

Response of the Mali EITI Steering Committee to the report by the Independent Validator

**EITI Steering Committee,
Extractive Industries
Transparency Initiative**

**REPUBLIC OF MALI
One People - One Goal - One Faith**



Validation of Mali for the Extractive Industries Transparency Initiative

Response of the Steering Committee to the Independent Validator's report

Bamako, 20 March 2017

The Steering Committee

SUMMARY

The Government of the Republic of Mali joined the Extractive Industries Transparency Initiative (EITI) on 2 August 2006 to promote better governance in the extractive sector and to make this sector a lever of sustainable growth for the national economy and a significant driver of poverty reduction. After implementing the initiative for five years and followed its rules, including the publication of seven EITI Reports, Mali was declared compliant on 29 August 2011.

Five years later, Mali has to be validated once again, this time in accordance with the new EITI standard. On 1 June 2016, the EITI Board agreed that the validation of Mali should commence on 1 July 2016, with an initial data collection and consultation with stakeholders led by the International Secretariat. It is in this context that a mission from the EITI International Secretariat stayed in Bamako from 10 to 14 October 2016 to collect data and consult with stakeholders, this being the first of the three stages in the validation process.

Further to this mission and in accordance with the provisions of the new validation procedure, the mission's initial report was sent to the Permanent Secretary of EITI-Mali on 23 December 2016. The report was shared the same day with every member of the Steering Committee. The deadline for the collection of the Steering Committee's comments and observations was set at 13 January 2017.

The second stage consisted of establishing whether the work done in the first stage was carried out in accordance with the new validation procedure. This task was conducted by an Independent Validator in January and February 2017. The Independent Validator's report reached the EITI-Mali Multi-Stakeholder Group on 6 March 2017.

After analysing the Independent Validator's report, the Multi-Stakeholder Group issued the following observations and comments:

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Part 1 – Oversight by the multi-stakeholder group		
Requirement– (EITI standard)	Result	MSG response
Government oversight of process (1.1)	Satisfactory progress	<p>While welcoming progress made on the implementation of this requirement, the Steering Committee will ensure the strengthening or maintenance of the Government engagement in EITI implementation.</p> <p>Indeed, the Government funded production of the 2015 EITI Report, to be published by 31 December 2016.</p> <p>The Government increased the EITI National Secretariat budget by 46% for the 2017 fiscal year.</p> <p>The Government has taken steps for EITI to be taken into account in the mining code currently under review.</p>
Company engagement (1.2)	Satisfactory progress	The Steering Committee will ensure the strengthening of company engagement in EITI implementation.
Civil society engagement (1.3)	Satisfactory progress	The Steering Committee will ensure the strengthening of civil society engagement in EITI implementation.
Governance and operation of Steering Committee (1.4)	Inadequate progress	Notwithstanding a new decree and new rules of procedure for the Steering Committee recently adopted in order to improve its operation, the Steering Committee has included objectives and activities related to the review of the decree and rules in its three-year work plan 2017-2019 in accordance with the practices required by the standard.
Work plan (1.5)	Meaningful progress	Please refer to the three-year plan for 2014-2016 adopted by the Steering Committee and published on the EITI website. This plan well includes the priorities of the Government in regard to the extractive industries.

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		The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.
Part 2 – EITI disclosure		
Legal framework (2.1)	Satisfactory progress	The Steering Committee welcomes the progress made on implementation of this requirement of the EITI standard. Nevertheless, the Steering Committee intends to explore opportunities to improve the publication of information on the legal framework for the extractive industries.
License allocations (2.2)	Inadequate progress	The 2013 EITI Report contains important information on license allocations, such as technical and financial criteria and a description of the allocation procedures. For more detail, please refer to pages 27, 28, 29 and 30 of the 2013 EITI Report. The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.
Register of licenses (2.3)	Meaningful progress	The 2013 EITI Report gives sufficient information on the hydrocarbons and the artisanal and small mining sectors. Please refer to pages 16 to 21 for the hydrocarbons sector and pages 24 and 25 for the artisanal sector. The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.
Disclosure of contracts (2.4)	Satisfactory progress	The Steering Committee intends considering opportunities for improving the publication of extractive sector contracts.
Disclosure of beneficial ownership (2.5)	Beyond	The Steering Committee welcomes having submitted its roadmap for the disclosure of beneficial ownership.

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		The Committee is committed to ensuring its implementation.
State participation (2.6)	Satisfactory progress	While welcoming progress made on implementation of this requirement of the EITI standard, the Steering Committee will ensure the publication of any new State participation in the capital of extractive companies.
Part 3 – Oversight and production		
Overview of the extractive sector including exploration activities (3.1)	Satisfactory progress	The Steering Committee will ensure the publication of any new information on the oversight of the extractive industries.
Production (3.2)	Meaningful progress	We confirm that there is data on artisanal production (4 tonnes of gold) and refer to page 25 of the 2013 EITI report . The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.
Export (3.3)	Meaningful progress	We confirm that according to the Reconciler's analysis, there is no discrepancy between production and export volumes, and artisanal gold exports have been correctly communicated (65.5 billion CFA francs) . We refer to page 26 of the 2013 EITI Report . The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.
Part 4 – Revenue collection		
Comprehensiveness (4.1)	Meaningful progress	The Steering Committee is committed to ensure the comprehensiveness of declarations of entities falling within the scope of EITI. Furthermore, as part of the process of preparing the 2014 and 2015 EITI Reports, the Chair of the Steering Committee sent letters of formal notice to companies that

