

Extractive Industries Transparency Initiative (EITI)

Validation of Mali

Report on initial data collection and stakeholder consultation by the EITI International Secretariat

28 November 2016

Abbreviations

ADIT	Ascompte Des Impôts et Taxes (down payment on taxes and levies)
AfDB	African Development Bank
APR	Annual Progress Report
AUREP	Autorité pour la Promotion de la Recherche Pétrolière au Mali (Authority for the Promotion of Petroleum Research in Mali)
BCEAO	Banque Centrale des Etats d’Afrique de l’Ouest (Central Bank for West African States)
BIC	Bénéfices Industriels et Commerciaux (commercial and industrial profits)
CFE	Contribution Forfaitaire à la Charge des Employeurs (fixed employer social security contributions)
CPS	Contribution pour Prestations de Services rendus (contribution to service costs)
DGD	Direction Générale de la Douane (Directorate General for Customs)
DGE	Direction des Grandes Entreprises (Division of Major Enterprises)
DGI	Direction Générale des Impôts (Directorate-General for Taxation)
DGTCP	Direction Générale du Trésor et de la Comptabilité publique (Office of the Treasury and Public Accounting)
DNDC	Direction Nationale des Domaines et du Cadastre (National Directorate for the Land Ministry)
DNGM	Direction Nationale de la Géologie et des Mines (National Directorate on Mines and Geology)
EITI	Extractive Industries Transparency Initiative
FCFA	Franc CFA (Communauté Financière d’Afrique)
GDP	Gross Domestic Product
GIZ	Gesellschaft für Internationale Zusammenarbeit
IFAC	International Federation of Accountants
IFU	Identification Fiscal Unique (unique fiscal identification)
IMF	International Monetary Fund
INPS	Institut National de Prévoyance Sociale (National Institute of Social Security)
IRVM	Impôt sur le Revenu des Valeurs Mobilières (taxation on income derived from investments/securities)
IS	Impôt sur les Sociétés (corporate tax)
ISCP	Impôt Spécial sur Certains Produits (special tax on certain products)
ISRS	International Standard on Related Services
ITS	Impôt sur les Traitements et Salaires (taxes on salaries)
MCAS	Mining Cadastre Administration System
MDTF	Multi-Donor Trust Fund
MSG	Multi-stakeholder Group
NCSC	National Civil Society Council
NIF	Numéro d’Identification Fiscal (fiscal identification number)
OGAS	Oil and Gas Cadastre Administration System
PSC	Production Sharing Contract
SOE	State-owned enterprise
TAV	Taxe Ad Valorem
TEJ	Taxe Emploi Jeune (youth employment tax)
TFP	Taxe de Formation Professionnelle (vocational training taxes)
TL	Taxe de Logement (property tax)
TOR	Terms of Reference
TVA	Taxe sur la Valeur Ajoutée (value added tax)
UEMOA	West African Economic and Monetary Union

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Executive Summary

The government of Mali announced its commitment to the EITI through a letter from the Minister of the Economy and Finances to the President of the World Bank group on 2 August 2006. A multi-stakeholder group was formed by Prime Ministerial decree No7/180/PR-RM of 6 June 2007. Mali was accepted as an EITI Candidate on 27 September 2007. The country has produced seven EITI reports covering financial years 2006-2013. Following the first Validation under the 2009 EITI Rules, the EITI Board designated Mali EITI Compliant on 29 August 2011.

On 1 June 2016, the EITI Board agreed that the Validation of Mali should commence on 1 July 2016, with the International Secretariat carrying out initial data collection and stakeholder consultation. This report presents the International Secretariat's findings and initial assessment. The Secretariat has followed the standardised procedure for data collection and stakeholder consultation as agreed by the Board in May 2016¹.

While the assessment has not yet been reviewed by the Multi-Stakeholder Group (MSG) or been quality assured, the Secretariat's preliminary assessment is that Mali has made:

- satisfactory progress on the following requirements: government engagement (#1.1), companies' participation (#1.2), civil society participation (#1.3), legal framework (#2.1), policy on contract disclosure (#2.4), state participation (#2.6), exploration data (#3.1), production data (#3.2), export data (#3.3), disaggregation (#4.7), data timeliness (#4.8), distribution of revenues (#5.1), social expenditures (#6.1) and economic contribution (#6.3).
- meaningful progress on the following requirements: comprehensiveness of EITI Reports (#4.1), public debate (#7.1), data accessibility (#7.2), follow up on recommendations (#7.3) and the outcomes and Impact of implementation (#7.4).
- inadequate progress on the following requirements: MSG governance (#1.4), license allocations (#2.2), data quality (#4.9) and subnational transfers (#5.2) (see assessment car).

This report provides an assessment of progress for each requirement, including stakeholder views. The summary table below presents the International Secretariat's findings for each requirement. Recommendations for improving implementation are suggested in the assessment tables for each requirement.

Overall conclusions

Despite declining gold production, political instability in 2012, and multiple attacks by terrorist groups that controlled more than half of the country in 2013, EITI implementation in Mali has produced some tangible results. Stakeholders agree that EITI implementation has improved transparency and is beginning to build a culture of trust. The government has initiated wide-ranging reforms in public financial management, tax administration and tax policy. It has opened a treasury account for VAT receipts by mining companies, developed its capacity to regulate the mining industry (through the IMF's Topical Trust Fund) and is reviewing its mining code.

Through Law No. 2012-015 of 27 February 2012 Mali established a new Mining Code amending the Mining

¹ <https://eiti.org/document/validation-procedures>

Code of 19 August 1999. The new code includes a number of innovations and adjustments, with an apparent objective of protecting the interests of the Malian population and ensuring that they benefit from the development of the mining sector.

EITI-Mali has gradually expanded the scope of EITI reporting. Reported revenues have doubled from USD 221 million in 2006 to USD 449 million in 2013. The number of companies participating in the reconciliation process has also increased from 7 in 2006 to 18 in 2013. The most recent EITI report includes sub-contractors operating in Mali's extractive industries. According to the 2013 EITI Report, these companies accounted for 10% of revenues from the extractive sector, approximately 22,351 m FCFA. This was unilaterally declared by the state in the report. More recently, EITI Mali has focused on the artisanal and small-scale mining sector. Building on previous work, future EITI reports aim to collect information from purchasing houses. There appear to be a strong dissemination campaign of EITI reports by civil society in the two mining regions of Kayes and Sikasso.

Follow-up on recommendations has improved recently, but recommendations from EITI reports have mostly focused on the EITI reporting process rather than wider opportunities to strengthen sector governance. The government has implemented reforms over the period under review, particularly in updating and modernising the mining cadastre. The strategy behind the mining cadastre, outlined on the Revenue Development Foundation page², link clearly to a broader agenda of reform and transparency. EITI Mali was considering using this information to provide a more reliable listing of companies operating in the sector.

However, EITI reporting continues to be affected by major issues such as the lack of a computerised recordkeeping system at the Treasury. This does not allow for traceability of revenue flows to ensure that revenues received by government agencies have been effectively transferred to the designated accounts. Fiscal identification numbers were not systematically generated when a company was established, which has caused inconsistencies in EITI reporting.

Recommendations

Based on the initial data gathering and stakeholder consultations, the International Secretariat makes the following overall recommendations for improving EITI implementation in Mali. Detailed recommendations are provided in the assessment tables throughout the report.

1. It is recommended that the MSG links EITI implementation to national priorities in its 2017 work plan. It is also recommended that the MSG explores options for improving representation of each constituency on the MSG. Stakeholders should have the opportunity to provide input to the MSG's policy regarding the number of MSG representatives from each stakeholder group, alternates and rotation in accordance with clear procedures in the MSG's TOR as set out in Requirement 1.4. The MSG is also encouraged to conduct an analysis of the performance of the EITI structures and to consider the possibility of merging the Supervisory Committee with the MSG.
2. The government is encouraged to clarify ambiguities regarding the fiscal regime applicable to mining companies, e.g., in relation to stabilisation clauses. The MSG should ensure that the situation is clearly documented in the EITI Report, including any recommendations for further work in this area.
3. It is a requirement that the government discloses information regarding the oil and mining license awards and transfers made during the financial year covered by the EITI report, including: a description

² <https://revenuedevelopment.org/page/mali>

of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license; and any non-trivial deviations in license transfers and awards. The MSG should review this work and address any gaps in reporting. The MSG is also encouraged to comment on the efficiency and effectiveness of the license allocation system, and to make recommendations for reforms where appropriate.

4. It is a requirement that the MSG and the Government of Mali review recordkeeping systems of government agencies participating in EITI reporting to ensure that adequate procedures are followed, in view of improving revenue traceability, transparency and accountability.
5. The MSG should ensure that all reporting entities disclose comprehensive and reliable figures in accordance with requirement 4.1 and 4.9. The MSG is also encouraged to include disaggregated payments for companies below the materiality threshold.
6. The MSG and the Government of Mali are encouraged to promote routine disclosure of data required by the EITI Standard by the government agencies participating in EITI reporting to improve the accessibility and timeliness of the disclosed data. The MSG should agree a clear policy on the accessibility, dissemination and use of EITI data (a requirement from 1 January 2017), and the provide EITI data in open data formats.
7. It is recommended that the MSG proceed with the dissemination of the most recent EITI Reports as soon as funding becomes available.

Figure 1 – assessment card

EITI REQUIREMENTS		LEVEL OF PROGRESS				
		No	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)				■	
	Industry engagement (#1.2)				■	
	Civil society engagement (#1.3)				■	
	MSG governance (#1.4)		■			
	Work plan (#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)				■	
Revenue collection	Comprehensiveness (#4.1)			■		
	In-kind revenues (#4.2)					
	Infrastructure provisions and 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	Distribution of revenues (#5.1)				■	
	Subnational transfers (#5.2)		■			
	Revenue management and expenditures (#5.3)					■
Socio-economic contribution	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)			■		

Introduction

Overview and background of EITI implementation

The Government of Mali first announced its commitment to implement the EITI in 2006 through a letter sent by the Minister of the Economy and Finances, Mr. Abou-Bacar Traoré, to the President of the World Bank Group. An MSG was established in 2007 and Mali was accepted as a candidate country on 27 September 2007. Having published four EITI Reports covering fiscal 2006 - 2009, Mali undertook Validation in 2010³. Following corrective actions and a review undertaken by the International Secretariat⁴, the EITI International Board designated Mali EITI compliant with the 2011 EITI Rules in August 2011⁵. The 2010 and 2011 EITI Reports were also produced in accordance with the EITI Rules.

Following the adoption of the EITI Standard in 2013, the EITI Board agreed transition procedures. Mali was required to update its work plan in line with new requirements by 31 December 2013, publish the 2013 Report under the new Standard before 31 December 2015, and publish its annual activity report by 1 July 2014⁶. Although significant efforts were made to address the EITI's new disclosure requirements in the 2012 Report, the 2013 EITI Report, published in December 2015, was Mali's first report that sought to address all disclosure requirements under the 2013 Standard.

Despite the recent success of peacekeeping operations, the security situation in the north remains volatile. The overall environment for EITI implementation was particularly challenging in 2012 and 2013. On 29 June 2016, the UN Security Council adopted a resolution⁷ renewing the mandate of its Multidimensional Integrated Stabilisation Mission in Mali (MINUSMA) for one year until 30 June 2017, expending its force to more than 15 000 military and police personnel. This mission follows the instability period of 2012 – 2013 that severely undermined democratic institutions and threatened to upend the country's national unity⁸. In March 2012, a military coup d'état overthrew the democratically elected President Amadou Toumani Toure, who found refuge in neighbouring Senegal. Immediately after the coup, the long running conflict between the rebels Touaregs (National Movement for the Liberation of Azawad) and the Government of Mali was overshadowed by a massive offensive by multiple terrorist groups, including Al-Qaida in the Islamic Maghreb (AQIM), Al Mourabitoune, Ansar Eddine, and their affiliates such as the Front de Libération du Macina (FLM). These terrorist groups quickly took control of a vast territory in the North, including major cities such as Diabaly, Douentza, Gao, Konna and Timbuktu. The capture of Konna (600 km from Bamako) by terrorist groups, in January 2013 led the Malian transitional authorities to request the assistance of France to defend Mali's sovereignty and restore its territorial integrity. The UN mission MINUSMA was established six months

³ https://eiti.org/sites/default/files/Mali_ENG.pdf

⁴ See EITI Board Circular 108

⁵ Press release announcing that Mali became the 12th country Compliant with the 2011 EITI Rules on 29 August 2012, (accessed on 20 October 2016) <https://legacy.eiti.org/news-events/mali-becomes-12th-eiti-compliant-country>

⁶ Letter of 30 September 2013 from the Chair of the EITI Board announcing transition procedures from the 2011 EITI Rules to the 2013 EITI Standard.

