

EITI Steering Committee  
Extractive Industries Transparency Initiative

REPUBLIC OF MALI  
One people, One goal, One Faith



## Validation of Mali Extractive Industries Transparency Initiative

Response of the Steering Committee to the initial report of the International  
Secretariat

Bamako, 11 January 2017

Steering Committee

## SUMMARY

The Government of the Republic of Mali signed up to the Extractive Industries Transparency Initiative (EITI) on 2 August 2006 to promote better governance in the extractive industries to make the sector a sustainable engine of growth for the national economy and a major factor in reducing poverty. After implementing the Initiative for five years and following its rules, notably the publication of seven EITI reports, Mali was declared a compliant country on 29 August 2011.

Five years later, Mali was again subject to validation, this time under the new EITI provisions. On 1 June 2016, the EITI Board decided that the validation of Mali should start on 1 July 2016, with initial collection of data and consultation with stakeholders led by the International Secretariat. It is within this framework that a mission of the EITI International Secretariat, the first of the three stages of the validation procedure, stayed in Bamako from 10 to 14 October 2016 to collect data and hold consultations with stakeholders.

Following this mission, and in accordance with the provisions of the new validation procedure, the initial mission report was sent to the Permanent Secretary of the EITI-Mali on 23 December 2016. The report was distributed to all the members of the Steering Committee on the same day. The deadline for receiving the comments and observations of the Steering Committee was fixed at 13 January 2013.

After analysing the initial validation report of the EITI International Secretariat, the Steering Committee issued the following comments and observations.

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| Part 1 – Multi-Stakeholder Group oversight          |              |   |
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| Requirement – (EITI provision)                      | Progress     | MSG response  |
| Government oversight of the process (1.1)           | Satisfactory | While gratified by the progress made in fulfilling this requirement, the Steering Committee will seek to strengthen, not merely maintain, the Government's commitment to implementing the EITI.<br>Indeed, the Government financed the production of the 2015 EITI for publication by 31 December 2016.<br>The Government has increased the budget of the EITI National Secretariat by 46% for 2017.<br>The Government has taken steps to incorporate EITI in the Mining Code that is currently being revised.                    |
| Company engagement (1.2)                            | Satisfactory | The Steering Committee will seek to strengthen company engagement in the implementation of EITI.  |
| Civil society engagement (1.3)                      | Satisfactory | The Steering Committee will seek to strengthen civil society engagement in the implementation of EITI.  |
| Steering Committee governance and functioning (1.4) | Inadequate   | A new decree and rules of procedure of the Steering Committee were recently adopted to improve its functioning. The Steering Committee is committed to putting these provisions into effect without delay. The Committee is also committed to taking steps to improve the representativeness of and communication between its subcommittees.<br>The Steering Committee undertakes to include revision of the decree and the rules of procedure in its future workplan, in accordance with the practices required by the Standard. |
| Workplan (1.5)                                      | Meaningful   | The Steering Committee intends to carry out a wider consultation with the relevant stakeholders in order better to align the objectives of its workplan with national priorities concerning good governance of the extractive sector. The Committee also intends to correct any discrepancy between its workplan and EITI Standard 2016.  |
| Part 2 –EITI disclosures                            |              |   |

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| Legal framework (2.1)      | Satisfactory | The Steering Committee is gratified by the progress achieved in implementing this requirement of the EITI Standard. Nevertheless, the Steering Committee intends to explore possible ways of improving the publication of information on the legal framework governing the extractive industries.   |
| Licence allocations (2.2)  | Inadequate   | Important information on the allocation of licences, such as technical and financial criteria, did not appear in the 2013 EITI Report. However, the Committee recognises that this was due to a simple omission. The information was freely available during the preparation of the 2013 EITI Report and the problem was corrected in the 2014 EITI Report which has just been published. The new mining and oil registration systems introduced now make the information required under section 2.2 of the Standard available to the public. The Committee undertakes to update this information regularly. The Steering Committee would wish the validation mission to review its score relating to the progress achieved in implementing this requirement. |
| Licence Registers (2.3)    | Meaningful   | The Steering Committee recognises that some information was omitted relating to one oil company included in the scope of EITI 2013. However, the problem was corrected in the 2014 EITI Report which has just been published. The information on all the securities are now accessible to the public on-line at <a href="http://www.referentiel.mines.gouv.ml">www.referentiel.mines.gouv.ml</a> . The Steering Committee undertakes to ensure that this information is updated regularly. The Steering Committee would wish the validation mission to review its score relating to the progress achieved in implementing this requirement.   |
| Contracts (2.4)            | Satisfactory | The Steering Committee intends to consider possible ways of improving the publication of contracts in the extractive sector.  |
| Beneficial ownership (2.5) | Beyond       | The Steering Committee is pleased to have submitted its roadmap for the disclosure of beneficial ownership. The Committee undertakes to ensure that the roadmap is implemented.   |