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		had not submitted their form by the stated deadline.
Revenues in kind (4.2)	N/A	This provision does not apply to Mali.
Barter agreements (4.3)	N/A	This provision does not apply to Mali.
Transportation revenues (4.4)	No progress N/A	<p>The Steering Committee has examined the following results, concluding that <u>there are no transportation revenues:</u></p> <ul style="list-style-type: none"> - The tax regime analysed has not made it possible to raise this type of income. - Enterprises have been invited to declare other payments under "other significant payment flows". - The authorities involved have confirmed the absence of any revenue collected related to transportation in the extractive sector. - And there is also no State entity or State-owned enterprise mandated to recover such an income. <p>The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement. <u>We maintain our position that this requirement does not apply to Mali.</u></p>
Transactions related to state-owned enterprises (4.5)	N/A	This provision does not apply to Mali.
Direct subnational payments (4.6)	N/A	This provision does not apply to Mali.
Level of disaggregation (4.7)	Satisfactory progress	While welcoming progress made on implementation of this requirement of the EITI Standard, the Steering Committee will ensure the disaggregated disclosure of extractive sector data.
Data timeliness (4.8)	Satisfactory progress	The Steering Committee will ensure the timely publication of EITI Reports and annual progress reports.

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Data quality (4.9)	Inadequate progress	<p>Despite the steps it has taken, the Steering Committee acknowledges the shortcomings noted with regard to the comprehensiveness and reliability of data on publication of the 2013 EITI Report. Nevertheless, the additional measures taken by the Steering Committee have largely helped to correct the shortcomings in question. (Data available at the National Secretariat)</p> <p>The Steering Committee intends ensuring that the Government of Mali reviews agencies' record-keeping systems.</p> <p>On the unified treasury principle, the Steering Committee will, in its future work plan, propose the computerisation of record-keeping systems in order to disaggregate payments by payer and by nature of payment flow for the government agencies involved in the EITI declaration process, to guarantee the conduct of appropriate procedures for keeping records and accounts, so that revenue tracking, transparency and accountability are improved.</p> <p>The Steering Committee will also ensure that all reporting entities present comprehensive and reliable figures.</p> <p>The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.</p>
Part 5 – Revenue management and allocations		
Distribution of revenues (5.1)	Satisfactory progress	<p>While welcoming progress made on implementation of this requirement of the EITI standard, the Steering Committee will ensure the publication of all data on the distribution of extractive sector revenues.</p>
Subnational transfers (5.2)	Meaningful progress	<p>On page 55 of the 2013 EITI Report, trading license fees were disclosed and reconciled between extractive companies and regional tax directorates.</p>

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		<p>The option chosen by the Steering Committee is that of disclosing subnational transfers (amounts actually transferred) through a unilateral declaration by the Treasury. We understand that the Treasury has not been able to communicate the information and ask that the following efforts made by the Steering Committee be taken into account:</p> <ul style="list-style-type: none"> - Disclosure and reconciliation of trading license duties between regional tax directorates and extractive companies (even though the standard does not recommend this) - Decision taken for a unilateral declaration of subnational transfers, since reconciliation between devolved and decentralised State entities was not considered (despite the fact that the Treasury has not disclosed these remittances). <p>The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.</p>
Revenue management and expenditures (5.3)	Beyond	The Steering Committee welcomes the level of progress made in the management of revenues and expenditures.
Part 6 – Social and economic spending		
Social expenditure (6.1)	Satisfactory progress	While welcoming progress made on implementation of this requirement of the EITI standard, the Steering Committee will ensure the publication of all data on social expenditure.
Quasi-fiscal spending by State-owned enterprises (6.2)	N/A	This provision does not apply to Mali.
The contribution of the extractive sector to the economy (6.3)	Meaningful progress	We confirm that the volumes (4 tonnes) of artisanal production communicated by the BCEAO are official and that areas covered by the artisanal sector (Kéniéba, Kangaba, Yanfolila, Misséni, Bougouni, Kolondiéba, Kobada, Kofi and Loulo).

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		<p>are cited in the 2013 EITI Report (see pages 24 and 25).</p> <p>The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.</p>
Part 7 – Outcomes and impact		
Public debate (7.1)	Meaningful progress	<p>As with the 2012 EITI Report, the 2013 EITI Report was widely distributed within regions, circles, municipalities, mining production sites and in Bamako. In addition to Bamako, 11 localities were covered by distribution of the report, in which the participants showed great interest. See the EITI-Mali website for the reports of these missions.</p> <p>The Steering Committee would like the validation mission to review its rating on level of progress made on implementation of this requirement.</p>
Data accessibility (7.2)	Meaningful progress	<p>The Steering Committee is committed to defining its policy on accessibility to, and dissemination and use of, EITI data and will work to improve and ensure the publication of information in open data formats.</p>
Lessons learned and follow-up on recommendations (7.3)	Meaningful progress	<p>The Steering Committee is committed to taking account of the recommendations from EITI Reports and agreeing steps to take to improve them and ensure follow-up and implementation.</p>
Outcomes and impact of implementation (7.4)	Meaningful progress	<p>The Steering Committee is committed to continuing to publish timely and regular annual progress reports and to taking additional measures to assess the outcomes and impact of EITI implementation.</p>

CONCLUSION

Thanking the Independent Validator for sharing findings and formulating recommendations, EITI-Mali asks that the Validator and Validation Committee of the Board to take account of its observations. Once more, the Steering Committee reaffirms its commitment to the EITI process and commits to speedily implementing the recommendations made with a view to improving the EITI process in Mali.

The Steering Committee