⁷ Resolution 2295 (2016) adopted by the Security Council at its 7727th meeting, on 29 June 2016, (accessed on 4 October 2016) http://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_res_2295.pdf

⁸ <http://www.rfi.fr/afrique/20130719-mali-presidentielle-dates-chronologie-crise>

later in July 2013, with 12,600 troops.

A new government elected in September 2013 struggled with a sharp decline of government (20% drop in revenue from mining companies in 2013), mainly due to falling production and the sharp decrease in gold prices. Despite this slump in revenues, the economy has rebounded with positive effects poverty reduction. After the economic recession in 2012 – due to the political crisis – the Malian economy grew 5.8% in 2014 and 4.5% in 2015 according to the AfDB in May 2015. The IMF in December 2015 puts real GDP growth at 7.2% in 2014 and 5% in 2015. Mali has also benefited from significant donor support, following the 2013 Brussels Conference, “Together for a new Mali”, during which donors pledged 3,25 billion euros in aid. The economy remains vulnerable though: since 2008 revenues from gold have accounted for more than total foreign aid. Other minerals are essentially unexploited (potentially bauxite, iron ore, base metals and phosphate).

Objectives for Implementation and Progress in Implementing the work plan

The 2016 EITI work plan⁹ was adopted by the MSG on 8 December 2015¹⁰ and the Supervisory Committee at its meeting on 28 January 2016¹¹. The work plan has not been updated to conform with the requirements of the 2016 Standard, adopted in February 2016, and does not directly reference or make links to the country’s national priorities. The 2016 EITI work plan is separated amongst the following strategic priorities and goals:

	Strategic priorities	Priority goals
1.	Legal and regulatory framework	<ul style="list-style-type: none"> • Improve the legal and regulatory framework.
2.	Governance of the MSG	<ul style="list-style-type: none"> • Improve the framework for MSG functioning. • Ensure regular follow-up of Steering Committee meetings.
3.	Transparency of agreements and mining and petroleum titles	<ul style="list-style-type: none"> • Ensure the regular and timely publication of all mining and petroleum agreements and their clauses. • Ensure the regular and timely publication of all mining and petroleum titles on the EITI website.
4.	Institutionalisation of the EITI process	<ul style="list-style-type: none"> • Measure progress achieved and significant challenges to implementation. • Ensure the publication of reliable data on the artisanal mining of gold. • Improve the management of sub-national revenues • Sustainably strengthen financing of EITI Mali • Decentralize the EITI Mali
5.	Communications	<ul style="list-style-type: none"> • Promote the EITI Standard and implementation process
6.	Capacity building	<ul style="list-style-type: none"> • Build stakeholders’ capacities to better understand and follow the implementation process.

⁹ <http://www.itie.mines.gouv.ml/index.php/17-rapport/42-plan-de-travail-2016-itie-mali>

¹⁰ <http://itie.mines.gouv.ml/index.php/20-comptes-rendus/64-compte-rendu-atelier-de-validation-plan-de-travail-itie-2016-pdf>

¹¹ <http://itie.mines.gouv.ml/index.php/20-comptes-rendus/66-compte-rendu-comite-de-supervision-pdf>

Mali operates from a medium-term 2014-2016 EITI work plan¹² which was adopted by the MSG on 15 August 2014¹³. The work plan is updated annually. The 2015 work plan¹⁴ was adopted by the MSG at its meeting on 26 July 2015¹⁵. This was following a discussion on the 2014 APR which was an evaluation of the MSG's progress in the previous year. The 2015 work plan focused on improving the institutional framework for the EITI such as through its integration into the mining code. The 2015 work plan highlights planned activities on the impact of the EITI and ways in which local communities and the country could better benefit from the extractive sector.

The 2015 APR notes that implementation of the 2015 EITI work plan, in particular dissemination activities, were delayed principally through a lack of funding. The 2015 work plan was partially implemented, as many activities continue to be in progress or have been rolled over to the 2016 work plan. Such items include work on the revised mining code, outreach on the revised EITI standard and efforts to improve the certification of declarations by reporting entities.

History of EITI Reporting

The first EITI Report covering 2006 was approved by the MSG and published in December 2009. A second report covering the period 2007-2008 was published at the beginning of June 2011. Reconciliation reports have been produced for each subsequent year. Mali's 2012 EITI Report was published in December 2014 and was the country's first report according to the 2013 EITI Standard. The latest report covering 2013 was published before the 31 December 2015 deadline. With the exception of the 2006 EITI report which was produced by MAZARS, Moore Stephens has acted as Independent Administrator for all these reports.

Summary of engagement by government, civil society and industry

Stakeholder participation in EITI implementation varies across constituencies. A Permanent Secretariat leads day-to-day implementation in Mali under the supervision of an MSG. The MSG is chaired by the Minister of Mines, Mr. Tiémoko Sangaré. Government commitment has fluctuated with changes of leadership at the Ministry of Mines. For most of the period under review, September 2013 to July 2016, Mr Boubou Cissé was the Minister of Mine and Chair of the MSG. Government leadership of EITI implementation appears to have been strong during this period. However, there have since been three Ministers of Mines since January 2016, and these frequent changes – together with a lack of clarity of internal rules and procedures - appears to have hindered the functioning of the MSG (see assessment of Requirement 1.1 and 1.4 below).

Civil society leads dissemination efforts in mining affected areas and produce some analytical reports (Fondation de Développement Sahelienne on contract transparency) with the assistance of foreign partners. There are no legal or regulatory barriers to civil society participation in Mali. A roughly 80% illiteracy rate constrains the penetration of print media, but the more than 100 radio stations and television form the main mass-market communications channels.

Despite strong participation by industry representatives, this constituency is not adequately represented in the MSG as only companies at the production phase are members of the MSG and they do not represent a wider constituency. Companies at the exploration phase are therefore not represented. Suppliers and service providers to the mining industry were included in EITI reporting, but not represented in the MSG. Similarly, for ASM, buying companies are included in EITI reporting but indirectly represented in the MSG

¹² <http://www.itie.mines.gouv.ml/index.php/2015-08-11-19-30-37/57-plan-de-travail-2014-2016>

¹³ <http://itie.mines.gouv.ml/index.php/20-comptes-rendus/70-compte-rendu-du-15-aout-2014-cp-itie-pdf>

¹⁴ <http://www.itie.mines.gouv.ml/index.php/2015-08-11-19-30-37/83-itie-mali-plan-de-travail-2015-pdf>

¹⁵ <http://itie.mines.gouv.ml/index.php/20-comptes-rendus/74-compte-rendu-reunion-cp-26-6-15-pdf>

through the President of the Chamber of Mine, who sits in the supervisory committee that meets once a year, but not really involved in EITI reporting. The recently adopted TOR for the MSG does not fix the number of MSG members, which could vary from 40 to 70 members if the TORs are implemented.

Key features of the extractive industry

Mali has been a large producer of gold for centuries. Almost all mining activities in the country are exclusively related to gold mining. According to the 2013 EITI Report, gold produced increased from 50 tons in 2012 to 51 tons in 2013¹⁶. Reconciled figures of gold production at industrial scale totalled 46,542 kg. Estimates of artisanal miners' production varies from 4, 000 kg (according to the EITI Report) to 6,000 kg (according to USGS). Industrial gold production came from seven mines. A subsidiary of Randgold Resources (Somilo) was the country's largest gold producer in 2013, with 20 187 kg of gold from Loulo-Gonkoto Mine. Production from the Syama Mine, owned by Australia's Resolute Mining Limited increased significantly in 2013 to reach 5,291 kg of gold, mostly as a result of increased throughput and higher ore grades. The Tabakoto Mine also increased production by 13.5% to 3,895 kg of gold, mostly as a result of the completion of the Tabakoto mill expansion program. Production from the Kalana Mine, which is owned by the Government of Mali and a Canada based company Avnel Gold Mining Limited, increased slightly to 400 kg in 2013. Mining activities at the Yatela Mine (Anglo Gold Ashanti) were suspended on 30 September 2013, partly as a result of the decrease in the spot price of gold.

The government is trying to generate interest in the potential of extracting petroleum from the Touadeni basin. This basin also covers Mauritania. Exploratory drilling since the 1980s has found indications of petroleum. Companies that have been exploring in the area include Baraka, Sonatrach, Eni, Total, Woodside and CNPC. However, the remote location and hostile environment of the Sahara would make extraction expensive.

Despite the political settlement and smooth presidential elections in 2013, armed groups in Northern Mali continue to violently challenge state authority. Attacks in Bamako including against a hotel that was hosting the annual mining convention Journées Minières et Pétrolières in November 2015 were the worst in the capital since the events of 2012. The conflict is fuelled essentially by the economic marginalization of the North. Persistent political crisis in the forms of coups, rebellions and international intervention from the United Nations has had regional consequences. Political stability is compromised by the uneven distribution of economic gains. Mining activities continued during the turbulent period of 2012 and 2013 as most mines are in the southern regions of Kayes and Sikasso, but some mining operations were affected by the conflict.

Explanation of the validation process (objectives, timeline, TOR, etc.)

The EITI International Board agreed at its 33rd Board meeting in Oslo, Norway that fifteen countries, including Mali would undergo Validations starting 1 July 2016.

1. Validation is an essential feature of the EITI process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. The Validation report will, in addition, address the impact of the EITI in the country being validated, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI

¹⁶ The EITI figures do not match other international databases. According to USGS 2013 country report, gold production at industrial scale decreased to 40 kilograms (kg) from 41,016 kg in 2012

<http://minerals.usgs.gov/minerals/pubs/country/2013/myb3-2013-ml-ng.pdf>

implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI. The Validation process is outlined in chapter 4 of the EITI Standard¹⁷.

2. Validation procedure. In February 2016 the EITI Board approved a revised Validation system. The new system has three phases:

1. Data collection undertaken by the International Secretariat
2. Independent quality assurance by an independent Validator who reports directly the EITI Board
3. Board review.

In May 2016, the Board agreed the [Validation Guide](#)¹⁸, which provides detailed guidance on assessing EITI Requirements. The Board also established detailed [Validation procedures](#), including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. As previously, there are extensive opportunities for stakeholder participation, as set out below.

The Validation Guide includes a provision that: “Where the MSG wishes that Validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG”. The MSG in Mali did not request any issues for particular consideration.

3. Data collection by the International Secretariat. In accordance with the [Validation procedures](#), International Secretariat’s work was conducted in three phases:

1. Desk Review. In the period 26 September-7 October 2016, the Secretariat conducted a detailed desk review of the available documentation relating to the country’s compliance with the EITI Standard, including:

- The EITI work plan and other planning documents such as budgets and communication plans;
- The multi-stakeholder group’s Terms of Reference, and minutes from multi-stakeholder group meetings;
- EITI Reports, and supplementary information such as summary reports and scoping studies;
- Communication materials;
- Annual progress reports; and
- Other information of relevance to EITI implementation and Validation.

This work included initial consultations with stakeholders, who were invited to submit any documentation they considered relevant. In accordance with the [Validation procedures](#), the Secretariat did not take into account any actions undertaken after the commencement of Validation on 1 July 2016.

2. Country visit. The country visit took place from 10-14 October 2016. The International Secretariat met with the MSG and its members and other key stakeholders, including stakeholder groups that

¹⁷ See also <https://eiti.org/validation>

¹⁸ See also <https://eiti.org/document/validation-guide>

are represented on, but not directly participating in, the MSG.

In addition to meeting with the MSG as a group, the Secretariat met with its constituent members (government, companies and civil society) either individually or in constituency groups, with appropriate protocols to ensure that stakeholders were able to freely express their views. Requests for confidentiality have been respected.

The list of stakeholders consulted was prepared by members of the MSG, with inputs and suggestions from the national and the International Secretariat. A call for comments on EITI implementation in Mali was published in local newspapers and on the EITI Mali website¹⁹, ahead of the Secretariat visit in Bamako. Stakeholders provided further comments by email and by phone during and after the mission. The International Secretariat's view is that the report covers views of the key stakeholders engaged in the EITI process.

3. Reporting on progress against requirements. Based on these consultations, the International Secretariat has prepared this report - making an initial evaluation of progress against requirements in accordance with the Validation Guide. In accordance with the [Validation procedures](#)²⁰ the report does not include an overall assessment of compliance. The report will be made available to MSG for comment prior to quality assurance by the Independent Validator.

The International Secretariat's team comprised: Sam Bartlett, Bady Balde, and Gisela Granado.

