

Validation of MALI
Validation Report
Sustainable Development Strategies Group (SDSG), Independent Validator
20 February 2017

1. BACKGROUND*

The landlocked Republic of Mali in the sub-Saharan, western part of Africa is the eighth largest country in the continent, surrounded by Mauritania, Algeria, Niger, Burkina Faso, Senegal, and Côte d'Ivoire. Under French rule until 1960 and after over two decades of military rule, Mali held its first democratic elections in 1992. While the country registered GDP growth of 6% in 2015, over 40% of its estimated population of 17.6 million (2015) lives below the poverty line, with areas in the north particularly marginalized. This has contributed to continuing political unrest and armed resistance from groups such as the National Movement for the Liberation of Azawad (*Touaregs*), culminating in the 2012 coup d'état that overthrew then President Amadou Toumani Toure. Exacerbating the conflict, terrorist groups launched a major attack in 2013 and took control of northern cities, including Konna which is only 600 km from Bamako. With assistance from France, Mali thwarted these forces after which a United Nations mission was established and later renewed until June of 2017. Presidential elections were held in late 2013.

Oil exploration is on-going in the Touadeni Basin by multinational companies although its remote location in the Sahara remains challenging. While Mali has unexploited minerals such as iron ore and bauxite, it is the third largest producer of gold in Africa. This is the country's main source of foreign exchange, with seven operating industrial mines and a significant artisanal mining sector. In spite of recent political turmoil and a 20% decrease in mining revenue in 2013, Mali's GDP has grown, supplemented by significant donor support.

Mali's Minister of the Economy and Finance first announced the country's participation in the EITI in 2006 in a letter to the World Bank President. This was followed in 2007 by the establishment through Prime Ministerial decree of a Steering Committee (the multi-stakeholder group or MSG). Mali was accepted as an EITI Candidate that same year and later deemed EITI compliant in 2011 following its first Validation under the 2009 EITI Rules. It has produced seven EITI reports covering years the 2006 to 2013. Its 2013 EITI Report and Annual Activity Report (AAR) were published pursuant to the EITI Standard.

The EITI Board agreed in June 2016 that Mali's Validation against the 2016 EITI Standard should commence on 1 July 2016. Pursuant to the Validation Guide, the International Secretariat carried out the first phase of validation—initial data collection, stakeholder consultations, and preparation of their initial evaluation of progress against the EITI requirements (the "Initial Assessment"). SDSG was appointed as the independent Validator to evaluate whether the Secretariat's work was carried out in accordance with the Validation Guide. SDSG's principal responsibilities as Validator are to review and amend the Initial Assessment, as needed, and to summarize its independent review in this Validation Report for submission to the Board through the Validation Committee.

- **Work Performed by the Independent Validator**

The Secretariat's Initial Assessment was transmitted to SDSG on 03 January 2017. Our Validation Team undertook this phase of the Validation process through: (1) In-depth review and marking up of the EITI Assessment by each team member; (2) Detailed review and comments by the Multi-Stakeholder Specialist of Requirements 1 and 7; (3) Detailed review and comments by the Financial Specialist of Requirements 2 through 6; (4) Overall review and drafting coordination by the Team Leader; (5) Review of the comments from the Steering Committee; (6) Consolidation of detailed comments on the mark up of the Initial

*Statistics in this section are from the Initial Assessment, the Millennium Development Goals Database <data.un.org>, the Human Development Index <hdr.undp.org>, the World Development Indicators <databank.worldbank.org>, last visited on 21 January 2017.

Assessment; and (7) Consolidation of reviews and finalization of this Validation Report.

The SDSG Validation Team received the Steering Committee's comments on the International Secretariat's Initial Assessment on 17 January 2017 (English version). The comments were thorough, well documented, and detailed in addressing each of the requirements under the 2016 Standard. The Steering Committee reiterated Mali's commitment to continued and improved EITI implementation, but also requested reconsideration of the Initial Assessment, specifically for 2.2, 2.3, 4.9, 5.2, and 7.1. Our analysis of each requirement under Part 3 hereof takes these specific comments into account. The Steering Committee's other comments referred to on-going actions, i.e actions that took place or will take place after 1 July 2016. While the Validation Team is not permitted to take these into account in our evaluation, we nevertheless reviewed these and also note that the Board has the discretion to consider said actions in its overall evaluation of compliance.