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| State ownership (2.6)                                   | Satisfactory | While gratified by the progress achieved in implementing this requirement of the EITI Standard, the Steering Committee will ensure that any new State participation in the capital of mining companies is published.  |
| <b>Part 3 – Exploration and production</b>              |              |   |
| Exploration activities (3.1)                            | Satisfactory | The Steering Committee will ensure the publication of all new information providing an overview of the extractive industries.   |
| Production data (3.2)                                   | Satisfactory | The Steering Committee will ensure the publication of all production data in the extractive sector.   |
| Export data (3.3)                                       | Satisfactory | While gratified by the progress achieved in implementing this requirement of the EITI Standard, the Steering Committee will ensure that all export data for the extractive industries is published.   |
| <b>Part 4 – Revenue collection</b>                      |              |   |
| Comprehensive disclosure of taxes and revenues (4.1)    | Meaningful   | The Steering Committee undertakes to ensure the comprehensive disclosure by entities included in the scope of EITI. In addition, in the context of preparation of the 2014 and 2015 EITI Reports, the Chairman of the Steering Committee sent formal notice to companies which did not submit their forms within the stated deadline. |
| In-kind revenues (4.2)                                  | N/A          | Provision not applicable to Mali.   |
| Infrastructure provisions and barter arrangements (4.3) | N/A          | Provision not applicable to Mali.   |
| Transportation revenues (4.4)                           | N/A          | Provision not applicable to Mali.   |
| Transactions between SOEs and government entities (4.5) | N/A          | Provision not applicable to Mali.   |
| Subnational direct payments (4.6)                       | N/A          | Provision not applicable to Mali.   |
| Level of disaggregation (4.7)                           | Satisfactory | While gratified by the progress achieved in implementing this requirement of the EITI Standard, the Steering Committee will ensure that disaggregated data for the extractive sector is published.  |
| Data timeliness (4.8)                                   | Satisfactory | The Steering Committee will ensure timely publication of EITI reports and annual progress reports.  |

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| Data quality (4.9)                                  | Inadequate   | <p>Despite the measures that it has taken, the Steering Committee acknowledges the inadequacy noted with regard to the completeness and reliability of the data in the 2013 EITI Report. However, the additional measures adopted by the Steering Committee have gone a long way to correcting the inadequacies in question. The Steering Committee intends to ensure that the Government of Mali reviews the agency file maintenance system.</p> <p>Under the single account principle applicable to the Treasury, the Steering Committee, in its future workplan, will propose the computerisation of file maintenance systems in order to disaggregate payments by taxpayer and by type of payment flow for government agencies participating in the EITI declaration process. This is to ensure the implementation of appropriate file and account maintenance procedures to improve the traceability of revenues, transparency and accountability.</p> <p>The Steering Committee will also ensure that all the reporting entities provide complete and reliable figures.</p> <p>The Steering Committee would wish the validation mission to review its score relating to the progress achieved in implementing this requirement.</p> |
| <b>Part 5 – Revenue management and distribution</b> |              |   |
| Distribution of revenues (5.1)                      | Satisfactory | <p>While gratified by the progress achieved in implementing this requirement of the EITI Standard, the Steering Committee will ensure that all data on the distribution of revenues from the extractive sector is published.</p>  |
| Subnational transfers (5.2)                         | Inadequate   | <p>In the 2013 EITI Report, page 55, patent rights were disclosed and reconciled between mining companies and regional tax offices. The option chosen by the Steering Committee is to disclose subnational transfers (amounts transferred) in a unilateral declaration by the Treasury. We understand that the Treasury was not able to provide this information, and request you to note the following efforts made by the Steering Committee:</p>   |

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|   |              | <ul style="list-style-type: none"> <li>- Disclosure and reconciliation of patent rights between regional tax offices and mining companies (even though the Standard does not recommend this)</li> <li>- Decision taken in favour of a unilateral declaration of subnational transfers, a reconciliation between the local and decentralised State entities was not envisaged (even though the Treasury did not disclose these transfers).</li> </ul> <p>The Steering Committee would wish the validation mission to review its score relating to the progress achieved in implementing this requirement.</p> |
| Additional information on revenue management and expenditures (5.3) | Beyond       | The Steering Committee is gratified by the progress made in management of revenues and expenditures.   |
| <b>Part 6 – Social and economic spending</b>                        |              |  |
| Social expenditures (6.1)   | Satisfactory | While gratified by the progress achieved in implementing this requirement of the EITI Standard, the Steering Committee will ensure that all data on social expenditures is published.  |
| SOE quasi-fiscal expenditures (6.2)                                 | N/A          | Provision not applicable to Mali.  |
| Contribution of the extractive sector to the economy (6.3)          | Satisfactory | While gratified by the progress achieved in implementing this requirement of the EITI Standard, the Steering Committee will ensure that all data on the contribution of the extractive sector to the economy is published.   |
| <b>Part 7 – Outcomes and impact</b>                                 |              |  |
| Public debate (7.1)   | Meaningful   | Like the 2012 EITI Report, the 2013 EITI Report was widely circulated in the regions, associations, municipalities and mining sites, as well as Bamako. Eleven localities and the city of Bamako were covered by the publication of the report in which protesters showed great interest.<br>The Steering Committee would wish the validation mission to review its score relating to the progress achieved in implementing this requirement.  |
| Data accessibility (7.2)  | Meaningful   | The Steering Committee undertakes to define its EITI data accessibility, disclosure and utilisation policy and will ensure that it improves the publication of information in open data formats.   |

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| Lessons learned and follow-up on recommendations (7.3)                          | Meaningful | The Steering Committee undertakes to take account of the recommendations of the EITI Reports and to agree measures to be taken to improve follow-up and implementation.                           |
| Outcomes and impact of EITI implementation on natural resource governance (7.4) | Meaningful | The Steering Committee undertakes to continue to publish timely and regular annual progress reports and to take additional measures to evaluate the outcomes and impact of implementation of EITI |

### CONCLUSION

The Mali EITI Steering Committee thanks the initial validation mission for sharing its findings and recommendations, and hopes that the Committee's observations will be considered. The Steering Committee reaffirms its commitment to the EITI process and will waste no time in following up and implementing the recommendations made with a view to improving the EITI process in Mali.