4. Independent Validation. In accordance with the EITI Standard, the EITI Board will appoint a Validator²¹, who will report to the Board via the Validation Committee. The Validator will assess whether the Secretariat's initial data gathering has been carried out in accordance with the Validation Guide. This will include: a detailed desk review of the relevant documentation for each requirement and the Secretariat's initial evaluation for each requirement, and a risk-based approach for spot checks, and further consultations with stakeholders. The Board may request that the Validator undertake spot checks on specific requirements. The Validator will amend or comment on the Secretariat's report as needed. The Validator then prepares a short summary (the Validation Report) for submission to the Board. This will include the Validator's assessment of compliance with each provision, but not an overall assessment of compliance. The MSG will be invited to comment on the Validation Report.

5. Board Review and decision. The final stage in the process is the review by the EITI Board. The Validation Committee will review the Validator's assessment and any feedback from the MSG. The Validation Committee will then make a recommendation to the EITI Board on the country's compliance with the EITI Requirements. The EITI Board will make the final determination of whether the requirements are met or unmet, and on the country's overall compliance in accordance with provision 8.3.a.ii of the EITI Standard. There is an appeal process, as per requirement 8.8.

¹⁹ Notice of the mission and call for comments published on the EITI Mali website on 7 October 2016 is available at <http://itie.mines.gouv.ml/index.php/16-actualites/102-mission-du-secretariat-international-de-l-itie-a-bamako>

²⁰ <https://eiti.org/document/validation-procedures>

²¹ At the time of writing, the procurement process was ongoing, see <https://eiti.org/node/7118>

Part I – MSG Oversight

1. Oversight by the MSG

1.1 Overview

This section relates to government oversight of the EITI process, stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the multi-stakeholder group (MSG), and the EITI work plan.

1.2 Assessment

Government oversight of the EITI process (# 1.1)

Documentation of progress

Mali was an early adopter of the EITI. On 2 August 2006, the Government of Mali formally announced its commitment to EITI implementation via letter No 0736/MEF-SG of 2 August 2006, from the Minister of the Economy and Finances, Mr. Abou-Bacar Traoré, to the World Bank. Prime Ministerial Decree no. 7/180/PR-RM of 6 June 2007 established the institutional framework for EITI implementation in Mali. Three structures oversee EITI implementation: the Supervisory Committee, the Steering Committee and the Permanent Secretariat.

The Supervisory Committee defines the main policy lines and main strategic actions of the process. It also approves the recommendations submitted by the MSG. Thirdly the Committee is charged with evaluating the impact of EITI implementation on sustainable development and poverty reduction. The Steering Committee, which is the multi-stakeholder group, is in charge of implementing the decisions of the Supervisory Committee. It aims to establish dialogue between the state, companies and civil society; elaborate EITI reports, TOR and reporting templates; ensure capacity building for the various actors and elaborate communications plans which promote public debate. The third organ of the EITI is the Permanent Secretariat. The Secretariat is to assist the Steering Committee; prepare EITI documents; monitor implementation of the work plan; produce regular reports on EITI progress and publish results; and lastly to draft committee minutes. The Head of the Permanent Secretariat is the National Coordinator, Mr. Boubacar Thienta. The National Coordinator is supported by the 3 technical staff members, an economist, a lawyer and a communications expert, alongside other support staff. Currently the secretariat does not have a communications expert. The Supervisory Committee is chaired by the country's Prime Minister, H.E. Modibo Keita. The last meeting of the Supervisory Committee was held on 28 January 2016. This meeting was chaired by the then Minister of Mines, Mr. Cheickna Diawara on behalf of the Prime Minister. Five ministers were present at the meeting namely the Ministers of mines, economy and finance, environment, commerce and industry, promotion of investment and the private sector. High level officials from 3 other ministers were also represented, namely the ministries of territorial administration; urban planning and population; the digital economy, information and communications.

Minutes from this 4th session of the Supervisory Committee²² show that topics discussed included the

²² <http://www.itie.mines.gouv.ml/index.php/20-comptes-rendus/66-compte-rrmeendu-comite-de-supervision-pdf>

consideration of environmental aspects in EITI reporting, the decentralization of the EITI to local communities and report discrepancies. Government commitment to the Initiative was discussed, with civil society indicating that government needed to be more engaged in the EITI and impose sanctions on entities which do not provide information. Mr Boubou Cissé, Minister of Economy and Finance expressed a different view that government was committed to the process, highlighting the innovations of the EITI in terms of providing information on license allocation, beneficial ownership and state participation.

Mali's MSG is chaired by Mr Tiémoko Sangaré, Minister of Mines. Over the period 2015-2016, there have been three appointees to this position. Dr. Boubacar Cissé had been appointed Minister in charge of the Industry and Mines in September 2013 and held this position up to January 2015. After which, he was appointed Minister of Finance and the Economy. The next Minister of Mines was Mr. Cheickna Diawara, appointed via Decree No 2016-0003 /P-RM of 8 January 2015. Decree No.2016-0510 / P – RM of July 07 2016²³ appointed Mr. Tiémoko Sangaré as the new Minister of Mines, who is the current head of the MSG. Of the 12 MSG meetings which were held over the period 2014-2016, five were chaired by former Ministers of Mines. Meeting minutes show that the MSG has not yet to date been chaired by the current Minister of Mines.

Analysis of MSG meetings attendance over the period 2014-2016 shows frequent participation by the Ministries of Mines, Commerce and Industry, and Justice. The High Council of Collectives also frequently attended meetings over the years. Other government agencies have not been as consistent in their participation of MSG meetings. For example, in 2014 the Ministry of Finance, the Authority for Promotion of Petroleum Research (AUREP), the Ministry of Land, the Ministry of Planning and Land Management and the Ministry of Environment attended two or less of the six meetings.

With respect to EITI reporting, only two government agencies, the Customs Authority (DGD) and the Tax Authority (DGI) made unilateral disclosures. This was partly due to the short time frame to submit declarations but also mainly due to a lack of a computerized systems of recording revenue collection within the National Treasury. The government has included revenue from quarrying and sub-contractor companies as part of its full unilateral disclosure in the 2013 EITI Report.

There have been no legal barriers to implementation of the EITI in Mali. Those government agencies that do engage with the EITI – particularly the Ministry of Mines – actively support dissemination of EITI reports. Dissemination of the 2012 EITI Report in 2015 extended to the 'circles' (districts) that hosted gold production for the first time. The Ministry of Mines, with support from the World Bank, is undertaking a feasibility study of establishing subnational EITI councils in gold-producing circles.

The government has also contributed toward funding of the process. The 2015 Annual Progress Report (APR) noted that the government contributed 35% of the 2015 budget of 275,000,000 FCFA. Partners, namely the World Bank (38%), GIZ (25%) and UEMOA (2%), contributed the remainder.

Stakeholder views

Civil society argued that there were fluctuations in the level of government commitment over the years and that greater effort is needed in addressing EITI recommendations and putting pressure on reporting entities to report. Companies argued that the frequent changes in the Minister of Mines in the past year have affected the continuity of the EITI and that there were different levels of participation amongst the various ministries. Civil society and donor partners noted that government could play a greater role in financing the

²³ <http://primature.gov.ml/primature/images/PRIMATURE-2015/pdf/liste-gouvernement-modibo-keita-3.pdf>

process. All noted that the number of government representatives was adequate. The National Secretariat noted that the government was financing the cost of the 2014/2015 EITI reports and that it expected in the government's contribution of approximately 40%.

Initial assessment

Evidence from MSG meeting minutes and conversations with stakeholders show that the government has created structures designed to ensure its participation in the process. There may be advantages to merging the Supervisory Committee and the MSG, "comité de pilotage", to ensure better coordination. Government ministries and departments sit on the MSG and communication with their colleagues, in particular those responsible for filling out reporting templates, could be improved. The government has provided funding and government representatives take part in outreach efforts. The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement.

Company engagement (# 1.2)

Companies are represented on the Supervisory Committee by the Chamber of Mines. The Chamber of Mines was established by government law n°04-006 of 14 January 2004²⁴ and placed under the supervision of the Ministry of Mines. On the Chamber of Mines website²⁵, it is noted that it is neither an association nor a trade union. It is a consular organization created by law. According to the law, it is the sole representative of the physical and moral persons, mining operators in Mali, both nationally and internationally. It aims to organize and train persons operating in the sector and to provide technical assistance to businesses operating in Mali.

Its objectives include providing an opinion upon request by the government or independently on the mining sector and to propose any measure that would promote the development of exploration, production and marketing of mining activities²⁶. In December 2015, the Chamber had 240 members, consisting to a large extent of artisanal and small-scale miners, who elect the President of the Chamber of Mine for a five-year term, renewable. The President of the Chamber of Mines, Mr Abdoulaye Pona, participates in annual Supervisory Committee meetings regularly.

According to the 2013 EITI Report, the major mines in Mali in terms of government revenue are Somilo (29%), Morila (15%), Semos (14%) and Goukoto (12%). These are represented on the MSG by RyanGold, AngloGold and IamGold respectively. The number of MSG members representing mining companies varies in accordance with the materiality threshold, because the 2007 decree establishing EITI Mali states that there will be one representative per extractive company participating in EITI reporting. As a result of this, the number of company representatives in the MSG grew from seven reporting companies in the 2006 EITI Report to 18 reporting companies in the 2013 EITI Report. There are also two representatives from the Chamber of Mines represented on the Committee.

MSG meeting minutes show that company representatives were present for discussions over the period 2014-2016. MSG attendance charts indicate that SEMICO, RyanGold and AngloGold and Wassoul'Or were most engaged, while other companies were less active.

²⁴ <http://faolex.fao.org/docs/pdf/mli155444.pdf>

²⁵ <http://www.chambredesminesdumali.org/index.php>

²⁶ <http://www.chambredesminesdumali.org/AMECMM.php>

Law n°04-006 of 14 January 2014, creating the Chamber of Mine and Presidential Decree n° 04-387/P-RM of 23 December 2004, which defines the organisation and modalities of operation of the Chamber of Mine in Mali.

With respect to reporting, according to the country's EITI Reports, the number of companies reporting annually increased from seven for 2006 to 40 for 2009. The number of companies fell to 18 in 2011 and rose slightly to 14 in 2012. It rose to 18 in the 2013 EITI Report with the inclusion of one oil and gas company reporting, Petroma.

While there do not appear to be legal obstacles to EITI reporting, industry participation still poses some challenges, as shown in by the 2013 EITI Report. Only 7 of the 18 targeted companies provided quality assurance certification signed by a company representative. 7 provided certification from their external auditors and 8 provided a copy of their audited financial statements for 2013. The IA is able to provide assurance without reservations for the reliability of disclosures from 7 of the 18 reporting companies.

The Chamber of Mines representatives appear the most engaged in outreach and dissemination activities. The Chamber has been actively involved in dissemination of the 2012 EITI Report in the Kayes region in October 2015 and in the Kéniéba region in December 2015. Gold miners participate in outreach according to their areas of operation.

Stakeholder views: Civil society representatives noted that company participation on the MSG was satisfactory but highlighted ongoing difficulties in the certification of data. Industry representatives clarified that companies participating in EITI reporting are also represented on the MSG. They highlighted regular participation in MSG meetings as a proof of their commitment to the EITI process. Some industry representatives, such as Wassoul'Or travel 300 km to attend MSG meetings in Bamako. This in spite of the fact that the mining code requires that each company has a representative in the capital city, Bamako. They noted that consultation within their group of companies is usually done following meetings rather than prior to meetings. Industry representatives also noted that they would write to the Secretariat to indicate when they could not attend a meeting and whether another company representative would attend in their absence.

It was noted that exploration companies were observers to MSG meetings and could also contribute to the debate. Companies noted that there was no formal organization or network to share information with the wider constituency of companies outside the MSG. The Chamber is seen by the larger company representatives as mainly representing the small and medium size mining operators. During a meeting with the MSG, it was recommended that the constituency could make better use of the EITI website, mailing lists and other Internet tools as a forum for dialogue. Civil society representatives suggested that the mailing list be expanded beyond the MSG.

The Chamber of Mines noted in the meeting minutes from the Supervisory Committee the need for better communication within the EITI structures. Government noted that relations with the companies was not problematic.

Initial assessment

Evidence such as MSG meeting minutes and conversations with stakeholders show that companies are actively engaged in the design and implementation of the EITI process, through participation in MSG meetings and input to the EITI reporting process. Capacity among company representatives is strong although coordination of industry positions could be improved in advance of MSG meetings. Companies could also benefit from a clear system for appointing their alternates to the MSG. There do not seem to be any legal obstacles preventing company participation in the EITI. The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement.