- **Comments on the Limitations of the Validation**

Mali is among the 14 countries undergoing the EITI Validation process between the latter part of 2016 and early 2017. Compared to the first half of these countries, relatively more time was provided for the Validation Team to undertake this phase of the review process for Mali. This provided the opportunity for further team discussions, consideration of areas where the Validation Team's assessment diverged from that of the International Secretariat, and importantly, receipt and review of the MSG's comments. Nevertheless, the time provided, in general, and the nature of this phase of the process do not readily accommodate further stakeholder outreach beyond the Secretariat, particularly when no requests for issues to be 'spot-checked' were received, and given that the Independent Validator is not expected to duplicate data collection and consultation work completed by the Secretariat. Neither is it permitted to consider activities after 1 July 2016, per express directive of the Board. Notwithstanding these limitations, the Validation Team has carefully reviewed the Secretariat's Initial Assessment, the comments of the Steering Committee, and applicable references to determine Mali's level of progress against the requirements of the 2016 Standard.

- **Comments on the International Secretariat's Initial Assessment**

The initial data collection, stakeholder consultations, and drafting of the Initial Assessment were generally undertaken by the International Secretariat in accordance with the 2016 Validation Guide. This entailed a desk review of relevant documents from 26 September to 7 October 2016, a country visit by a three-person team from the International Secretariat that conducted stakeholder consultations presumably held exclusively in Bamako – as the Initial Assessment does not expressly state this – on 10-14 October 2016, and the production of the Initial Assessment. It is laudable that a call for comments on EITI implementation in Mali was published in local newspapers and on the EITI Mali website ahead of Secretariat's visit, and that stakeholders provided comments by email and by phone during and after the mission. The in-country consultations focused principally on stakeholders in the capital who are already familiar with the EITI, and outreach beyond them was limited. This is unfortunate as consultations outside the capital, and especially in the gold-producing regions of Kayes and Sikasso, would bring great value to this assessment. The Secretariat's team was identified by name, though it would be helpful to also indicate each member's level of familiarity or engagement with EITI in Mali to confirm the appropriate balance in perspectives and experience.

2. GENERAL COMMENTS

- **Progress in EITI Implementation**

Despite periods of political turbulence, the EITI has facilitated key reforms in the areas of public financial management, tax policy, tax administration, and regulation of the mining sector. The government has, for

example, opened a treasury account for VAT receipts by mining companies, improved accounting of revenues, modernised the mining cadastre, and enacted a new Mining Code which aims to ensure that benefits from the mining sector redound to the Malian people.

A Permanent Secretariat leads day-to-day implementation of the EITI in Mali under the MSG (Steering Committee) which is chaired by the Minister of Mines. The MSG meets frequently and record keeping is adequate, however, it has been hampered by unclear internal protocols and inconsistent leadership by the different Ministers of Mines. The Terms of Reference (TOR) for its functioning are unclear, including the actual number, mandate, and terms of MSG members. There is strong participation by industry, but only producing large-scale companies are directly represented in the MSG, to the exclusion of exploration companies (who are only allowed to observe MSG meetings), suppliers, service providers, and the artisanal and small-scale mining (ASM) sector. Civil society organizations (CSOs) are engaged in EITI implementation and lead dissemination efforts in mine-affected areas, for example, in Kayes and Sikasso. They have, with the support of international organizations, produced analytical reports (e.g. on contract transparency). Capacity constraints persist, however, and affect their ability to consult their wider constituency and report back to them. While a low level of literacy hampers information dissemination through print media, communications are more effectively channelled through the many radio and television stations available.

