resilient despite political instability and terrorist attacks.*

**Wednesday 24 May 2017** - The EITI Board has concluded that Mali has made meaningful progress in implementing the EITI Standard. The Board reached this decision following a Validation process. Validation is the EITI's independent quality assurance mechanism and includes an extensive consultation of stakeholders.

- [View full decision including the scorecard and supporting documentation](#)

### **A resilient mining sector in a volatile environment**

Mali has been producing gold since the 4<sup>th</sup> century. However, a military coup that toppled the democratically elected government in 2012 and multiple terrorist attacks in recent years, have posed significant threats to economic activities. Mining activities are concentrated in the south and have remained for the most part out of reach of the multiple armed groups that occupied the northern part of the country in the aftermath of the coup.

Mali remains Africa's third-largest gold producer behind South Africa and Ghana, with significant artisanal mining activities. Approximately 10% of the country's gold output is produced by more than one million artisanal miners. The rest comes from seven mines using industrial methods. Somilo, a subsidiary of Randgold Resources was the country's largest gold producer. This company is followed by the Syama Mine, owned by Australia's Resolute Mining Limited, the Tabakoto Mine and the Kalana Mine, which is owned by the Government of Mali and a Canada based company Avnel Gold Mining Limited.

Fredrik Reinfeldt, Chair of the EITI, said:

"We welcome stakeholders' dedication to implement the EITI Standard in Mali despite the multiple challenges they have faced. It is encouraging to see that their efforts are beginning to yield some tangible results."

### **Expanding the scope of EITI reporting while implementing reforms**

During the Validation process, stakeholders explained that the EITI had improved transparency and was building a culture of trust. Reported revenues by the government have doubled from USD 221 million in 2006 to USD 449 million in 2013. The most recent EITI Report includes taxes and other revenues paid by sub-contractors operating in Mali's mining industry. Building on this innovation, future EITI reports aim to collect revenue information from purchasing houses, "comptoirs d'achat", intermediaries between small and artisanal scale miners and the international markets.

The government has also initiated a wide range of reforms in public financial management, tax administration and tax policy. With support from GIZ, the Ministry of Mining has modernized its mining cadaster and improved transparency in issuing mining licenses. Mali's new Mining Code includes several innovations and adjustments. These changes aim to protect the interests of the Malian population and ensure that they benefit from the development of the mining sector.

## Continuing challenges of internal governance and data quality

Despite these achievements, EITI reporting continues to be affected by major technical issues. One such concern is the lack of a computerised recordkeeping system at the Treasury. The current practice to manually record each transaction in a daily register, does not enable revenue the government agencies to monitor where the revenues have gone. Fiscal identification numbers were not systematically generated when a company was established, causing inconsistencies in tax records and EITI reporting. A lack of timely publication of audit reports by the supreme audit institution, 'la cour des comptes', has also hindered the reliability of revenue data.

The validation also highlighted some areas for improving participation and governance of the national multi-stakeholder group which leads EITI implementation in the country.

## Scorecard

## Notes

- [The EITI](#) is a coalition of governments, companies, civil society groups, investors and international organisations. Learn more at [eiti.org](#).
- EITI is chaired by [Fredrik Reinfeldt](#). Mr Reinfeldt was the Prime Minister of Sweden (2006-2014).
- **52 countries** are members of the EITI. No country has yet made [satisfactory progress](#) with the 2016 EITI Standard. See the list of countries at [www.eiti.org/countries](#).
- **Validation** is the EITI's independent evaluation mechanism. It assesses countries against progress made in meeting the 2016 Standard.
- The **Board decision** in full, including corrective actions and impact of the EITI in the country, can be found here: [eiti.org/validation/mali/2016](#)
- The reports giving an extensive review of Mali's extractive sector can be found here: [eiti.org/document/validation-mali-2016-documentation](#)
- The Board has taken decisions on the status Mali and Liberia on 24 May 2017: [eiti.org/document/validation-schedule-decisions](#)
- See here for a [full explanation of the various levels of progress under the EITI Standard](#).

For further information about the EITI in Mali, please visit the [country page on the EITI website](#) and [Mali's own EITI website](#).

## The Board's decision

On 24 May 2017, the EITI Board came to the following decision on Mali's status:

The Board agreed that Mali has made meaningful progress overall in implementing the 2016 EITI Standard. In taking this decision the EITI Board recognised the challenges facing Mali, including terrorism and underlying socio-economic problems. The Board commended the stakeholders' resilience to continue implementing the EITI during the 2012-2013 political and security crisis.

The EITI Board also noted that EITI information is more comprehensive, credible and trusted, as well as the efforts to go beyond the EITI's requirements on the inclusion of sub-contractors in EITI reporting. The EITI Board highlighted that the EITI has provided a positive platform for reforms of the cadastre system and widespread dissemination of information on the mining sector as well as public finance management. The EITI Board was encouraged by stakeholders' efforts to improve contract transparency and monitor sub-national payments.

The Board's determination of Mali's progress with the EITI's requirements is outlined in the assessment card, below. The EITI Board agreed that Mali had not made satisfactory progress on requirements 1.4., 1.5., 2.2., 2.3, 4.1., 4.9, 5.2. and 7. The major areas of concern, where Mali made inadequate progress relate to multi-stakeholder group internal governance (1.4), license allocations (2.2), data quality (4.9) and subnational transfers (5.2).

