

Mauritania Validation

Decision reference: 2019-19/BM-42

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News

EITI countries progress on path to transparent and accountable extractive sectors

EITI Board assesses implementation in eight countries

The EITI Board assessed the status of eight implementing countries, including [Ethiopia](#), [Ghana](#), [Guinea](#), [Malawi](#), [Mauritania](#), [Nigeria](#), [Norway](#) and [Trinidad and Tobago](#) at its meeting in Kyiv on 27-28 February. The Board agreed that Nigeria and Norway had achieved satisfactory progress overall in implementing the EITI Standard. In the other cases, the Board noted progress and outlined the corrective actions needed to meet this Standard.

Why the EITI Validates countries

The status of an EITI implementing country is determined through [Validation](#), the EITI's quality assurance mechanism. The process assesses the country's performance against the requirements of the [EITI Standard](#) by reviewing documentation and consulting with government, company and civil society stakeholders. A Validation outlines and identifies a country's weaknesses and strengths and prescribes a set of corrective actions that must be addressed within a 12 to 18 month period, after which a country will undergo a second Validation to assess progress. The Validation [scorecard](#) provides an overview of a country's results. The EITI Board makes the final decision on a country's EITI status.

"Over half of all EITI countries have now undergone Validation against the EITI Standard," said EITI chair Fredrik Reinfeldt. "The overall travel of direction is positive and governments, companies and civil society across regions are demonstrating strong commitment to bringing transparency and accountability to the management of their natural resources and using EITI data to instigate reforms. Validation has shown that many EITI countries are going beyond the EITI Standard, with innovative disclosures related to extractives contracts, licensing and sales of the state's share of oil, gas and minerals."

Validations: Mapping the sector, assessing strengths, recognising impact and diagnosing weaknesses

Ethiopia, Guinea, Malawi and Trinidad and Tobago have recently undergone their first Validations and have all achieved meaningful progress against the EITI Standard.

The Board welcomed [Ethiopia's](#) effort to report on issues of national importance such as artisanal and small-scale mining and socio-environmental issues. The Board commended ongoing reforms to shift the mandate of government agencies from control and monitoring, to supporting and enabling civil society to contribute to public debate. Going forward, the EITI can play a key role in improving the relationship between companies and affected local communities. Validation has also shown that work remains to ensure comprehensive disclosures on state participation in the sector and reporting at the subnational levels of government. This will be important as the country embarks on the development phase of oil and gas projects in the Ogaden basin and pursues efforts to formalise the mining sector. In taking this decision, the Board took note of the government's efforts to repeal or amend laws that restrict civil society's freedom of expression, operation and association, which have

had an impact on their ability to engage in the EITI process. Nonetheless, the Board commended the efforts to include civil society groups in ongoing reforms.

[Guinea](#), which has a rapidly developing bauxite sector and is rich in iron ore reserves, made improvements in the comprehensiveness and quality of its EITI reporting. The Board outlined eight corrective actions, including disclosing more information on infrastructure agreements, direct subnational payments and quasi-fiscal expenditures. The Board noted that the EITI should play a role in overseeing the new Local Economic Development Fund (FODEL).

[Malawi](#) has established its multi-stakeholder group as a platform for fact-based debate and allowed its production and export data to be scrutinised through the publication of its second EITI Report. While the country has significant deposits of bauxite, coal, limestone, phosphate and uranium, the extractive sector is still in development, with few large-scale mining operations in place and a petroleum sector in exploration phase. To ensure terms of operations are accessible to the public, Malawi has published all contracts in line with the encouragements in the EITI Standard. These contracts have been used by civil society to create financial models and clarify the precise terms associated with the agreements. More work remains to be done to ensure clarity surrounding Malawi's off-budget petroleum funds, a gap in an otherwise transparent environment. There are also concerns regarding data quality and who receives social contributions.

[Trinidad and Tobago](#) was acknowledged for having built a dynamic platform to collect, publish, and debate information about how the country's natural resources are managed. EITI Reports have identified gaps in revenue collection, production and cost monitoring and cadastre information. Moving forward, there are opportunities to strengthen oversight of mining licence management to ensure that information on beneficial owners are made publicly accessible, and to enhance public trust in official production and export data. Victor Hart, chair of the TTEITI steering committee, said the country will "continue innovating through the EITI by promoting contract transparency, environmental reporting and reaching out to midstream and downstream companies to participate in EITI implementation."

Second Validations: deepening transparency and strengthening government systems

"Several EITI countries are now going through their second Validations and have made significant progress in bringing transparency to their oil, gas and mining sectors," said Mark Robinson, executive director of the EITI International Secretariat. *"These second Validations have shown that countries are successfully reforming their sectors and making noteworthy advancements in systematically disclosing EITI data, strengthening government systems."*

Ghana, Mauritania, [Nigeria](#) and Norway have undergone their second Validations and were evaluated based on the prescribed corrective actions.

[Ghana](#) was found to have made meaningful progress and fully addressed six out of the eight corrective actions. Ghana's implementation of EITI recommendations contributed to reforms that have increased the government's revenues from the sector, a priority for the government that wants to [decrease its reliance on foreign aid](#). The country was lauded for publishing all its mining, oil and gas contracts and making these accessible through online portals. Yet work remains to ensure comprehensive disclosure by the country's largest oil and gas companies.