Mali has produced EITI Reports in a timely fashion since its candidacy, although there is multi-stakeholder support for more frequent or timely disclosures. The number of reporting companies and revenues increased significantly from 2006 to 2013. The 2013 Report includes sub-contractors and buying houses from artisanal and small-scale mining (ASM). EITI reporting is constrained, however, by the lack of company identification numbers and a computerised tracking system at the Treasury that would ensure revenues are transferred to the proper accounts. While recommendations from EITI reports have focused on the EITI reporting process, greater focus is needed specifically in the areas of license allocations, data quality, and MSG governance. The publication and increased discussion of sub-national payments would be especially relevant and helpful given the tensions around local and community benefits from mining.

- **Impact of EITI Implementation**

EITI in Mali has led to the establishment and sustained functioning of the MSG, although communications within and among the stakeholder groups needs to be strengthened. EITI reporting in Mali has improved and expanded over the years, and stakeholders report that EITI information is more credible and trusted than information originating from either government or industry alone. Increased information has contributed to greater understanding of stakeholders of the extractive sector, particularly communities. Stakeholders note that this, in turn, has helped empower communities to ask questions of the government and companies.

The 2012 EITI Report is generally regarded by stakeholders as comprehensible and publicly accessible. It was actively promoted through dissemination events and workshops, and contributed to public debate especially in the capital, however, these events took place significantly later than the publication of the report, affecting its relevance and impact. Evidence of widespread dissemination of the 2013 EITI Report was not available prior to this Validation process on 01 July 2016.

EITI implementation has led some communities to seek the establishment of regional EITI offices to improve information dissemination and better monitor sub-national payments as well as local resource management. The 2015 APR notes that local EITI offices in the Kayes and Sikasso regions are being considered by the MSG, a commendable initiative, although it is unclear if further steps have been undertaken. Some stakeholders expressed that discussing long-term impacts of EITI implementation was premature, in fact, no impact studies appear to have been undertaken by the MSG. The 2015 APR does not discuss impacts and outcomes of EITI implementation in depth. In general, however, stakeholders noted that EITI implementation has improved transparency and contributes to building trust among stakeholder groups.

- The Independent Validator's Assessment of Compliance

Figure 1 – Validator's assessment

EITI Requirements		LEVEL OF PROGRESS					Note
		No Progress	Inadequate	Meaningful	Satisfactor	Beyond	
Categories	Requirements						
MSG oversight	Government engagement (#1.1)						
	Industry engagement (#1.2)						
	Civil society engagement (#1.3)						
	MSG governance (#1.4)						
	Work plan (#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)						1
	Export data (#3.3)						2
Revenue collection	Comprehensiveness (#4.1)						
	In-kind revenues (#4.2)						
	Barter agreements (#4.3)						
	Transportation revenues (#4.4)						3
	SOE transactions (#4.5)						
	Direct subnational payments (#4.6)						
	Disaggregation (#4.7)						
	Data timeliness (#4.8)						
	Data quality (#4.9)						
Revenue allocation	Revenue management & expenditures (#5.1)						4
	Subnational transfers (#5.2)						5
	Distribution of revenues (#5.3)						
Socio-economic contribution	Mandatory social expenditures (#6.1.a)						
	Discretionary social expenditures (#6.1.b)						
	SOE quasi-fiscal expenditures (#6.2)						
	Economic contribution (#6.3)						6
Outcomes and impact	Public debate (#7.1)						
	Data accessibility (#7.2)						
	Follow up on recommendations (#7.3)						
	Outcomes/impact of implementation (#7.4)						

1-6: Please see Detailed Findings. 3: Previously found not applicable by the International Secretariat.

