



Phase II of Mauritania's Validation

.....

Responses from the Mauritanian Multi-Stakeholder Group to the EITI International Secretariat

Executive Summary

This document is prepared in response to the draft Validation report submitted to us by the EITI International Secretariat following their assessment in the framework of Phase II of Mauritania's Validation. Contrary to the initial situation, which concerned eleven corrective actions with results considered significant, these answers only concern four corrective measures for which the various EITI constituencies think resolutely that they have provided adequate answers. The information flows that fed the responses provided were mainly from the MSG.

Introduction

Good governance of natural resources is one of the most important links of development for the improvement of people's living conditions. It is carried out according to mechanisms that, at present, have been set up as international standards, such as the Extractive Industries Transparency Initiative (EITI). It is a Standard and an international mechanism aimed at improving transparency and governance in resource-rich countries through the regular publication of all payments by enterprises and all revenues collected by governments. Mauritania joined in 2005 and was declared a Candidate country in 2007, a year marked by institutional change.

After being granted EITI status in 2012, Mauritania began an assessment in March 2016 of its EITI implementation process. Following this validation, the International Secretariat formulated 11 corrective measures for which responses must be provided.

Of these eleven corrective measures, one was declared not applicable to Mauritania (subnational transfers), six were declared satisfactory, three significant and one inadequate. These four measures will be reviewed by the MSG.

After discussions between the stakeholders, the following responses were retained:

COMITE NATIONAL ITIE

I. Comparative summary table of the implementation of corrective actions

Corrective actions Ref./ Requirement	Level of progress after 1st phase of Validation	Level of progress after 2 nd phase of Validation	Comments
Corrective action 1/(1.4)	Meaningful	Satisfactory	
Corrective action 2/(1.5)	Meaningful	Satisfactory	
Corrective action 3/(2.2 and 2.3)	Meaningful	Meaningful with improvements on 2.2	Partially implemented
Corrective action 4/(2.4)	Inadequate	Satisfactory	
Corrective action 5/(2.6 and 6.2)	Inadequate	Meaningful	Partially implemented
Corrective action 6/(4.1)	Meaningful	Satisfactory	
Corrective action 7/ (4.9)	Meaningful	Satisfactory	
Corrective action 8/ (5.1)	Meaningful	Satisfactory	
Corrective action 9/(5.2)	Inadequate	Not applicable	Not applicable
Corrective action 10/ (7.4)	Meaningful	Meaningful	Meaningful progress without considerable improvements

The above table has allowed us to see the progress made between the initial phase of validation and Phase II.

II. Matrix of MSG's responses

Corrective action	International Secretariat's findings	Level of progress	Recommendation	Measures planned by the CN-ITIE (MSG)
3	<p>In mining, while the 2015 EITI Report provides a general overview of the licence allocation and transfer procedures in Mauritania, it does not specifically describe the technical and financial criteria used in licence allocations and transfers in the year under review. While the addendum published by the DG Mines ahead of the second Validation indicates that there were no non-trivial deviation in the allocation of the three research permits and the license transfer in 2015, the absence of a clear description of technical and financial criteria assessed raises questions over the basis for this assessment of no non-trivial deviations. The International Secretariat therefore concludes that the broader objective of Requirement 2.2 has not yet been fully achieved. In oil and gas, the EITI Mauritania website provided a general description of the technical and financial criteria used for direct negotiation of oil and gas PSCs.</p>	<p>Meaningful progress with considerable improvements</p>	<p>In accordance with Requirement 2.2.a, Mauritania should ensure annual disclosure of mining, oil, and gas licenses were awarded and transferred during the year, highlighting the technical and financial criteria and any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers.</p>	<p>Department of Mining</p> <p>The launch in early 2019 of the Geoscience Portal of the Ministry of Petroleum, Energy and Mines will allow the Mining Department to disclose the information requested under Requirement 2.2.a.</p>

COMITE NATIONAL ITIE

Corrective action	International Secretariat's findings	Level of progress	Recommendation	Measures planned by the CN-ITIE (MSG)
3	The 2015 Report provides information on 136 mining licenses active in 2015, including dates of application, commodities, and licence coordinates for 16 out of 25 licences held by material companies. The report provides the date of contract signature, date of effectiveness and expiry date, and coordinates of the 13 active oil and gas licences, but not the dates of application.	Meaningful progress with considerable improvements	In accordance with requirement 2.3, the government should also ensure that the dates of application, commodities covered and coordinates for all oil, gas and mining licenses held by material companies are publicly available.	<p>Department of Mining</p> <p>The launch in early 2019 of the Geoscience Portal of the Ministry of Petroleum, Energy and Mines will allow the Mining Department to disclose the information requested under Requirement 2.3.</p> <p>Department of Hydrocarbons</p> <p>With regard to the oil and gas sectors, the EITI Mauritania website presented a general description of the technical and financial criteria that were used for the direct negotiations of oil and gas PSCs (subject of the findings of the EITI International Secretariat).</p>
05	The 2015 EITI Report and subsequent addendums confirm the materiality of two SOEs in the extractives, SMHPM and SNIM. They described the statutory financial relations between SNIM, SMHPM and the government in terms of dividends and	Meaningful progress	In accordance with Requirement 2.6, Mauritania should ensure that a comprehensive list of state participation in the extractive industries, including terms associated with state equity and any changes in the year under review, be publicly accessible. Mauritania must also clarify the rules and practices governing financial	SNIM has formulated answers to this requirement through an additional note dated 24/12/2018