Civil society engagement (# 1.3)

As a country facing significant civil strife especially in the Northern region, Mali faces some challenges in terms of freedom of movement. Large parts of Northern Mali are under rebel control and Mali's major towns have faced repeated attacks by terrorist groups over the past three years most recently, on 21 July 2016, terrorist and rebel groups clashed in Kidal, resulting in the deaths of at least 14 people and the injuring of 89 others, including both combatants and civilians, according to the UN Secretary-General Report on the situation in Mali²⁷. Mali is ranked as 'partly free' in the Freedom House's 2016 ranking²⁸ with a score of 4 on civil liberties on a scale of 1 to 7. In this ranking, 1 refers to most free and 7 refers to the least free. Despite these constraints, there appears to be adequate space for civil society to participate in the EITI, including freedom of expression. Civil society representatives on the MSG noted the umbrella organizations which were faced with financing difficulties.

There are two main umbrella networks for civil society in Mali, namely the National Civil Society Council (NCSC) and the forum of civil society organizations, with the latter not represented on the MSG. The President of the NCSC was appointed to the Supervisory Committee by government decree and was present and active at the annual meeting in January 2017. The organization is independent of the state. It aims to watch, monitor and alert for the inclusion of citizens' concerns in the development of policies and programmes as well as on matters of security and peace. Its projects cover the Bamako, Gao, Kayes, Koulikoro, Mopti, Sikasso, Segou and Tombouctou regions. Five representatives of the NSCS were appointed to the MSG. Civil society members of the MSG noted that these members were selected from the NCSC based on the following criteria: gender representation (the coordinating body of women's associations and NGOs (CAFO)), national representation (Malian consumer association (ASCOMA)) and thematic representation (the Coalition of African Debt and Development Alternatives (CAD Mali), the Sahel Development Foundation (FDS) and the Malian Network of Journalists Against Corruption and Poverty (RMJLCP)). The Publish What You Pay (PWYP) Coalition is indirectly represented on the Steering Committee by organisations which are coalition members. The MSG is undergoing renewal but to date, representatives have been on the MSG since 2007 or 2011.

Expression: Minutes from MSG meetings, press releases and participation in events show that civil society is able to speak freely about the EITI process without restraint or coercion. Evidence of this includes the March 2016 study on mining contracts by PWYP and FDS²⁹. The report, produced in cooperation with partners, was a comparative analysis of mining contracts and estimated the monies that the state lost based on various tax exemptions. It also highlighted the negotiation of contracts as a key issue and was covered in the local media. There is no evidence of self-censorship or self-imposed restrictions related to freedom of expression on EITI issues.

²⁷ The UN Secretary-General Report on the situation in Mali, 29 September 2016

http://www.securitycouncilreport.org/atf/cf/%7B65BF9B-6D27-4E9C-8CD3-CF6E4FF96FF9%7D/s_2016_819.pdf

²⁸ <https://freedomhouse.org/report/freedom-world/freedom-world-2016>

²⁹ <http://www.publishwhatyoupay.org/fr/members/mali-2/>; <http://www.essor.ml/2016/04/contrats-miniers-un-souci-toujours-plus-fort-de-transparence-et-dequite/>

Operation: There is no evidence of legal, regulatory, administrative barriers to civil society participation in EITI, nor any restrictions of fundamental rights. Civil society representatives confirmed that there are no such barriers to civil society participation in Mali.

Association: Civil society groups engaged in the EITI process are freely collaborating with each other as well as with other local NGOs not directly represented on the MSG as well as with international groups. There are 16 member NGOs of the PWYP network in Mali. Civil society does have mechanisms to communicate to a wider constituency through its meetings, email networks etc. However, it is unclear whether the EITI features prominently on the agenda for these consultations and whether this engagement is systematic. When asked about replacements, civil society said that there was no plan to boost capacity in the MSG until the next election of CSO MSG representatives which would likely take place in October 2016.

Engagement: Civil society is to some extent involved in the design, implementation, monitoring and evaluation of the EITI through participation in MSG meetings, CSO forums, dissemination events etc. The minutes from MSG meetings point to regular participation of CFO, CAD and FDS, with less regular attendance by ASCOMA and RMJLCP.

It is not clear that civil society is able to fully contribute to the questions related to the extractive sector. Although the MSG work plan includes activities aimed at building capacity for civil society, due a lack of funding in 2015 these activities were not carried out.

The minutes of dissemination efforts show that civil society organisations are actively involved in activities to communicate and popularise the EITI. For instance, CAD Mali took part in dissemination of the 2012 EITI Report in October 2015 in the Kéniéba, Djija and Sitakili regions and CAFO was involved in dissemination to the Sikasso, Kadiolo and Fourou in the same month. Civil society also produces summary EITI reports alongside those the Secretariat produces³⁰. However, the pace of outreach activity has slowed considerably in the past year.

Access to public decision making: Civil society has the ability to ensure that the EITI process contributes to public debate and to influence public decision making. Civil society also holds the chair of the MSG's - committee on communications. However, EITI Reports do not play a major role in contributing to analysis, research and advocacy that civil society has published. Civil society is engaged in discussions around the revision of the mining code but not as a representative of the EITI. There is no evidence that the CSO members have yet had an opportunity to conduct any advocacy around the EITI process with the new Mining Minister.

Stakeholder views

Civil society members argued that there were no limitations to freedom of expression and noted reports which were produced even though the government was not represented in a positive light, such as the 2004 Report entitled 'Hidden Treasure, the search for Mali's gold production revenues' and the 2016 Publish What You Pay (PWYP) report on mining contracts. RMJLCP noted that journalists feel free to express themselves. One partner did mention an ongoing case of a radio journalist, Youssouf Keïta commonly known as Petit Guimba, who was arrested at the time of the mission, but the circumstances and any link to the EITI were unclear.

Government, companies and civil society did not express any concerns on the legal, regulatory, administrative and actual barriers to civil society operation preventing participation in EITI.

³⁰ <http://www.itie.mines.gouv.ml/images/pdf/pdf2/itie-rapport-2015.pdf>

In terms of association, civil society representatives noted that they are supported by international partners such as OXFAM, OSCIWA and GIZ amongst others. It was noted that there were no functioning alternates for civil society on the MSG and few official letters of designation. There has been no renewal of mandate for some members since the creation of the EITI in Mali in 2007.

With respect to representation, PWYP noted that they disseminate information via email to their partner organizations. Companies also noted the forums held by the FDS. Other institutions noted that information is also shared through informal channels but this is not often systematic. For instance, CAFO noted that it hosts an Assembly every month but it is not clear that the EITI features on the agenda. The RMJLCP noted that in theory the association meets once monthly but this is not current practice. Companies noted that civil society can be engaged in meetings but that the wider civil society is not necessarily engaged.

A member of civil society recommended an annual meeting on the EITI to share results and discuss priorities with the wider civil society grouping. It was also recommended that the president of the NCSC consult with his constituency ahead of meetings with the Supervisory Committee.

Civil society do feel that they have the ability to influence public decision making. Civil society noted that their main areas of interest of civil society included local community development, contract transparency, employment, limiting tax exonerations for mining companies and redistribution of government revenues. However, although civil society has campaigned on issues concerning the extractive sector such as contract transparency, it is not clear that it has specifically used the findings of the recent EITI reports for any advocacy campaigns or analysis.

Initial assessment

Evidence such as MSG meeting minutes and conversations with stakeholders show that civil society is to some extent involved in the design, implementation, monitoring and evaluation of the EITI process. In particular, civil society is taking part in outreach and efforts to promote public debate. There is also an enabling environment for civil society participation in the EITI.

The civil society protocol states that in considering whether civil society representatives are able to be fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process, the EITI Board and validators will consider the extent to which:

- Civil society representatives are able to fully contribute and provide input to the EITI process. This could for example include evidence of input and advocacy related to key MSG deliberations on issues such as work plan objectives and activities, the scope of the EITI reporting process, approval of EITI Reports, annual self-assessment of the EITI process through the annual activity reports, validation etc. It could also include evidence that civil society is regularly participating in MSG meetings, MSG working groups and other EITI events, and that the views of CSOs are taken into account and documented in MSG meeting minutes.
- Civil society representatives consider that they have adequate capacity to participate in the EITI. This should include evidence that technical, financial or other capacity constraints affecting civil society have been considered and that plans for addressing such constraints have been agreed upon and/or effectuated including by providing access to capacity building or resources.

The International Secretariat did not find legal or regulatory barriers to civil society participation in the EITI process. Civil society representatives participate actively in MSG meetings and MSG working groups. The Internal Secretariat did not find restrictions to civil society freedom of expression outside MSG meetings. Stakeholders recognised weak capacities and poor coordination within the civil society constituency, but civil

society representatives also acknowledged the MSG's efforts to strengthen the capacities of its members. The MSG's committee on capacity building prepared TOR for training activities of key civil society groups, including journalists (May 2015). Other training activities for civil society members include training on the EITI Standard (17-18 November 2014 at the Grand Hotel in Bamako), study trips funded by the government to Burkina Faso (14-16 December 2015), Cameroon (13-17 December 2015) and Cote d'Ivoire (20-24 December 2015). The GIZ has also funded capacity building activities targeting civil society groups in mining affected areas. Thus, the International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement.

MSG governance and functioning (#1.4)

Documentation of progress

MSG composition and membership

The Mali MSG was established in 2007 under decree No.7 180/PM -RM of the 6 June 2007³¹. The decree governing the MSG was updated as per decree No2016-0520/PM-RM of 22 July 2016³². The EITI Mali consists of a Supervisory Committee, a steering Committee which acts as its MSG and a permanent secretariat. Members of the MSG were subsequently designated by the Ministry of Mines bylaw.

The Supervisory Committee defines the main policy lines and main strategic actions of the process. It also approves the recommendations submitted by the MSG. Thirdly the Committee is charged with evaluating the impact of EITI implementation on sustainable development and poverty reduction. New objectives for the Supervisory Committee in the revised decree note that the Supervisory Committee is expected to resolve any obstacles linked to EITI implementation and to promote the integration of the EITI into government systems and to promote better access to information.

The Committee is chaired by the Prime Minister and comprises of 9 government ministers, the Chair of the Chamber of Commerce and the Chair of the National Civil Society Council (NCSC). The ministries represented on the Supervisory Committee are namely, mines; finances; investment, environment, industry, state domains, territorial communities, communications and urban planning. The last meeting of the Supervisory Committee was chaired by the then Minister of Mines, Mr. Cheickna Diawara.

The APR notes that the Supervisory Committee makes recommendations on the policy and strategic direction of the EITI. It made the following recommendations on EITI implementation based on its annual meeting in January 2016:

- Decentralize the EITI to include revenue flows to local communities
- Better engage stakeholders to improve the efficiency of revenue collection
- Take into account the environment in EITI reports and mine rehabilitation
- Update, implement and finance the EITI communications plan
- Consider the financing of the 2015 and 2016 EITI reports
- Build capacity of the national secretariat

³¹ The decree is available on Mali EITI website at

<http://itie.mines.gouv.ml/images/pdf/D%C3%A9cret%20fixant%20cadre%20institutionnel%20ITIE-Mali.pdf> (accessed on 9 October 2016).

³² The decree is available on Mali EITI website at <http://itie.mines.gouv.ml/images/pdf/Decret-n2016-0520-fixant-le-cadre-institutionnel-ITIE-au-Mali.pdf> (accessed on 9 October 2016).

- Follow-up on the recommendations of the Monitoring and Supervisory Committee.

The Steering Committee, MSG, is in charge of implementing the decisions of the Supervisory Committee. It aims to establish dialogue between the state, companies and civil society; elaborate EITI work plans, APRs, EITI reports and TOR for the independent administrator; approve reporting templates on company payments and government revenues; ensure capacity building for the various actors and elaborate communications plans which promote public debate. In the revised TOR for the MSG, it is also mandated to evaluate and implement recommendations from EITI and Validation reports; propose reforms to the government; and to improve the governance of the extractive sector. The Minister in charge of Mines, or a representative, is responsible for chairing the Steering Committee.

The MSG is comprised of three representatives of the Ministry of Mines, 2 representatives from the Ministry of Finance and one representative from the following ministries: state domains, environment, industry, territorial communities, communications, urban planning, justice. The Committee also has two representatives of the National Assembly and one representative of High Communities Council. The bylaws provide for 5 civil society representatives and 5 representatives from the Chamber of Mines. It also states that it will include one representative per extractive company. Since the number of companies operating in the sector vary, the number of MSG members fluctuates.

