



Preparation of Validation of Mauritania

Report on initial data collection and consultation with stakeholders

EITI National Committee response matrix

Prepared by the MSG

December 2016

I- Executive Summary

This matrix was prepared in response to the report sent by the EITI International Secretariat after a mission to Nouakchott in September 2016. A meeting of the MSG was held on Thursday 22 December 2016 for members to ask questions on, discuss and share the content of this report. The MSG then met on 24 December 2016 to examine the content of the report in more detail and to prepare its responses to the assessments of the various 2016 EITI Standard requirements. The degree of progress made in relation to the seven categories, broken down into 34 requirements, was scrutinized by members of the Multi-Stakeholder Group. The responses reflect the results of the discussions of the various colleges that make up the Multi-Stakeholder Group.

II- Background

Mauritania joined the Extractive Industries Transparency Initiative in September 2005 to strengthen the governance of its natural resources (mining, hydrocarbons, etc.). A 30-member Multi-Stakeholder Group, the majority of whose members were from civil society, was formed in and has been in existence since 2006 to monitor implementation of the action plan. Over a decade, nine reports reconciling to international standards (the EITI Standard) the extractive industries' figures and volumes have been written and published by internationally renowned practices. Mauritania has held "EITI Compliant country" status since 15 February 2012.

As part of the validation process, an EITI International Secretariat mission stayed in Nouakchott from 5 to 10 September 2016 with the goal of collecting initial data and consulting stakeholders. The conclusions of the mission's assessment were forwarded to the Multi-Stakeholder Group on 1 December 2016, for its responses to be given before 2 January 2017. It is in this context that this matrix was prepared, the content of which reflects the assessment of the International Secretariat, using the initial assessment table as shown in the report.

III- Contents of the matrix

| Category | Requirements | Assessment results | Responses and actions planned by MSG (the MSG) |
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| I. MSG oversight | 1. Government engagement (#1.1) | Satisfactory progress | The Government has allocated a specific budget line for the EITI and its financial envelope has increased in 2017. |
| | 2. Industry engagement (#1.2) | Satisfactory progress | i. It is expected to have a communication platform for all the extractive companies (mining and oil) operating in Mauritania to share information about the sector, including the evolution of EITI implementation; A meeting of this platform was held in December 2016; ii. Further to comments made by the MSG, SNIM has undertaken to fully and actively participate in meetings of the MSG. |
| | 3. Civil society engagement (#1.3) | Satisfactory progress | Adoption and implementation of the new Code of Conduct will allow better management of these recommendations. |
| | MSG governance (#1.4) | Significant Progress | i. Implementation in the first quarter of 2017 of the new ToR of the MSG, adopted by the MSG, will ensure that this requirement is met. ii. Implementation of the new Code of Conduct for CSOs in the first quarter of 2017 will improve the quality of participation of this college in the Committee; iii. Strengthening stakeholders' capacity will also contribute to meeting this requirement; iv. An Editorial Committee composed of the Permanent Secretary and three members of the MSG will be given responsibility for improving the minutes of meetings and correctly recording the content of discussions. |
| | Workplan (#1.5) | Significant Progress | i. Future workplans will show planned sources of funding. ii. Future MSG workplans will reflect national goals for good governance; |

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| | | | <p>iii. Every member of the Multi-Stakeholder Group will continue to actively participate in development of the work plan;</p> <p>iv. Future workplans will reflect the EITI requirements, including consideration of the scope of the EITI Declaration.</p> |
| II. Licenses and contracts | Legal framework (#2.1) | Satisfactory progress | <p>i. Regular monitoring of ongoing reforms of the extractive sector will be instigated and included in future EITI reports.</p> <p>ii. The MSG is committed to regularly publishing every reform of the legal framework on its site.</p> |
| | License allocations (#2.2) | Significant Progress | <p>The MSG is committed in its future EITI Reports to describing the mechanism for the allocation of mining and oil licenses, including technical and financial criteria attached thereto, and to providing an exhaustive list of licenses allocated for the period covered by the report.</p> <p>The MSG is committed to publishing releases from the Council of Ministers on allocations and the renewal of mining and oil licenses, and all other information relating to the extractive sector.</p> |
| | License register (#2.3) | Significant Progress | <p>The MSG will recommend to the Government the finalization of projects to put oil and mining cadastral information online. Meanwhile, the Committee undertakes to publish in future reports exhaustive lists of licenses (mining and oil), including information relating thereto (dates of applications, effect, expiry, etc.), the ore that is the subject of the license, contact information, etc.).</p> |
| | Policy on contract disclosure (#2.4) | Inadequate progress | <p>The MSG will recommend to the Government the disclosure of all contracts and licenses establishing the conditions for exploration or exploitation of oil, gas or minerals and/or having the contracting companies do so on their own sites.</p> <p>Model contracts, EPCs and model mining agreements are to be published in full.</p> <p>The MSG encourages the Government to include a provision on the publication of all future contracts. The Multi-Stakeholder Group is</p> |