Accordingly, the EITI Board agreed that Mali will need to take corrective actions outlined below. Progress with the corrective actions will be assessed in a second validation commencing on 24 November 2018. Failure to achieve meaningful progress with considerable improvements across several individual requirements in the second Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, the MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

The Board's decision followed a Validation that commenced on 1 July 2016. In accordance with the 2016 EITI Standard, an initial assessment was undertaken by the International Secretariat. The findings were reviewed by an Independent Validator, who submitted a Validation Report to the EITI Board. Mali's MSG was invited to comment throughout the process. The MSG's comments on the report were taken into consideration. The final decision was taken by the EITI Board.

## Scorecard

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Workplan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Socio-economic contribution	Mandatory social expenditures (#6.1) 					
	SOE quasi-fiscal expenditures (#6.2) 					
	Economic contribution (#6.3) 					
Outcomes and impact	Public debate (#7.1) 					
	Data accessibility (#7.2) 					
	Follow up on recommendations (#7.3) 					
	Outcomes and impact of implementation (#7.4) 					
Overall Progress						

-  **No progress.** All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.
-  **Inadequate progress.** Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.
-  **Meaningful progress.** Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.
-  **Satisfactory progress.** All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.
-  **Beyond.** The country has gone beyond the requirements.
-  This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
-  The MSG has demonstrated that this requirement is not applicable in the country.

## Corrective actions

The EITI Board agreed the following corrective actions. Progress in addressing these corrective actions will be assessed in a second Validation commencing on 24 November 2018

1. In accordance with requirement 1.2, it is recommended that industry representatives on the MSG improve coordination of industry positions in advance of MSG meetings. Companies could also benefit from a clear system for appointing their alternates to the MSG.
2. In accordance with requirement 1.3, it is recommended that civil society undertakes a capacity building needs assessment and that actions to address capacity constraints are implemented.
3. In accordance with requirement 1.4, it is also recommended that the MSG explores options for

improving representation of each constituency on the MSG. Stakeholders should have the opportunity to provide input to the MSG's policy regarding the number of MSG representatives from each stakeholder group, alternates and rotation in accordance with clear procedures in the MSG's TOR as set out in Requirement 1.4. It is recommended that the MSG address inconsistent meeting attendance by some Ministries, including the Ministry of Finance, AUREP, the Ministry of Land, the Ministry of Planning and Land Management, and the Ministry of Environment. The MSG is also encouraged to conduct an analysis of the performance of the EITI structures and to consider the possibility of merging the Supervisory Committee with the MSG. The MSG is encouraged to ensure that mechanisms are developed to enable stakeholder groups to communicate with their constituencies.

4. In accordance with requirement 1.5, it is recommended that the MSG links EITI implementation to national priorities in its 2017 work plan.
5. In accordance with requirement 2.1, the government is encouraged to clarify ambiguities regarding the fiscal regime applicable to mining companies, e.g., in relation to stabilisation clauses. The MSG should ensure that the situation is clearly documented in the EITI Report, including any recommendations for further work in this area.
6. In accordance with requirement 2.2, it is required that the government discloses information regarding the oil and mining license awards and transfers made during the financial year covered by the EITI report, including: a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license; and any non-trivial deviations in license transfers and awards. The MSG should review this work and address any gaps in reporting. The MSG is also encouraged to comment on the efficiency and effectiveness of the license allocation system, and to make recommendations for reforms where appropriate.
7. The MSG should ensure that all reporting entities disclose comprehensive and reliable figures in accordance with requirement 4.1 and 4.9. The MSG will be required to disclose a time-bound action plans for addressing weaknesses in data reliability and comprehensiveness. It is a requirement that the MSG and the Government of Mali review recordkeeping systems of government agencies participating in EITI reporting to ensure that adequate procedures are followed, in view of improving revenue traceability, transparency, and accountability. Progress with implementation of this plan will be considered in subsequent Validations. It is recommended that the MSG considers necessary improvements to the reporting templates in consultation with the Independent Administrator for future EITI reports. The MSG is also encouraged to include disaggregated payments for companies below the materiality threshold. The MSG should address stakeholder concerns that the one-month reporting period may be too short and explore options with the government regarding delays and inefficiencies of manual record-keeping at the treasury.
8. In accordance with requirement 4.8, the MSG and the Government of Mali are encouraged to promote routine disclosure of data required by the EITI Standard by the government agencies participating in EITI reporting to improve the accessibility and timeliness of the disclosed data.
9. In accordance with requirement 5.2, the MSG should ensure full disclosure of payments by companies of the trade tax and sub-national transfers between the central and local governments.
10. In accordance with requirement 5.3.a, the MSG is encouraged to disclose further information on revenue management and expenditures, including a description of the state budget and expenditures earmarked for health, education, and other social programmes. This should include a description of the methods for ensuring accountability and efficiency in their use per 5.3.a.

11. In accordance with requirement 6.3.a, the MSG should examine opportunities to provide more detailed reporting on artisanal and small scale mining in future reports, linking to wider efforts to address these issues.
12. In accordance with requirement 7.1, the MSG should proceed with the dissemination of the most recent EITI Reports as soon as funding becomes available. In accordance with requirement 7.1.b, the MSG should agree a clear policy on the accessibility, dissemination and use of EITI data (a requirement from 1 January 2017), and to provide EITI data in open data formats.
13. In accordance with requirement 7.3, the MSG should consider the recommendations from EITI Reports and agree relevant follow-up and implementation. It is recommended that the MSG undertake an impact assessment to identify opportunities for increasing the impact of implementation.
14. 14. In accordance with requirement 7.4, the MSG should provide opportunities for all stakeholders, including stakeholders not serving on the MSG, to participate in the production of APRs and to review the impact of EITI implementation.

The MSG is encouraged to consider the other recommendations in the Validator's Report and the International Secretariat's initial assessment, and to document the MSG's responses to these recommendations in the next annual progress report.