In the revised 2016 decree one representative from the National Assembly was replaced by a representative from the Prime Minister's office. The following government representatives were also added: a representative of the ministry of investment, the general director of Taxes, the national director of domains and the cadastre, the national director of waste and pollution control, the general director of the national statistics institute, the national director of the treasury and the director of the planning and statistics unit of the mining and energy sector. The number of representatives from the Chamber of mines has been reduced from 5 to 1. Other changes include criteria noting that civil society representatives should be involved in the sector. Further additions to the civil society constituency include a representative from the press house, workers' union and the national accounting association.

The Steering Committee meets quarterly for ordinary sessions and has extraordinary sessions in case of need. According to meeting minutes, the Committee met at least five times 2014 and six times in 2015. The national secretariat noted that the MSG had met four times in 2016.

The Steering Committee draws support from three working groups: the Invoicing and Auditing group; the Capacity Building group and the Communications group. There were meeting minutes available for one meeting of the invoicing and auditing group in November 2015 and the communications group in May 2015. However, there was no evidence of other meetings in 2016 to discuss key issues such as the dissemination of the 2013 EITI report and the production of the 2014/2015 report.

The third organ of the EITI is the national secretariat. It has the mandate to assist the Steering Committee; prepare the work plan, budget, financing and monitoring documents; monitor implementation of the work plan; ensure a relationship between the various structures and the application of the MSG's decisions; produce regular reports on EITI progress and publish results; and lastly drafting of committee minutes.

Company, civil society and government representatives noted that they do not consult prior to MSG meetings in a systematic way and feel free to speak their opinions.

Terms of reference

The decree No.7 180/PM -RM of the 6 June 2007 that established EITI Mali and its organs remains the primary document regulating the functioning the MSG. The decree governing the MSG was updated as per decree No2016-0520/PM-RM after 1st of July 2016 Validation deadline. . The TOR were updated and signed the current Minister of Mines is Mr. Tiémoko Sangaré on 19 September 2016. Mali was cited as one of 12 ‘Countries without core governance documents on the national or international EITI website and that did not provide them upon request’ in the [MSI Integrity Report](#). These have subsequently been put online.

A previous version of the TOR was discussed by the MSG but it is unclear whether the final version was the subject of an MSG discussion. There are differences in the organizations nominated to the MSG in the decree compared to the MSG’s TOR. Article 23 of the TOR state that the document can only be modified by an extraordinary session of the MSG with at least two thirds of the members present. The TOR dated in September 2016 refer to a representative from the section of the Auditor’s Court and from the provident institute of statistics.

The TOR also mention two additional members not stated in the decree, the Auditor’s Court section and from the provident institute of statistics. This brings the number of government representatives to 21, the number of civil society representatives to 8 and the minimum number of company representatives to one, the Chamber of Mines. The decree simply states one representative from each production company.

The revised 2016 MSG TOR notes that civil society representatives should be designated by their peers based on the respective bases. It also states that members of the MSG are nominated for a mandate of 3 years, renewable once and that each organisation should designate an alternative representative to the MSG. There has been no formal mechanism to renew members to date although this process is expected to begin when the 2016 MSG TOR come into effect. Members who are repeatedly absent for more than 4 meetings would cause members to lose their position on the MSG.

A quorum is achieved when half of the members representing each sub-constituency is present. The TOR note that decision-making is based on a consensus and that in the case of a vote, a simple majority rules. It is difficult to determine whether a quorum is achieved since the number of MSG members is not fixed. There have not been recorded instances of a vote by the MSG and most decisions are taken by consensus.

The TOR state that meeting notices and documents should be sent to the Steering Committee at least one week ahead of the meeting. With respect to record-keeping, the APR notes that the MSG minutes are available online³³. MSG Meeting minutes from May 2014 to June 2016 were accessible on the EITI Mali website in October 2016. Online records show that the MSG held 18 meetings over this period. The TOR note that the MSG is to receive a per diem fixed by the Ministry of Mines decree. The official rate of transport fees for similar meetings set by the Ministry of Mine is XOF 5000. Records at the secretariat show that participants to MSG meetings receive XOF 10 000 (approximately \$ US 16) for “transport fees” per meeting. This is the double of the official amount, but stakeholders consider the paid amount insufficient to cover their travel expenses to and from meetings.

The TOR was agreed in September 2016 but it is not clear when the TOR would come into effect and when new representatives would be appointed to the MSG. The national secretariat was in the process of drafting

³³ Meeting minutes from May 2014 to June 2016 were accessible on the EITI Mali website in October 2016 <http://www.itie.mines.gouv.ml/>

letters to the various organizations in October 2016. It is unclear the criteria upon which civil society operating in the sector would be selected.

The policy of the MSG seems to add government representatives to the MSG once it is deemed that they may have a role to play in implementation. Company representatives are also added in an ad-hoc manner. Increasing the number of MSG members has been a response to a lack of representation of MSG members within their wider constituencies. Many of the current appointees to the MSG do not have formal letters of appointments by their organizations.

Stakeholder views

Members of the MSG noted that the Supervisory Committee, chaired by the Prime Minister does not play an active role in EITI implementation. They noted that the question had been raised as to whether the Committee should be disbanded but this did not have the support of key government representatives. Companies noted that ministers had been changed relatively frequently over the period 2015-2016. With respect to the role of the MSG in approving the work plan, it was noted that previously approval of the document was within the mandate of the Supervisory Committee which was not felt to be as multipartite. However, this was modified in the new regulations.

With respect to the TOR, members of the MSG stated that they considered the number of meetings sufficient. No stakeholder expressed concern that their representation was inadequate. Civil society noted that the decree on the EITI could be listed by sub-constituency. Government representatives didn't see a problem because all details on representatives was in the decree. Civil society added that criteria had been created for the nomination of civil society had been added to the TOR. On the functioning of the Steering Committee, companies noted that there were various sub-committees which had met. These sub-committees had identified activities but funding was not available. A member of the secretariat is appointed to each sub-committee. Stakeholders highlighted that the secretariat was strong in the drafting of documents. Civil society noted however that it did not replace the MSG in decision making. Several stakeholders confirmed that many procedures were adhered to and the secretariat was doing a good job in calling meetings with prior notice, providing meeting minutes etc.

With respect to stakeholder representation on the MSG, it was noted that the duration of mandates was new and not previously in the TOR. The national coordinator confirmed that the date of the signature of the decree is the effective start of a new mandate. On the replacement of members, it was noted that the EITI decree nominated organizations. Once nomination letters are sent, the Minister signs the appointment decree which will name the individuals. The decree was dated from 2007 and was updated in 2016. Companies and civil society acknowledged that some did not have letter of appointment from their respective organizations.

The Secretariat noted that there were no meetings where quorum was not achieved. A civil society represented noted that a previous Minister had suggested that quorum be based on representation per sub-constituency. The secretariat clarified that the MSG has always decided via a consensus and has never had recourse to a vote. Civil society noted that it feels able to change the agenda.

Members of the MSG confirmed that there is a per diem policy in the form of transport indemnities. It was noted that the UEMOA supports a fund that allows for the payment of per diems of 10,000 FCFA. This was more of an informal policy since the rate fixed by the budget was 5,000 FCFA. However, both the Minister and MSG members felt that 10,000FCFA was a reasonable fee. The secretariat clarified that the sanctions for MSG members mentioned in the TOR did not specifically apply to the withdrawal of per diems. However, it

was more broadly an attempt to ensure that companies furnish the relevant information. Civil society added that this should also apply to government reporting entities.

Initial assessment

This assessment takes into account regulations and practices that were applicable at the time when Validation began on 1st July 2016. Based on the 2007 decree creating the MSG and MSG meeting minutes up to the Validation deadline, the Internal Secretariat concludes that significant aspects of this requirement have not been implemented and the underlining objective of a well-functioning MSG with adequate representation of the relevant stakeholders has not been achieved. The International Secretariat did not find evidence that stakeholders have provided input to and agreed with the MSG's policy regarding the number of MSG representatives from each stakeholder group, the MSG's alternates and the rotation of members in accordance with Requirement 1.4.a.ii. Mining companies at the production phase are systematically represented in the MSG, whereas companies at the exploration phase are excluded. MSG members, particularly civil society representatives do not appear to have sufficient capacity to carry out their duties. The two-tier MSG system, (a Supervisory Committee, chaired by the Prime Minister, and the Steering Committee, chaired by the Minister of Mines) did not appear to be an effective mechanism to strengthen government participation. The Supervisory Committee which approves the work plan does not include adequate representation of each constituency. Government representation in the steering committee, which oversees day-to-day implementation of the EITI also appears inadequate in light of difficulties in government reporting.

The recommendations outlined henceforth take into account the new decree regulating the MSG signed in September 2016, well beyond the Validation deadline. The inclusion of the representatives from the auditing section of the Supreme Court show that the MSG has actively sought to include new agencies and players that might be of relevance to the work of EITI. The MSG comprises a sufficient number of actors but further thought must be given to the pertinence of each member and creating systems of feedback to the wider constituencies. The current policy of adding MSG members who may be pertinent to the process is not sustainable in the long run. Further efforts could be useful in ensuring that the internal TOR for the MSG align with the EITI decree with respect to the number of representatives and that all members have discussed the TOR in practice. The decree on EITI implementation should list organizations according to their sub-constituency.

All government agencies that are involved in the management of the extractive sector and the government more generally are represented. Government MSG members have demonstrated access and ability to influence minor reforms in order to ensure effective and timely implementation. Industry is represented by companies in the scope of the EITI Report, which varies from 7 to 18 representatives. This is not a sustainable approach and does not allow for adequate representation of companies outside the scope of the EITI Report. Industry representatives on the MSG represent they own companies, but not the wider industry. The civil society constituency is more representative of the wider constituency with MSG members representing a wide network of NGOs that work on natural resource governance issues. However, difficulties in communication between MSG members and the wider civil society constituency have been raised. The International Secretariat did not find evidence that certain stakeholder groups are inadequately represented. Constituencies appear free to manage their own representation and nominations to the MSG. The criteria for nomination to the civil society and the facilitator for this could be further outlined in the decree or TOR.

The TOR for the MSG could be further modified to address the requirements of the EITI Standard. It would also be useful for all to have a consensus on when the decree comes into effect. Measures are being put in

place for the application of the 2016 TOR but it is unclear that it is being followed in practice. There have been no concerns about decision-making, however further work needs to be done in defining quorums for the meeting and regular updates of the list of MSG members. All members of the MSG should have clear and up-to-date letters of appointment.

The MSG meets frequently and attendance and record keeping occurs for every meeting. However, the meeting records are not necessarily a reflection of MSG discussions and further efforts could be made to ensure that MSG members always have the documents at hand during decision making. The effectiveness of the MSG could be improved with more regular meetings of its three sub-committees. It would also be useful for the actual per diem policy to be reflected in the MSG's TOR.

Requirement 1.4.b.i states that "Members of the multi-stakeholder group should have capacity to carry out their duties". Government, company and some civil society representatives' capacity is adequate. However, lack of civil society capacity seem to be preventing civil society from fully and actively contributing to the design and implementation of the EITI and further capacity building should be undertaken. In light of this, the International Secretariat's initial assessment is that Mali has made inadequate progress in meeting the requirement.

Work plan (#1.5)

Documentation of progress

Minutes from the 15 August 2014 MSG meeting show that the 2014-2016 work plan had been approved by the MSG. A 2016 work plan was updated by the MSG on 8 December 2015. The work plan contains the following strategic pillars:

- Legal and regulatory framework
- Governance of the Steering Committee
- Transparency of mining and petroleum titles and agreements
- Sustainability of the EITI process
- Communication and
- Capacity building.

These six axes are separated into specific objectives which seek to address the difficulties, obstacles and capacity constraints identified in implementation. These specific objectives along with activities, expected results and responsible parties, are listed for each strategic axe. Although most of these activities appear to be aligned with the EITI principles, they do not appear to be aligned with national priorities.

The 2016 work plan includes costings and source of funding for each activity. Its calendar is separated into the four quarters of the year. There is an overall budget of 442 million FCFA for 2016. 66% is to be funded by the government, 29% by the MDTF and 5% by other donors. This is approximately a 61% increase in the 2015 annual budget, estimated at 275 million FCFA according to the 2015 APR. According to the latter, 35% of the budget was funded by the government, 38% by the MDTF, 25% by the GIZ and less than 2% by the UEMOA.

Under the first axe, the priority goal was to improve the legal and regulatory framework. The work plan recognized the need to reinforce government commitment to the process and aspires to include the EITI in the mining code. Actions to complement these goals included the adoption of an EITI law and revision of the EITI decree establishing the EITI structures. This axe mentions actions that should be undertaken to improve compliance with the EITI Standard such as letters, bulletins, decrees and bylaws, but does not give details on

which requirements it seeks to address. Similarly, it speaks to implementation of the Independent Administrator's recommendations but does not go into detail on how this could be done.