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| | | | committed to future reports describing the policy of the Government on this matter. |
| | Beneficial ownership (#2.5) | N/A | A roadmap has been developed and approved by the Multi-Stakeholder Group; it will be forwarded to the International Secretariat in accordance with the agreed schedule (before 31/12/2016). |
| | State participation (#2.6) | Inadequate progress | <p>The Multi-Stakeholder Group is committed to providing more information in future EITI Reports on rules and practices governing the relationship between public extractive companies and the State, including:</p> <ul style="list-style-type: none"> - The laws creating state-owned enterprises that define all the rules and practices governing the management of these enterprises and establishing their relationships with the State and its agencies and the shareholders who form it; - The level of state participation in public extractive companies; - An exhaustive description of loans and guarantees granted by the State or mining companies during the year covered by the EITI Report; - The standards for control and audit defining the independence of the structures that are responsible for the mandates for auditors and audit. Published reports are available on these companies' sites and are forwarded to the Court of Auditors. <p>The Multi-Stakeholder Group recommends to the Government the involvement of the structure responsible for the State portfolio for better management of the Standard.</p> |

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| III. Monitoring production | Exploration data (#3.1) | Satisfactory progress | The Multi-Stakeholder Group welcomes the progress made and is committed to further improving compliance with this requirement. |
| | Production data (#3.2) | Satisfactory progress | The Multi-Stakeholder Group welcomes the progress made and is committed to further improving compliance with this requirement. |
| | Export data (#3.3) | Satisfactory progress | The Multi-Stakeholder Group welcomes the progress made and is committed to further improving compliance with this requirement. |
| IV. Revenue collection | Comprehensiveness (#4.1) | Significant Progress | <p>The MSG commits to the scoping notes for future reports of the Independent Administrator clearly defining the materiality thresholds in order to be as comprehensive as possible.</p> <p>With regard to unilateral declarations, the MSG will ask the State for disaggregation by company and nature of flow, within the limits of possibility of the Treasury's information systems.</p> |
| | In-kind revenues (#4.2) | Satisfactory progress | Mauritania's joining the pilot project on transparency in the trade of raw materials will enable improved management of this issue. |
| | Barter agreements (#4.3) | N/A | This requirement of the Standard is not applicable in Mauritania. |
| | Transportation revenues (#4.4) | N/A | This requirement of the Standard is not applicable in Mauritania. |
| | SOE transactions (#4.5) | Satisfactory progress | The MSG commits to future reports containing an explicit evaluation of the existence of ad hoc transfers from State-owned enterprises to the State, including those relating to any programme contracts. |
| | Direct subnational payments (#4.6) | N/A | <p>The payments mentioned by the report are not significant.</p> <p>What is more, Mauritania is not affected by this aspect there is a centralized collection and payment system.</p> |
| | Disaggregation (#4.7) | Satisfactory progress | The MSG is committed to recommending to the Government to disaggregate unilateral disclosures by both enterprise and nature of flow, doing so within the limits of the possibilities of the Treasury information system. |

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| | Data timeliness (#4.8) | Satisfactory progress | The MSG is committed to ensuring the timeliness of the publication of EITI reports. It will review the possibility of publishing on its site data relating to the extractive sector whose reliability has been confirmed by the entities responsible for this. |
| | Data quality (#4.9) | Significant Progress | <ul style="list-style-type: none"> - The MSG is committed to setting thresholds of materiality to guarantee the greatest possible comprehensiveness of cover; - It will be recommended to the Government to have declarations made by the Treasury certified by the IGF or the Court of Auditors to improve quality assurance; - The Independent Administrator will, in accordance with the ToR, be responsible for examining the audit and quality assurance procedures for the extractive companies and State entities making declarations. - On the basis of the review conducted by the Independent Administrator, the Multi-Stakeholder Group will assess the appropriacy of determining whether it is necessary to ask the oil and mining companies in production to certify their declarations; - The MSG is committed to the minutes of report scoping meetings being as detailed as possible and faithfully reflecting the discussions that have taken place; - The MSG is committed to reviewing with SMHPM the possibility of disclosing more details on oil sales in line with the pilot project on transparency in the trade of raw materials. - The MSG is committed to exploring the possibility of declarations disaggregated by project; - The MSG will recommend to the Government and extractive companies to include obligatory EITI declarations in their reporting systems. |