3. DETAILED FINDINGS

- 1.1 **Government engagement.** We agree that Mali has made **SATISFACTORY** progress, noting the continued support of the leadership, allocation of government funding, and a general committee structure for EITI implementation backed by decree. There is active engagement by key agencies led by the Ministry of Mines in reporting aspects and dissemination of EITI Reports. However, more participation by other relevant government agencies is needed, as are mechanisms to ensure continuity in leadership amidst political transitions.
- 1.2 **Company engagement.** We agree that Mali's progress in implementing this provision is **SATISFACTORY**. It is not typical that an industry chamber is created by law and directly supervised by a ministry, as is the case with the Chamber of Mines. There do not appear to be any reservations with this structure, other the clarification that it is representative mainly of ASM. There is increasing participation by companies in EITI Reporting, aided no doubt by compliance with the 2007 decree establishing EITI Mali. Industry representatives participate in MSG meetings and dissemination activities. However, sufficient quality assurance of industry reporting remains a key area for strengthening.
- 1.3 **Civil society engagement.** We agree that Mali has made **SATISFACTORY** progress in implementing this requirement. Despite socio-economic and political challenges particularly in the north, CSOs in Mali can freely associate and express their views as they engage in EITI implementation, including participating in MSG meetings, developing reports, outreach, and communications (information dissemination). There are also mechanisms in place for CSO members on the MSG to cascade information to their broader constituency. Clarity would be helpful, however, as to why the forum of CSOs is not represented on the MSG. Areas that require more focus include adherence to terms for and rotation of CSO (and other) MSG members, designation of alternates, capacity building on extractive industries, and funding for such activities.
- 1.4 **MSG Governance.** We agree with the International Secretariat's finding that Mali's progress in meeting this requirement is **INADEQUATE**. The government of Mali established by decree the MSG (Steering Committee) to implement EITI, with policy direction from a high-level Supervisory Committee. Both are multi-stakeholder bodies with transparent membership, although companies are represented on the Supervisory Committee only indirectly through the Chamber of Mines. Industry and civil society operate independently and appoint their representatives, but there is a lack of clear procedures regarding per diems, and general uncertainty regarding membership, the nomination and rotation process, and extent of consultation with their wider constituencies particularly with respect to approvals of work plans and reports. (Post-01 July 2016 TOR have apparently sought to address the inadequacies in MSG governance.) However, the MSG's efforts to establish subnational EITI councils in gold-producing areas is laudable, reflecting the objective of affected communities to improve local monitoring and management of extractive revenues.
- 1.5 **Work Plan.** We agree with the International Secretariat's finding that Mali' progress is **MEANINGFUL** in meeting this requirement. As in previous years, the 2016 work plan does not sufficiently reflect Mali's national priorities for extractive industries. It is not fully costed, although it provides timelines, activities, and notable government support of 66% for the funding of costed activities. The work plan has been discussed, updated, and agreed by the MSG, reflecting issues critical for communities such as contract transparency and subnational payments. The work plan is used less as a tool for reviewing implementation or for measuring progress. The extent of stakeholder input beyond the MSG is unclear, as is the extent of its public availability and accessibility.