The main objectives under the second axe, governance of the Steering Committee, sought to improve the functioning of the MSG and regular follow-up on the Steering Committee's sessions. It sought to achieve this by revising the internal procedures and holding regular meetings of both the Steering Committee and Supervisory Committee.

In terms of detail and scope of the work plan as required by 1.5.f, revenue management and contracts are mentioned in the work plan. Transportation payments, discretionary social expenditures and ad-hoc subnational transfers are not applicable in Mali. The EITI aims to ensure the regular and timely publication of all mining and petroleum titles, agreements and addendums either through the Ministry of Mines website, the EITI website or the mining cadastre. It notes that some contracts are already available through these channels.

Under the fourth axe of improving sustainability of the EITI process, the work plan seeks to improve the quality of EITI reports, measure progress made, ensure the publication of reliable data on artisanal mining, improve sub-national revenue management and improve sustainable financing for the Initiative. The work plan also aims to go beyond the EITI Standard requirements by including artisanal mining, producers of mineral water and sub-contractors to the mining sectors within the scope of reporting.

The MSG undertook work to produce a supplemental EITI report to address some of the weaknesses identified in the 2013 EITI Report. A decision was subsequently taken to focus on the production of the 2014 EITI Report. This work was not identified in the work plan. Among the activities that have been delayed are the dissemination of the 2013 EITI Report and capacity building for the national secretariat. The key reason for the delays has been cited as a lack of funding.

It appears from the minutes of the MSG meetings that there were several discussions on the work plan. At the MSG meeting on 15 August 2014, the triennial plan was agreed. However, meeting minutes do not cover the depth of discussions of the MSG on the issue. There do not yet seem to be MSG discussions on how the work plan will be updated for the 2017 year. Although there is mention of a national policy, it is not clear that the 2014-2016 work plan is aligned with government objectives for the extractive sector in Mali.

The previous triennial work plan covered the period 2013-2015. The objectives of the 2013-2015 work plan are not aligned with national priorities. They were focused on capacity building, implementing a communications strategy, ensuring timely publication of EITI Reports, revising the operational frameworks for the MSG and the Secretariat and follow up and improvements to EITI implementation. It is unclear whether the MSG undertook any broader consultations in developing the work plan. The 2013-2015 work plan includes measurable outcomes, but only general (yearly) indicators of timing. Although the MSG has included payments from quarrying, ASM buying houses and subcontractors in government's unilateral disclosure requirements for the 2013 EITI Report, the 2013-2015 work plan does not refer to this.

Similarly, the 2014 work plan is more operational and contains less strategic goals. It contains a more detailed breakdown of activities, actions, responsible party, timeline, and cost estimates. It includes activities aimed at addressing capacity constraints and also includes actions and a timeframe for the publication of the 2012 and 2013 EITI Reports.

Stakeholder views

All stakeholders confirmed that they had been involved in developing the work plan, or had an opportunity to review it.

Contract transparency and the payments by companies to local communities had been identified as the most important issues for civil society and both these topics figured among the 2016 work plan objectives. Civil society had also provided input on the types of dissemination activities to conduct.

The Secretariat created a draft work plan and an ad-hoc committee was created to work on this draft in the month of October. The ad-hoc committee then submits a version to the MSG. The work plan was sent 10 days in advance of the discussion and is discussed broadly at MSG meetings. The guidance note on work plan was also distributed to the MSG during the meeting. For example, at the approval of the 2014-2016 work plan, deputies had debated the issue of sub-national payments. All discussions and observations are recorded and subsequently the MSG takes a decision on what will be included. The Secretariat then updates the work plan and publishes it online on 8 December 2015. The Secretariat noted that the work plan speaks to the MSG's innovations. The secretariat confirmed this process for elaboration of the 2016 work plan and that all stakeholders had provided input.

All stakeholders noted that while they were involved in agreeing the draft work plan drafted by the secretariat, there tended to be insufficient attention to its implementation and the work plan was rarely reviewed at MSG meetings. However, the work plan had been discussed at the 16 June 2016 meeting reviewing the APR. Civil society noted that recommendations from EITI reporting are also included in the work plan. From stakeholder consultations, it did not seem like the work plan was regularly used as a tool for managing implementation.

The Secretariat noted that there were objectives in the work plan which were later deemed to be outside the mandate of the EITI such as diversification of the sector. Civil society highlighted the lack of financing whilst companies noted a lack of capacity building for MSG members. It was recommended that practitioners be consulted in the development of the work plan and that it reflect national reforms such as mining cadastre (MCAS). Civil society confirmed that there was a presentation of MCAS to the MSG but this was not reflected in the meeting minutes. It was also noted that the work plan did not reflect all issues in the 2016 standard such as quasi-fiscal expenditure.

The MSG confirmed that the budget of the work plan had been discussed by the MSG. A company representative noted that there are indicators to measure performance might be useful.

Initial assessment

The MSG has not considered opportunities for linking implementation to national priorities for the sector. Although there was limited consultation with stakeholders outside the MSG on these objectives, stakeholders confirm that they respond to interests voiced during interactions with persons in affected communities.

The 2016 work plan includes a timeline and specific activities to achieve the objectives. It should be noted, however, that there is still no costing for some items and a few activities planned for the first quarter of 2016, namely the outreach activities and capacity building are behind schedule. Nonetheless, in general, the work plan appears to address most of the EITI Requirements. The International Secretariat's initial assessment is that Mali has made meaningful progress in meeting this requirement.

Table 1 - Summary assessment table: MSG oversight

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Government oversight of the EITI process (#1.1)	The government is committed to the EITI and relevant government representatives are part of the MSG.	Satisfactory progress
Company engagement (#1.2)	Companies are actively engaged in the design and implementation of the EITI, including MSG deliberations. However, the process is closely linked to production companies and does not include other actors such as exploration companies and sub-contractors which are included in the scope of reporting.	Satisfactory progress
Civil society engagement (#1.3)	There is an enabling environment for civil society participation in the EITI in Mali. Civil society is involved in implementation. However, capacity constraints are affecting their ability to consult their wider constituency and report back to them.	Satisfactory progress
MSG governance and functioning (#1.4)	The Mali MSG does not include all relevant actors and all stakeholders are not adequately represented. The MSG meets frequently and attendance and record keeping appears adequate. However, it is not clear to what extent the TOR are being following in practice. There have been concerns about the actual number of MSG members on the MSG, how quorum is achieved, in light of variable number of MSG membership and the process for appointment, renewal and mandates of MSG members remains unclear.	Inadequate progress
Work plan (#1.5)	The work plan has detailed actions and timelines. However, there are not clear objectives linked to national priorities for the extractive sector and implementation is slightly behind schedule.	Meaningful progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The MSG is encouraged to update the work plan to reflect national priorities and an analysis of compliance with the 2016 Standard. 2. The MSG is also encouraged to review its structure to ensure that the right actors are represented at the table, that the 2016 TOR are implemented in practice and that all actors are able to refer messages to their wider constituency. 3. It is recommended that civil society undertakes a capacity building needs assessment and that actions to address civil society capacity constraints are implemented. 4. It is recommended that the company constituency investigate ways in which messages could be transmitted to the wider constituency. 		

Part II – EITI Disclosures

2. Legal and institutional framework

2.1 Overview

This section provides details on the implementation of the EITI requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state-participation.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

The 2013 EITI Report provides an overview of the legal environment and fiscal framework for both mining and oil and gas. For the mining sector, the Report highlights the following laws and regulations that were in force in 2013:

- the 1970, 1991 and 1999 mining codes, which all included stabilisation clauses that remained in force for the duration of the permits granted in accordance with the various fiscal regimes in effect at the time.
- the 2012 mining code³⁴: Mining companies had the option to voluntarily transition to the 2012 fiscal regime. The Report noted that stabilisation clauses remained in force, but did not specify whether companies that had permits with stabilisation clauses had decided to transition to the fiscal regime set out in the 2012 mining code.
- Other laws and regulations that include provisions applicable to the mining sector: land code³⁵, tax code³⁶ and customs code³⁷.

The report also provides an overview of the institutional framework for mining activities, including the main government agencies regulating and overseeing all mining related activities (p. 24) and a description of the taxes and fees applicable for mining activities (pp.32-36). The report describes on p. 21 and in Annex 11 (p. 121) the various exonerations provided to mining companies, but it does not spell out the incentives or policy objectives underpinning these exonerations.

Although, the 2013 EITI Report includes recommendations that would require further reforms, the Report did not include information on ongoing reforms. The 2015 APR provides more details on ongoing reforms through the monitoring of implementation of recommendations from previous reports. For the artisanal mining sector, the report highlighted that the Ministry of Mine organised a forum in September 2013, to

³⁴ law N° 2012-015 of February 2012 and decree N° 2012-311/P-RM of 21 June 2012, which spell out the rules for implementing the law, and decree N° 2012-490/PM-RM of 7 September 2012, which approves the standard convention “Convention d’Etablissement Type”

³⁵ law N°00-27/P-RM of 22 March 2000

³⁶ law N° 06-067 of 29 December 2006

³⁷ law N° 01-075 of 18 July 2001

discuss with stakeholders on the following topics: government regulations applicable to the ASM sector, monitoring of ASM activities, health and safety issues arising from ASM activities that affect artisanal miners and local communities (p. 25).

The 2013 EITI Report includes a description of the legal and regulatory framework applicable to the rather limited exploration activities in the hydrocarbon sector (p. 18) and exploration and exploitation activities in the mining sector (p. 22). For the hydrocarbon sector, the Report highlights law N° 04-037 of 2 August 2004, which regulates exploration, exploitation, transport and refining of hydrocarbon products. Following the adoption of the law, the Government of Mali created a regulatory agency in September 2004, AUREP, which is responsible for receiving and examining applications for exploration permits. Other regulations applicable to the hydrocarbon sector highlighted in the report include: Decree N° 04-357/P-RM of 8 September 2004, law N° 08-027 of 23 July 2008 and decree N° 08-473/P-RM of 7 August 2008, which clarify the 2004 hydrocarbon law. The report also gives an overview of the types of permits issued and a description of taxes and fees applicable to the hydrocarbon sector (p. 20-21).

Stakeholder views

Stakeholders confirmed that mining companies had not transitioned to the 2012 mining code due to stability clauses freezing their fiscal regimes at the time of the signature of the convention between the company and the government. Industry representatives noted that previous regimes were more favourable to investors than the current code, which also include various tax exemptions to promote FDI. Civil society actors highlighted their concerns about generous exonerations (tax exemptions) included in the mining code. Partners confirmed that the Government is reviewing the 2012 mining code in view of removing stability clauses. Stakeholders also recognised that the EITI report did not accurately describe the fiscal regime applicable to each reporting company, given the various fiscal regimes in force as a result of stabilisation clauses.

The 2012 mining code seems only to be applicable to Kayes and Sikasso. Stakeholders noted in the APR that there is no specific mining tax reserved for regions, other than the trade taxes that is collected at the central level and then transferred to local communities.

Initial assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in implementing this requirement. The 2013 EITI Report describes the legal framework and fiscal regime governing the extractive industries, including an overview of the relevant laws and regulations, and information on the roles and responsibilities of the relevant government agencies. The report highlighted ongoing reforms. The MSG may wish to clarify ambiguities related various fiscal regimes applicable to mining companies, due to stabilisation clauses. Future EITI Reports could also consider documenting deviations from the applicable fiscal regime.

License allocations (#2.2)

Documentation of progress

The 2013 EITI Report provides a schematic overview of the process of awarding of licenses for exploration (p. 29), and for exploitation (p. 30). Following the adoption of a new mining code in 2012, the government implemented reforms of its cadastre system with support from GIZ. As part of this project, the Oslo based NGO, Revenue Development Foundation (RDF) helped digitise the cadastre system. The process for applying for a license, which is based on a first-come-first-served basis, was also streamlined. The report describes in general terms the key steps in the new application process both for exploration and exploitation licenses.

The 2013 EITI Report provides in Annex 6 (pp.97-117) a list of all the “valid” licenses in 2013. However, an analysis of this list of 419 licences shows that multiple licenses listed in the report had expired. The status of renewing those licenses was unclear.