Several large oil and gas projects are being developed in [Mauritania](#), a leading producer of iron ore. The country has achieved meaningful progress against the EITI Standard, having made

improvements in the oversight of EITI implementation by the government, industry and civil society. The Board recognised Mauritania's efforts in using EITI reporting as a diagnostic tool to drive reforms in the management of extractives licences and state participation in the mining sector. A set of corrective actions were assigned to enhance disclosures of licence allocations and the licence register, improve disclosures on state participation in the mining sector, and strengthen the evaluation of the EITI's impact. The Board welcomed ongoing efforts to ensure systematic disclosure of EITI data, which will strengthen government systems and make EITI implementation more meaningful moving forward.

[Norway](#), which has supported the EITI since its inception, has achieved satisfactory progress. Widely lauded as a success story in the management of oil wealth, it was the first OECD country to implement the EITI, publishing eight EITI Reports from 2008 to 2015. In 2017, Norway was the first country to make an application to the EITI Board to mainstream EITI implementation. Timely, comprehensive and reliable information is published through the government's [Norwegian Petroleum website](#) and in companies' country-by-country reports. Accordingly, the EITI Board agreed that standalone EITI Reports were no longer necessary and Norway applied to disband its EITI multi-stakeholder group. Transparency and inclusive governance are safeguarded through a range of forums that industry and civil society are using to promote good governance, including annual stakeholder meetings that address progress with EITI implementation.

Learn more:

- Overview of [Validation decisions](#) and documentation pages
- Validation scorecards:
 - [Ethiopia](#)
 - [Ghana](#)
 - [Guinea](#)
 - [Malawi](#)
 - [Mauritania](#)
 - [Norway](#)
 - [Trinidad and Tobago](#)
- EITI's [Validation process](#)

The Board's decision

On the 27 of February 2019, the Board came to the following decision on Mauritania's status:

The EITI Board agrees that Mauritania has partly addressed the corrective actions from the country's first Validation. Consequently, Mauritania has made **meaningful progress** overall in implementing the EITI Standard, **with considerable improvements** across individual requirements.

The Board recognises Mauritania's efforts to use EITI reporting as a diagnostic to drive reforms in

the management of extractives licenses and state participation in the mining sector. Validation has found that gradual improvements in the Multi-Stakeholder Group’s cohesion and oversight have ensured more effective oversight of EITI implementation by all three constituencies. The Board encourages stakeholders to continue enhancing the dynamism of its dissemination, outreach and assessment of impact.

The Board welcomes ongoing efforts to ensure systematic disclosure of EITI data. The Board takes note of these developments and looks forward to working together with Mauritanian stakeholders on these issues.

The Board has determined that Mauritania will have 12 months, i.e. until **27 February 2020** before a third Validation to carry out corrective actions regarding license allocations (2.2), license register(s) (2.3) and review of outcomes and impact of implementation (7.4). Failure to achieve satisfactory progress across these individual requirements in the third Validation will result in suspension in accordance with the EITI Standard. In accordance with the EITI Standard, the MSG may request an extension of this timeframe, or request that Validation commences earlier than scheduled.

Scorecard

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
MSG oversight	Government engagement (#1.1) 					
	Industry engagement (#1.2) 					
	Civil society engagement (#1.3) 					
	MSG governance (#1.4) 					
	Workplan (#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) 					
	Export data (#3.3) 					

EITI Requirements		Level of Progress				
Categories	Requirements	No Progress	Inadequate	Meaningful	Satisfactory	Beyond
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Revenue management and expenditures (#5.1)					
	Subnational transfers (#5.2)					
	Distribution of revenues (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1)					
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)					
Outcomes and impact	Public debate (#7.1)					
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)					
	Outcomes and impact of implementation (#7.4)					
Overall Progress						

No progress. All or nearly all aspects of the requirement remain outstanding and the broader objective of the requirement is not fulfilled.

Inadequate progress. Significant aspects of the requirement have not been implemented and the broader objective of the requirement is far from fulfilled.

Meaningful progress. Significant aspects of the requirement have been implemented and the broader objective of the requirement is being fulfilled.

Satisfactory progress. All aspects of the requirement have been implemented and the broader objective of the requirement has been fulfilled.

Beyond. The country has gone beyond the requirements.

This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.

The MSG has demonstrated that this requirement is not applicable in the country.

Corrective actions

The EITI Board agreed the following corrective actions. Progress in addressing these corrective actions will be assessed in a third Validation commencing on **27 February 2020**.

1. In accordance with requirement 2.2.a, the government should ensure annual disclosure of which mining, oil, and gas licenses were awarded and transferred during the year, highlighting the technical and financial requirements and any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers. 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.
2. 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 should also clarify the rules and practices governing financial 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.
3. In accordance with requirement 7.4, the MSG should undertake and document its efforts strengthen impacts of EITI implementation on extractive sector governance, specifically on increasing engagement with stakeholders at the local level and extending the detail and scope of EITI reporting. The MSG should develop specific approaches to engage stakeholders outside of the MSG in soliciting their views, developing APRs, and reviewing the impact of EITI implementation. The MSG may wish to consider developing more formalised consultation mechanisms with mine-affected communities through established regional focal points.