- 2.1 **Legal Framework and Fiscal Regime.** We agree that Mali has made **SATISFACTORY** progress in meeting this requirement. The 2013 EITI Report provides the requisite description of Mali's legal framework for extractive industries, including relevant laws, and institutional roles. The extent of fiscal devolution could be discussed in greater detail, and as suggested by the International Secretariat, it would be helpful to document the fiscal terms in stabilization agreements.
- 2.2 **License Allocations.** We agree with the finding that Mali has made **INADEQUATE** progress in meeting this requirement. While the 2013 EITI Report provides a general overview of the application process for mining licenses, it does not sufficiently cover the oil and gas sector and most of the other data required under this provision is incomplete. For example, the Report did not clearly describe the process and criteria for awarding licenses, nor did it discuss deviations from the required application and award processes. Mali's MSG requested reconsideration of this finding based on their assertion that the incomplete disclosure was due to simple omission and that the data was publicly available elsewhere, however, it did not indicate where nor provide evidence of its availability prior to 01 July 2016.
- 2.3 **Register of Licenses.** We agree with the finding of the International Secretariat that Mali has made **MEANINGFUL** progress in meeting this requirement. The 2013 EITI Report provides a list of active mining licenses and a link to an online cadastre for all mining licenses with life cycle data that includes the requisite details under this provision 2.3. Information is insufficient, however, with respect to ASM and the oil and gas sector, although an online portal for the latter has also been developed. Both online portals were established through the support of an international development agency, and the MSG should ensure their continued operation and sustainability. The MSG requested reconsideration of this finding, however, it did not provide documentation to support that the undisclosed information was available prior to 01 July 2016.
- 2.4 **Contract Disclosures.** We agree with the International Secretariat that Mali's progress is **SATISFACTORY** in meeting this requirement. The 2013 EITI Report confirms that there is no formal government policy on contract disclosure. However, Mali has publicly disclosed mining contracts and a model oil and gas production sharing contract, a list and link for which are provided in the Report. There is no mention of reforms, but an affirmative statement regarding no on-going reforms would help to clarify the inapplicability of that requirement.
- 2.5 **Beneficial Ownership (BO).** Disclosure under this provision is **NOT YET APPLICABLE**, however, Mali has taken measures to advance implementation of this provision by, among others, adopting a definition of BO and including BO disclosure as a requirement for the 2013 EITI Report.
- 2.6 **State Participation in EI.** We agree with the finding of the International Secretariat that Mali's progress under this requirement is **SATISFACTORY**. There are currently no SOEs in Mali, and the 2013 EITI Report discloses state participation in the form of material dividends arising from the government's legally mandated stake in producing mines, and that the state can exercise a stake as well in commercial discoveries of oil and gas.
- 3.1 **Exploration.** We agree that Mali has made **SATISFACTORY** progress in meeting this requirement. The 2013 EITI Report includes an overview of extractive industries, including ASM, quarrying, and significant exploration activities.

- 3.2 **Production Data.** Production data is disclosed with respect to industrial mining – the 2013 EITI Report provides volumes and value of production for each producing mine, and notably reconciles data gathered from the National Directorate of Geology and Mines and companies. Mali has made nearly satisfactory progress in implementing this provision, but given the lack of production data from ASM, we disagree with the International Secretariat and find that Mali’s progress is **MEANINGFUL**.
- 3.3 **Export Data.** We disagree that Mali has made satisfactory progress in implementing this requirement, and find that its progress is **MEANINGFUL**. The 2013 EITI Report includes information on volumes and values of exports of refined gold and silver by company. There was confusion, however, between amounts produced and exported. Moreover, there is no discussion of exports from ASM.
- 4.1 **Comprehensiveness.** We agree with the International Secretariat’s Initial Assessment that Mali’s progress is **MEANINGFUL**. The MSG documented its process, options, and rationale for its agreed materiality threshold for reporting entities that innovatively included subcontractors and buying houses from ASM. While no materiality threshold was established for revenue streams, the 2013 EITI Report lists and describes those to be disclosed, which includes streams required under this provision and additional ones. A materiality threshold was also set for discrepancies which did result due to incomplete or insufficient reporting by some companies and government entities. 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 brought about by manual record-keeping at the treasury.
- 4.2 **In-Kind Revenues.** We agree that this provision was **NOT APPLICABLE** in Mali during the period covered by this current Validation. In-kind revenues are currently not generated from the mining sector but will become relevant with any future oil and gas production.
- 4.3 **Infrastructure Provisions and Barter Arrangements.** We agree that this provision is currently **NOT APPLICABLE** in Mali. The 2013 EITI Report confirmed that no such provisions and arrangements are currently found in the extractives sector.
- 4.4 **Transportation Revenues.** We disagree that this provision is not applicable and find that there has been **NO PROGRESS** in implementing this requirement. A mere statement by the Independent Administrator that it is not aware of such revenues is insufficient basis to render an assessment. Companies are transporting ore by air or land, thus, the MSG should determine whether this involves government facilities, permits, and fees, or if any transport-related payments made are purely to private third parties.
- 4.5 **Transactions Related to SOEs.** We agree that this provision is **NOT APPLICABLE** to Mali given that there are currently no SOEs in the country, as defined under provision 2.6. The 2013 EITI Report inaccurately states that there is no state enterprise indirectly participating in the mining sector, as government does participate in producing mines through its equity stake therein.
- 4.6 **Subnational Payments.** We agree that this provision is **NOT APPLICABLE** to Mali given that the local trade tax imposed on companies for the benefit of local communities is paid through General Directorate of Taxes. These payments are correctly documented under requirement 5.2 on subnational transfers.