A review of the application dates and validity periods of licenses disclosed in the report identified 67 licenses that were issued in 2013, including: 55 permits for exploration, five permits for “authorisation d’exploitation des dragues”, four permits “authorisation d’exploitation” of small scale mining, two permits, for “authorisation d’exploitation des carriers” and one permit for exploitation of gold at industrial scale. Application for the later was submitted on 2 July 2010, by Societé des Mines de Finkolo (SOMIFI S.A). The mining exploitation permit (PE 299/13) was granted to the company more than three years later on 9 May 2013. No specific description of the award of these licenses was provided in the report. The technical and financial criteria used were not explicitly stated either in the Report. The report did not explain the extent to which allocation of licenses deviated from the usual process of issuing licenses in the mining sector. For the hydrocarbon sector, the Report includes a statement (p. 19) by AUREP that it did not deviate from the technical and financial criteria in awarding new licences. There is no information on the process of how licenses and contract were awarded in 2013, the fiscal year covered by the EITI Report, nor any further information about efficiency and effectiveness of license allocation procedures. A review of the MCAS shows that at least one permit was issued in 2013.

Stakeholder views

Stakeholders confirmed that licenses were issued on a “first come-first served” basis. There was no bidding during the period considered. The MSG noted that renewals were pending for some companies. A government representative stated that the government publishes a list of cancelled licenses³⁸. The MSG noted that it was involved in the development of the MCAS. They argued that reference was made in the 2013 EITI Report (p.25) to a decree, which gives more information on the criteria used.

Stakeholders agreed that the cadastre system was not up-to-date at the time of the publication of the 2013 EITI Report, in December 2015, but expressed confidence that DNGM can now monitor licenses through the new MCAS system, which provides more up-to-date information.

Initial assessment

The International Secretariat’s initial assessment is that Mali has made inadequate progress in meeting this requirement. Although, the 2013 Report provides a general overview of the process of allocating licences, the Report did not include a clear description of the process for awarding licenses in the fiscal period covered. The criteria for allocating licenses and to what extent these criteria were followed was not addressed. Following the update of the mining cadastre, the MCAS system shows that payments of licensing fees related to 75% of licences issued up to 2013 were still outstanding at the end of 2015 when the 2013 EITI Report was published. The report did not identify any deviation to the criteria used for issuing license, whereas these outstanding payments are evidently deviations to the criteria for issuing licences. It is therefore reasonable to conclude that significant aspects of this requirements have not been implemented and the underlining objectives of transparency and accountability in license allocation have not been achieved.

³⁸ Ministère des Mines List of cancelled permits and licenses (April 2016) - <http://45.33.78.228/sites/default/files/TITRES%20MINIERS%20ANNULES.pdf>

License registers (#2.3)

Documentation of progress

The 2013 EITI Report shows a list of active licenses in 2013 Annex 6 (pp.97-117) and includes a link to an online cadastre³⁹ with all the relevant information in accordance with requirement 2.3.a-b for active licenses aside for oil and gas, including: the name of licence holder, surface area, minerals covered, geological map and positioning on the map, date of application and date of award, validity of the license and expiration date. Annex 8 of the 2013 Report presents a map of oil and gas exploration blocks, which includes the names of the license-holders (pp.123), but detailed information such as date of application, date of award, date of expiry or license coordinates were not included in the report.

The 2013 Report also highlighted that the mining cadastre does not include the unique tax identification number for license holders (p.68), nor does it include licenses for the ASM sector. The IA however notes that these gaps are being addressed through the GIZ-supported mining cadastre modernisation project. MCAS is a web-based software application that manages the full lifecycle of a mining right, from application through approval, licensing, renewals and finally expiration. Similar to the MCAS, OGAS is also a web-based software that manages the lifecycle of licenses for the hydrocarbon sector. But the OGAS online portal was not accessible to the public at the time of the mission.

Stakeholder views

Stakeholders commented on the lack of an up-to-date cadastre until the launch of the GIZ project in 2015. In the past, three departments collected different information all related to issuing the same license. Through the GIZ project⁴⁰ mining titles have been digitised and systematically archived. The online cadastre (MCAS) has information since 2013 but only information from 2015 onward has been independently verified. The MCAS is also a reporting and monitoring tool. The MSG may wish to consider reviewing monthly reports of active licenses and outstanding payments from the MCAS to ensure that that companies pay licensing fees in a timely manner. The project team has developed data collection procedures on gold production and calculation of payment of TAV tax, based on lifting of gold produced for export.

There were no transfers of licenses in 2013, according to the MCAS. Procedures for transferring license are found in the mining code and application decree.

Initial assessment

The International Secretariat's initial assessment is that Mali has made meaningful progress in implementing this requirement. The 2013 EITI Report provides a link to an online cadastre that includes information set out in provision 2.3.a-b for all the licenses held by mining companies covered in the EITI reporting process, but not for the oil and gas company Petroma, which was also included in the EITI reporting process. For mining companies not covered by the EITI reporting process, information set out in provision 2.3.b is also available for the licenses held. The Report explains that the lack of full disclosure was due to a lack of an up-to-date cadastre system and documents government plans to overcome these barriers through the GIZ project for the modernisation of the oil, gas and mining cadastre. It is reasonable to conclude that significant aspects of this requirement has been implemented, but the underlying objectives of a transparent licence registered

³⁹ Office National des Mines, Mali's MCAS mining cadaster - <http://www.referentiel.mines.gouv.ml/>

⁴⁰ GiZ (Janvier 2016), Amélioration de la gestion des droits pétroliers - https://s3-eu-west-1.amazonaws.com/rdwebsite/content/RDF_Mali_OGAS_1pager_fr_Jan16.pdf

has not been fully achieved.

Contract disclosures (#2.4)

Documentation of progress

The 2013 EITI Report provides a link to publicly available contracts⁴¹ (p.33). It attempts to clarify government policy on contract disclosure, and notes that there is no formal government policy as such, but mining contracts are disclosed in practice. In the mining sector, 11 conventions signed between 1987 to 2012 were publicly accessible on the Ministry of Mine website. The report also notes that while there is no formal government policy on contract disclosure in the oil and gas sector, law 2013-015 provides for public access to information, but only for information necessary for the state's economic or financial interests. While the Petroleum Code does not include any restrictions on publishing contracts, the model PSC published on the Ministry of Mines website includes confidentiality clauses that cover 5 years from the conclusion of the contract, unless the company waives the confidentiality right. The report notes that "no oil and gas PSC is published" and that only a model PSC is available on the Ministry of Mines website (p.72).

Stakeholder views

Stakeholders noted that although there is no formal policy as such, their understanding of the government policy based on established practice is that contracts are public. A government representative confirmed that all contracts in the mining sector are public. Government representative argued that while the model PSC for the oil and gas sector allows for confidentiality clauses, this clause has not been implemented in practice because the industry is at the exploration phase. An Industry representative explained that the only oil and gas company in the report, Petroma holds an exploitation licence "not a production sharing agreement". The IA stated in the 2013 Report that 14 Conventions were signed by the Government of Mali with oil and gas companies, of which ten were in the form of production sharing contracts (PSC), four in the form of Concession Contracts (CC) and one in the form of a Memorandum of Cooperation (p.17).

Civil society representatives explained that they have access to contracts in the mining sector, which allowed them to undertake a comparative analysis of publicly accessible contracts⁴².

Initial assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement. The Validation Guide states that "the validator is expected to document whether the government's policy on contract disclosure has been disclosed. This should include relevant legal provisions, actual disclosure practice and any reforms underway" (p.13). The 2013 EITI Report includes a list of publicly accessible contracts and a link to the Ministry of Mine website. Although the 2013 EITI report states that there is no formal government policy on contract transparency, government representatives have explained that the policy is in line with the current practice of full disclosure of contracts in the mining sector and publication of the model PSC agreement for the oil and gas sector. In light of this, the International Secretariat's initial assessment is that all relevant aspects of this requirement have been implemented and the underlining objectives of contract transparency has been achieved.

⁴¹ Ministère des Mines contracts webp. - <http://www.mines.gouv.ml/conventions-avec-les-soci%C3%A9t%C3%A9s-min%C3%A8res>

⁴² PWYP Mali (March 2016) Analyse comparative des contrats miniers au Mali.

Beneficial ownership disclosure (#2.5)

Documentation of progress

2013 EITI Report

The MSG, together with the IA, have included beneficial ownership disclosure as part of reporting for those companies in the scope of reconciliation. The 2013 EITI Report provides beneficial ownership information or links to publically listed companies for 13 of the 18 companies included in the reconciliation. The reports also provide a definition of beneficial ownership (pp.42-43). It notes the absence of a public registry and the lack of government policy in this regard. The MSG adopted the EU anti-laundering definition of BO, which is the person who ultimately owns or controls a party involved in a transaction or activity, holding over 25% stake in the company. Although companies were asked to disclose their beneficial owners, the 2013 EITI Report states that only certain companies provided details of their beneficial owners (p.43).

Annex 4 of the 2013 Reports (pp.89-91) shows the detailed information disclosed by companies (13 of the 18 companies included in the scope of reconciliation disclosed details of the beneficial ownership or provided links to their public registry).

Stakeholder views

Stakeholders did not express views on the information disclosed on beneficial ownership. Many stakeholders met were not familiar with the issue. Following some explanation, civil society representatives raised concerns about the reliability of the information disclosed. Government representatives explained that there is no legal requirement for license applicants to disclose their beneficial owners. The DNGM collects information about legal owners “actionnaire” prior to issuing a license, who are not necessarily the real owners of the license. The Issue of politically exposed person appeared to be relevant, but it had not been fully considered by the MSG. Stakeholders noted that preparation for Validation has been their main priority and the issue of beneficial ownership was not clearly understood.

Initial assessment

Implementing countries are not yet required to address beneficial ownership. The MSG has done some preliminary work in identifying beneficial owners, but more work is needed to ensure full implementation of this requirement.

State-participation (#2.6)

Documentation of progress

The 2013 EITI Report shows that the Mining Code provides for a 10% stake in all mining companies once a mining production license is awarded (p.34). The state has the option to increase its share to 20%, but only the statutory 10% stake is eligible to priority dividends. The Report includes a table of 10 mining companies in which the state holds shares. The IA states that Mali does not have SOEs in the mining sector and that government participation in the sector is directly held by the Ministry. The Report also describes state participation in the oil and gas sector (p.20). The Petroleum Code provides for state ownership of all oil and gas reserves (discovered or not). For each commercial discovery, the state has the right to exercise a stake in the PSC, which varies on a PSC basis.

Stakeholder views

Industry representatives explained that the state participation is “passive”, because it gets automatic access

to shares and receives dividend without undertaking additional investment through an SOE. Government officials confirmed that the management of government shares is similar to government shareholding in other sectors. The IA confirmed that state participation in mining is “limited to taking a direct stake in mining companies” as provided for in the mining code. The IA states further that no SOE was directly or indirectly active in the mining sector.

Initial assessment

The International Secretariat’s initial assessment is that Mali has made satisfactory progress in meeting this requirement. The 2013 EITI Report confirms that state-participation in the extractive sector gave rise to material revenues in 2013 in the form of dividends, which were disclosed in the report. Given that there were no SOE operating in the extractive sector, the International secretariat’s initial assessment is that significant aspects of this requirement are not applicable in Mali. The MSG has disclosed relevant information on state participation in accordance with the applicable aspects of the requirement.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

- **Timeliness:** The 2013 Report was published within the 31 December 2015 deadline. The 2012 EITI Report was also published within the 31 December 2014 deadline, but it did not include key aspects of the 2013 Standard. Unless, stated otherwise, the assessment of disclosure requirements is based on the most recent 2013 Report. Where relevant, reference has been made to the 2012 EITI Report. The MSG is encouraged to explore opportunities for publishing more timely EITI data by mainstreaming EITI reporting in government systems. For example, the DNGM already discloses more timely information in an online cadastre.
- **Comprehensiveness:** The online mining cadastre, MCAS appears to be comprehensive, but the hydrocarbon cadastre, OGAS is not publicly accessible. Considerable progress has been made in disclosure of contracts and beneficial ownership. But four companies did not submit complete data on legal and beneficial ownership. Significant aspects of the requirements on license allocation was not disclosed.
- **Reliability:** The information on license provided in the 2013 EITI Report is linked to data from online source that is updated regularly and available on government websites. The reliability of the contextual information unilaterally disclosed by mining companies was considered by the IA. The International Secretariat is not aware of any concerns raised by stakeholders regarding the reliability of the disclosed information under this requirement.