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| V. Revenue allocation | Revenue management and expenditures (#5.1) | Significant Progress | The MSG is committed to including the conclusions of the FNRH (National Hydrocarbons Revenue Fund) audit in future reports and to describing the mechanisms for withdrawals from the FNRH by the State. |
| | Subnational transfers (#5.2) | Inadequate progress | <ul style="list-style-type: none"> - The MSG is committed to reviewing the nature of payments made to regional Government entities to ensure that these really are subnational payments within the meaning of EITI Standard 5.2; - Come what may, the MSG is committed, in future EITI reports, to clearly describing the types and amounts of any revenue streams paid to regional entities (<i>communes</i>), the legal or regulatory basis for these payments and the procedures applying to them. <p>Note: Transfers between national and subnational entities are not linked to revenues generated by extractive enterprises and are not required by legislation. Indeed, all extractive revenues are paid to the Public Treasury.</p> |
| | Distribution of revenues (#5.3) | N/A | This requirement of the Standard is not applicable in Mauritania. |
| VI. Socio-economic contribution | Mandatory social expenditures (#6.1a) | Significant Progress | The MSG is committed to requiring companies to publish all mandatory social spending. |
| | Discretionary social expenditure (#6.1b) | N/A | In accordance with the 2016 EITI Standard, the MSG will invite companies, including SNIM, to develop a reporting process to reach a degree of transparency equivalent to the disclosure of other payments and revenue streams received by entities of the State. |
| | SOE quasi-fiscal expenditures (#6.2) | Significant Progress | The MSG is committed in future EITI reports to reviewing quasi-fiscal expenditures to clearly differentiate these from social expenditures and to encourage companies to publish these two types of expenditures separately. |

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| | Economic contribution (#6.3) | Satisfactory progress | Notwithstanding progress on this point, the MSG is committed to further improving the section of the EITI Report on the contribution of the extractive sector to the national economy. |
| VII. Outcomes and impact | Public debate (#7.1) | Satisfactory progress | The MSG is committed to ensuring that information produced by EITI is widely disseminated within the country (workshops, seminars, focal points, etc.) with a focus on the extractive areas. |
| | Data accessibility (#7.2) | N/A | The MSG encourages the Government and extractive entities to disclose and place online relevant information about the sector in formats that are readable in Arabic, French and national languages, if possible. |
| | Follow-up on recommendations (#7.3) | Satisfactory progress | The MSG is committed to continuing its dialogue with the Government for the evaluation and implementation of the recommendations of the Independent Administrator. |
| | Outcomes and impact of implementation (#7.4) | Significant Progress | The MSG is committed to reviewing the use of its workplan to contribute to improving the governance of the extractive sector. It will also undertake an impact evaluation of the implementation of EITI, including in relation to local communities. |

Conclusion

Thus, in response to the EITI International Secretariat, all the comments have been meticulously responded to and complied in this matrix.

Throughout its work, the Multi-Stakeholder Group has acted in a participatory way so that the content of its responses is inclusive.

The Multi-Stakeholder Group is pleased to note the different areas of progress (satisfactory and significant). It will continue to explore ways of making possible improvements.

The Multi-Stakeholder Group will not spare any effort to improve the deficiencies noted for certain requirements.

EITI National Committee

Main abbreviations and acronyms

MSG: Multi-Stakeholder Group

IGF: Inspectorate-General of Finances

EITI: Extractive Industries Transparency Initiative

N/A: Not applicable

SMHPM: Société Mauritanienne des Hydrocarbures et du Patrimoine Minier - Mauritanian Hydrocarbons and Mining Company

SNIM: Société Nationale Industrielle et Minière - National Industrial and Mining Company

ToR: Terms of reference

EITI National Committee