- 4.7 **Level of Disaggregation.** We agree that Mali has made **SATISFACTORY** progress. Data disclosed in the 2013 EITI Report contains the requisite levels of disaggregation by company, government entity, and revenue stream. However, there is no discussion about project-level disaggregation.
- 4.8 **Data timeliness.** We agree that Mali's progress has been **SATISFACTORY**. It has published EITI Reports within the requisite two-year period, and the MSG has agreed on accounting periods that are covered by every Report. Given the importance of disclosures to stakeholders, the MSG is encouraged to disclose, disseminate (in relation particularly to provision 7.1), and make data available sooner than currently required under this provision.
- 4.9 **Data Quality and Assurance.** We agree that Mali's progress in implementing this provision has been **INADEQUATE**. There is sufficient documentation that the MSG agreed and approved the Terms of Reference for the EITI Report and for the recruitment and work of the Independent Administrator. The IA was regarded by the MSG as credible and competent based on their collaboration for the development of the EITI Report, although there was no specific documentation of the MSG's endorsement of its selection. More glaringly, data provided by companies and government entities was largely reported without a credible and independent audit, and contrary to the statement in the Initial Assessment, the reconciliation could not have been carried out in accordance with international auditing standards, which a limited-scope engagement under ISRS 4400 must expressly disclaim. Almost 20% of company payments and over 92% of government revenues disclosed were not certified in accordance with agreed procedures for quality assurance. The MSG requested reconsideration of this finding, however, it did not provide documentation to support that the undisclosed information was available prior to 01 July 2016.
- 5.1 **Distribution of Extractive Industry Revenues.** We disagree that Mali has made satisfactory progress in implementing this requirement, and find that its progress is **MEANINGFUL**. The 2013 EITI Report discloses which extractive sector revenues are recorded in the national budget and which are allocated elsewhere; however, the Report does not link to financial reports that contain the INPS income statement or other relevant financials statements that show the allocation of the amounts not recorded to the national budget. We note that the Initial Assessment erroneously states that fees collected by the Authority for the Promotion of Petroleum Research in Mali (AUREP) and earmarked for training activities should be categorized as quasi-fiscal expenditures under Requirement 6.2.
- 5.2 **Sub-national Transfers.** After review of both the International Secretariat's analysis and the MSG's request for reconsideration, we disagree with the former that Mali's progress in meeting this requirement is inadequate and find that it is **MEANINGFUL**. The 2013 EITI Report sufficiently describes the local trade tax and the applicable revenue-sharing formula, although we recognize data on the amounts of actual transfers is neither disclosed (which is mandatory) nor reconciled (which is encouraged). We note that the Report disclosed and reconciled patent rights between regional tax offices and mining companies and that the MSG discussed and agreed to require a unilateral declaration of subnational transfers by the Treasury. The Report further describes ad hoc international transfers to the Economic Community of West African States (ECOWAS) and the West African Economic and Monetary Union (UEMOA), but we question whether these should be categorized as sub-national transfers.
- 5.3 **Revenue management and expenditures.** Disclosure under this requirement is encouraged and is thus not considered in the overall assessment of compliance. Given that revenue management is perhaps the most critical issue for the public, especially local communities impacted by extractive industries, the MSG should advance implementation of this requirement.