COMITE NATIONAL ITIE

Corrective action	International Secretariat's findings	Level of progress	Recommendation	Measures planned by the CN-ITIE (MSG)
	<p>reinvestments, but not in terms of third-party funding, although the financial relations between the two SOEs and the government in practice in 2015 are detailed. The report lists the state participations in the extractive industries, although it is unclear whether disclosures of SNIM subsidiaries is comprehensive and confirms the lack of changes in state participation in 2015. While the report describes the terms associated with the state's free carried equity in mining companies, it does not detail the terms associated with state equity in other mining companies. Although the report states that there were no loans or guarantees, it notes the existence of a sovereign guarantee on a third-party loan to SNIM, without providing details of the terms of the loan guarantee (e.g. interest rate, tenor).</p>		<p>relations between all SOEs, and their subsidiaries, and the state, including the existence of any loans or guarantees extended by the state, or SOEs, to extractives companies or projects.</p>	<p>which provides clarifications on its financial relations with the State (see the SNIM note of 4 September 2018 and the note of 24 December 2018 mentioned above in addition to the special agreement with the State No. 2018-035 of 14 August 2018 attached to the responses and published on the CN-ETIE website in December 2018).</p>
10	<p>The 2017 annual progress report focused more on activities and outcomes than on impact. The report provided cursory details on follow up to recommendations and progress in meeting EITI requirements. Although there</p>	<p>Meaningful progress without considerable improvements</p>	<p>In accordance with Requirement 7.4.a.iii, Mauritania should ensure that the annual progress report includes an overview of the MSG's responses to and progress made in addressing the recommendations from reconciliation and Validation. Mauritania is required to list each recommendation and</p>	<p>Lack of financial means (suspension of the World Bank grant) to conduct a study of the public perception of EITI impact or an opinion poll.</p>

COMITE NATIONAL ITIE

Corrective action	International Secretariat's findings	Level of progress	Recommendation	Measures planned by the CN-ITIE (MSG)
	<p>remains a lack of clarity around the impact of EITI implementation in Mauritania, there is no evidence that the MSG has prioritised its plans for undertaking a standalone impact assessment. There is no evidence to suggest that MSG members have canvassed their respective constituencies to seek their views and feedback on the annual progress report.</p>		<p>the corresponding activities that have been undertaken to address the recommendations and the level of progress in implementing each recommendation. Where the government or the MSG has decided not to implement a recommendation, it is Requirement that the MSG documents the rationale in the annual progress report. In accordance with Requirement 7.4.a.iv, the MSG should include an assessment of progress with achieving the objectives set out in its work plan, including the impact and outcomes of the stated objectives.</p>	<p>The MSG considers that the development of civil society's Code of Conduct is intended to remedy this dysfunction</p> <p>The industry constituency will publish meeting minutes on the EITI website from January 2019 in addition to e-mails sharing the meeting minutes with other non-MSG member extractive companies.</p> <p>Planned: to conduct a study on the perception of public opinion of the EITI as soon as the EGPS grant from the World Bank is in place.</p> <p>The MSG (CN-ITIE) is committed to reporting extensively on the impact of the EITI in the next Annual Progress Reports (APRs).</p> <p>The MSG undertakes to systematically include in its action plan a new column devoted to the assessment of progress made in achieving its objectives.</p> <p>For Requirement 7.4.a.iii, the 2016 EITI Report provides answers</p>

COMITE NATIONAL ITIE

Corrective action	International Secretariat's findings	Level of progress	Recommendation	Measures planned by the CN-ITIE (MSG)
				related to recommendations from reconciliation and Validation. The MSG undertakes in its next annual progress reports to report on the reconciliation and Validation recommendations.

Conclusion

Thus, as we have seen, Mauritania has made considerable efforts in the implementation of the EITI. The State's commitment has been confirmed in recent years by the interest in the implementation of EITI.

After a first Validation, the second was marked by a special mobilization on the part of all stakeholders, including the State, to provide adequate responses to the corrective actions issued by the EITI Board.

If the International Secretariat's assessment recorded in the draft report sent to us has given a result of « meaningful progress », we would very much like the efforts made and the answers provided by the GMP to be sanctioned by a positive evaluation.