- 6.1 **Social Expenditures by Extractive Companies.** We agree that Mali has made **SATISFACTORY** progress in implementing this provision. The 2013 EITI Report discloses both mandatory social expenditures by companies, pursuant to their contracts with the government. Disclosures include their nature and value, as well as a list of non-government beneficiaries. Voluntary social expenditures are also disclosed. Compliance can be further strengthened with reconciliation of material social expenditures.
- 6.2 **Quasi-fiscal expenditures.** Given that Mali currently has no SOEs in the extractives sector, we agree that this requirement is **NOT APPLICABLE**.
- 6.3 **Contribution of the Extractive Sector to the Economy.** We disagree that Mali's progress in implementing this provision has been satisfactory and find that it is instead **MEANINGFUL**. Most of the required information is provided in the 2013 EITI Report, however, more accurate estimates of informal activity are needed, including production volumes, employment, and key areas where ASM is concentrated. A spot check of relevant literature – including studies, reports, and newspaper articles – shows that there is more comprehensive data on Mali's ASM sector.
- 7.1 **Public Debate.** We agree that Mali's progress has been **MEANINGFUL**. The MSG implemented significant measures in late 2015 to disseminate the 2012 EITI Report through traditional media (television, radio, newspapers) and through multi-stakeholder workshops Bamako, regional districts, and mining sites. While these initiatives are laudable, their delayed timing may have a negative effect on their relevance and impact on public debate. Other than publication on the website, similar steps had not been undertaken for the 2013 EITI Report, due reportedly to funding constraints. The MSG requested reconsideration of this finding, however, it did not provide documentation to support that that dissemination activities for the 2013 report took place prior to 01 July 2016.
- 7.2 **Data Accessibility.** Disclosure under this requirement is encouraged and is thus not taken into account in the overall assessment of compliance. The MSG has nevertheless taken significant steps to improve data accessibility, such as producing summary reports, developing a communications strategy, operationalizing web-based cadastre systems for mining and oil and gas, and supporting stakeholder participation in capacity-building study tours and workshops, both within and outside the country.
- 7.3 **Discrepancies and Recommendations from EITI Reports.** We agree that Mali's progress has been **MEANINGFUL**. We find that the MSG has considered and taken actions on various recommendations from the 2012 and 2013 EITI Reports, as documented in its 2014 and 2015 APRs. The MSG has also considered recommendations from the Pilot Validation in early 2016, while the Supervisory Committee has formulated recommendations to improve EITI implementation. However, further efforts are needed to address delays in implementation (e.g., procurement of the IA) and the causes of discrepancies in EITI Reporting.
- 7.4 **Outcomes and Impact of EITI Implementation on Natural Resource Governance.** We agree that Mali's progress has been **MEANINGFUL**. The MSG has published APRs in the last four years, with the 2015 APR completed early and made available on the Mali EITI website. It provides requisite information – including a summary of and progress on activities, and responses to recommendations from reconciliation and Validation – and notes efforts beyond the EITI Standard, such as the creation of local EITI offices. It does not sufficiently delve into impacts of implementation, however, and the extent to which feedback is reflected from stakeholders beyond the MSG is not clear. Moreover, there is no discussion of the 2016 work plan and assessment of progress as of mid-year 2016 (or prior to the commencement of Validation of 01 July 2016).

4. RECOMMENDATIONS

Following are the Secretariat's overarching recommendations for improving EITI implementation in Mali, with the Validation Team's modifications and supplements in italics.

- 4.1 It is recommended that the MSG links EITI implementation to national priorities in its 2017 work plan. 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.
- 4.2 *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.*
- 4.3 *The MSG is encouraged to ensure that mechanisms are developed to enable stakeholder groups to communicate with their constituencies. It is recommended that civil society undertakes a capacity building needs assessment and that actions to address capacity constraints are implemented.*
- 4.4 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.
- 4.5 It is a requirement 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.
- 4.6 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.
- 4.7 The MSG should ensure that all reporting entities disclose comprehensive and reliable figures in accordance with requirement 4.1 and 4.9. The MSG 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.*

- 4.8 *The MSG should ensure full disclosure of payments by companies of the trade tax and sub-national transfers between the central and local governments. 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.*
- 4.9 *The MSG should require more detailed reporting on ASM in future reports, and ensure that reliable statistics on ASM are documented therein.*
- 4.10 *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. 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.*
- 4.11 *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 should proceed with the dissemination of the most recent EITI Reports as soon as funding becomes available.*
- 4.12 *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.*
- 4.13 *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.*

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