Table 2 - Summary assessment table: Award of contracts and licenses

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Legal framework (#2.1)	Comprehensive disclosure of relevant laws, regulations and fiscal regime in both the 2012 and 2013 EITI Reports.	Satisfactory progress
License allocations (#2.2)	The 2013 EITI Report and the online cadastre MCAS provides details about license allocations, but financial and technical criteria for allocating licenses was not disclosed for licenses awarded in 2012 and 2013.	Inadequate progress
License registers (#2.3)	The 2013 EITI Report provides a link to an online cadastre that includes information set out in provision 2.3.a-b for all the licenses held by mining companies covered in the EITI reporting process, but not for the oil and gas company Petroma, which was also included in the EITI reporting process.	Meaningful progress
Contract disclosures (#2.4)	The 2013 EITI Report includes a list of publicly accessible contracts and a link to the Ministry of Mine website. Although the 2013 EITI report states that there is no formal government policy on contract transparency, government representatives have explained that the policy is line with the current practice of full disclosure of contracts in the mining sector and publication of the model PSC agreement for the oil and gas sector.	Satisfactory progress
Beneficial ownership disclosure (#2.5)	Considerable efforts have been made to disclose beneficial ownership, but four out of 18 companies failed to disclosed any information on their legal and beneficial owners.	
State-participation (#2.6.)	The 2013 EITI Report shows state participation in the extractive sector, which gave rise to material revenues in 2013 in the form of dividends. These dividends have been disclosed in the report and the Report confirms that there was no SOE operating in the extractive sector during the reporting period.	Satisfactory progress
International Secretariat's recommendations:		

1. The MSG may wish to clarify ambiguities related various fiscal regimes applicable to mining companies, due to stabilisation clauses. Future EITI Reports could also consider documenting deviations from the applicable fiscal regime.
2. In accordance with EITI requirement 2.2, the MSG and DNGM are required to disclose information regarding license awards and transfers made during the financial year covered by the EITI report, including: a description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded, including consortium members where applicable; and any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards.
3. It is recommended that future EITI Report include commentary on the efficiency and effectiveness of the license allocation system.
4. It is recommended that DNGM publishes online the hydrocarbon cadastre, OGAS and remove any restrictive access to the public.
5. It is recommended that the MSG incrementally includes information on beneficial ownership in preparation for full implementation of this requirement by 2020.

3. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

3.2 Assessment

The overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

The 2013 EITI Report provides background on solid minerals, including ASM and quarrying activities (pp. 24-25), and on the hydrocarbon sector, which is still at the exploration phase. The Reports states that Mali had no proven reserves of oil or gas during the period covered (p. 16). It shows the historical background of exploration activities for hydrocarbon, and provides a list of 11 blocs where exploration activities were active with some promising preliminary results⁴³ from the north (p.17). Most permits were cancelled in 2014 for various reasons. Therefore, exploration activities remained active on only four blocs at the time of the publication of the report in December 2015.

For the mining sector the 2013 EITI Report provide an overview of proven reserves for Bauxite, gold, iron ore, phosphate and other solid minerals (p. 23). The Report also includes a lists 21 active permits at the exploration phase for solid mineral, including an evaluation of the level of progress (p.23). The reports highlights that seven gold deposits were recently discovered in the south (Syama, Morila, Kalana) and west (Sadiola, Yatela, Loulo, Tabakoto).

⁴³ An overly optimistic press article published in 2005, claimed that Mali could become an oil producer by 2008.

<http://www.afrik.com/article8079.html>

Stakeholder views

Stakeholders noted that exploration activities for oil in the north have practically stopped, due to insecurity as attacks by terrorist groups continues. An Industry representative noted that gold production is in decline due to depleted reserves in the two large mines (Morila and Yatela) and disruption of mining activities during the 2012 military coup and the ensuing invasion by terrorist groups from the North. Developments of new mines have been delayed. The Ebola crisis in 2014 also scared investors. Stakeholders expressed optimism that activities at a gold processing plant that were interrupted in 2013 are likely to resume by the December 2016. Two new projects developments are also at advance phase and could start production by 2018, which is likely to offset the decline in gold production in recent years.

Assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement. The 2013 EITI Report includes an overview of extractive industries, including significant exploration activities in accordance with EITI Requirement 3.1.

Production data (#3.2)

Documentation of progress

The 2013 EITI Report includes volumes of production for each producing mine from 2010 to 2013 (p.25) and the value of export of gold over the period 2009 to 2013 (p.26). The EITI Report also includes reconciliation of production volumes and values, between disclosures from government (DNGM) and companies (p.49).

Stakeholder views

Stakeholders stated that they were satisfied with the disclosed information on production. Reconciliation of production figures was seen a major achievement and clearly useful information as production figures form the basis for calculation of some taxes and fees.

Initial assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement. The 2013 EITI Report include reconciled information on volumes and values of production of refined gold and silver, in accordance with EITI Requirement 3.2.

Export data (#3.3)

Documentation of progress

The 2013 Report provides more details of the volumes and values of exports of refined gold and silver by company, which accounts for 68% of total export in 2013 (p.26). The IA attempted to reconcile export figures between mining companies and the custom directorate (DGD) (p.49), but only unilateral disclosure by companies were included, because DGD did not provide the requested information in a timely manner (p.11). The IA incorrectly stated that since all mining production is exported, the value of production is the same as exports (p.25). But this contradicts the Report's findings that 18 kg of the 20,187kg of gold produced by the Somilo and Goukoto mines were sold locally (p.62). The volumes of gold exported is therefore different from the volumes of production. The IA also incorrectly stated that "the data [volumes and values of export] were reported by mining companies on one hand and by DGD on the other hand" (p.49). This contradicts the IA's findings that "DGD has not provided us with data on volumes and export values. This situation does not allow us to reconcile the data reported by mining companies" (p.11).

Stakeholder views

The inconsistency about reconciliation notwithstanding, stakeholders expressed satisfaction for the coverage of export figures in the EITI Report. Stakeholders had not recognised the inconsistencies found in the report. MSG members argued that the time pressure for publishing the report makes it difficult to thoroughly review the draft report. Civil society complained that very few organisations have the capacities to conduct a thorough review of the draft report. They also argued that the MSG unilateral disclosure by companies on certified declaration form is sufficient, because DGD data was certified. When these inconsistencies were pointed out to the, the IA acknowledged that this was oversight, but the main findings of the report are correct.

Initial assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement. The 2013 EITI Report include information on volumes and values of production of refined gold, in accordance with EITI Requirement 3.3.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

- **Timeliness:** The 2013 Report was published within the 31 December 2015 deadline. The 2012 EITI Report was also published within the 31 December 2014 deadline, but it did not include key aspects of the 2013 Standard. Unless, stated otherwise, the assessment of disclosure requirements is based on the most recent 2013 Report. Where relevant, reference has been made to the 2012 EITI Report. The MSG is encouraged to explore opportunities for publishing more timely EITI data by mainstreaming EITI reporting in government systems. For example, the DNGM unilaterally disclose more timely information on volume and value of production, in quarterly reports, well ahead of reconciliation.
- **Comprehensiveness:** Although, DGD did not provide information on
- **Reliability:** The information on license provided in the 2013 EITI Report is linked to data from online source that is updated regularly and available on government websites. The reliability of the contextual information unilaterally disclosed by mining companies was considered by the IA. The International Secretariat is not aware of any concerns raised by stakeholders regarding the reliability of the disclosed information under this requirement.

Table 3 - Summary assessment table: Monitoring and production

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Overview of the extractive sector, including exploration activities (#3.1)	The 2013 EITI Report includes an overview of extractive industries, including significant exploration activities in accordance with EITI Requirement 3.1.	Satisfactory progress
Production data (#3.2)	The 2013 EITI Report include reconciled information on volumes and values of production of refined gold and silver, in accordance with EITI Requirement 3.2.	Satisfactory progress
Export data (#3.3)	The 2013 EITI Report include information on volumes and values of production of refined gold, in accordance with EITI Requirement 3.3.	Satisfactory progress
International Secretariat's recommendations:		
<ol style="list-style-type: none"> 1. To improve timeliness of the data, the MSG could consider requesting unilateral disclosure of volumes and value of production by DNGM, in monthly or quarterly reports well ahead of the reconciliation process. 2. Similarly, the MSG may wish to request publication of monthly or quarterly reports of volumes and values of export from DGD. 3. The MSG could also consider an analysis of the potential outlook for the extractive sector. 		

4. Revenue collection

4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

4.2 Assessment

Comprehensiveness (#4.1)

Documentation of progress

Materiality and selection of companies for reconciliation

The MSG commissioned scoping studies for 2012 and 2013 from Moore Stephens, which was also tasked with collecting and reconciling data to produce the 2012 and 2013 Reports. For the 2013 Report, the scoping phase took place from 24 August to 11 September 2015. The draft scoping study, effectively the inception report, was submitted to the data collection and audit committee, which reviewed the draft report on behalf of the MSG on 23 September 2015 and provided comments to the consultant⁴⁴. The scoping study outlined

⁴⁴ Rapport d'analyse du projet de rapport de cadastre ITIE Mali 2013, Commission Collecte des données et Audit

options for the MSG to consider in setting a materiality threshold for the purpose of reconciliation. Six options were considered, ranging from XOF 10 billion to XOF 10 million, based on preliminary data disclosed by the treasury. Various options showed that the six largest tax payers that had paid XOF 10 billion or more during the 2013 fiscal period, accounted for 93.6% of total revenues from the extractive sector. At the other end of the spectrum, 155 companies that made small payments of less than XOF 10 million accounted for 0.34% of total revenues. The scoping study concluded that including these small tax payers would make the reconciliation process overly burdensome. The MSG adopted the scoping study on 30 September 2015 and agreed on a materiality threshold of XOF 50 million, meaning that reconciliation will cover all payments made by companies that have reached this threshold.⁴⁵

This materiality threshold was expected to cover 18 companies (17 mining companies and one oil and gas company) that collectively paid 99.6% of total revenues. The MSG decided to remove one company (Sahara mining) from reconciliation, because the company did not have a representative in the country at the time of reporting due to interruption of activities following political instability in 2013. The IA referred to a letter from the DNGM explaining the absence of this company in Mali including the findings of its mission to quarrying and storage site confirming “the cessation of mining operations on different operating sites iron ore company SAHARA MINING SA.”⁴⁶ Following unsuccessful attempts to contact the foreign management of Sahara Mining Mali, the MSG decided to include the company in the scope of the report under unilateral disclosure by the relevant government agencies. The MSG, together with the IA, also decided to include Mali Mineral Resources in the scope of reconciliation. This was because although its total payments to government in 2013, as reported by government entities, fall below the materiality threshold, the company’s reports show that its total payments to government were above the materiality threshold. This decision was taken ahead of reporting templates being sent out, as part of the setting of the materiality threshold, based on statements from the company’s representative. Of the 18 companies concerned by reconciliation, eight were gold producers that had participated in previous EITI reporting, four were active in exploration and two companies in quarrying activities. The scoping report also recommended including contractors to the mining companies and buying houses from small artisanal miners in the scope of the report under unilateral disclosure from government agencies. The MSG agreed to include contractors mining companies and buying houom ASM in the scope of the 2013 EITI Report for the first time of the sub- in Mali. Due to a lack of accurate contact information for all contractors and houses, the MSG agreed that government agencies would report on revenues from these companies. However, this would not reconciled with companies’ payments. Reporting templates were designed accordingly and sent out to reporting entities.

Revenue streams

There was no materiality threshold for revenue streams, meaning that all payments made by companies within the scope of the report are deemed material. Similar to the inception approved by the MSG, the 2013 EITI Reports lists⁴⁷ and describes⁴⁸ all revenue streams payable to the state by oil, gas and mining companies and provide a schematic overview⁴⁹ of how different revenue streams flow through various tax collecting

⁴⁵ Minutes of MSG meeting of 30 September 2015.

⁴⁶ Mali 2013 EITI Report, Moore Stephens, December 2015, p 46.

⁴⁷ Mali 2013 EITI Report, Moore Stephens, December 2015, p 10.

⁴⁸ Mali 2013 EITI Report, Moore Stephens, December 2015, pp. 20-21.

⁴⁹ Mali 2013 EITI Report, Moore Stephens, December 2015, p. 41.

agencies to the treasury. The scoping study identified only 19 revenue streams collected by eight government agencies that were required to report. All revenue streams listed under Requirement 4.1.b were included in the reporting, except two revenue streams (host government production entitlement, such as profit oil, and National state owned company production entitlement) that were deemed not applicable in Mali. However, the reporting templates also approved by the MSG on 30 September 2015, included additional revenue streams (VAT and other withholding taxes) that reporting entities were asked to disclose. No explanation was given for the discrepancy between the revenue streams formally approved in the scope of the report and the more detailed list in the reporting templates. The 2013 Report reconciled payments and revenues by revenue streams for each reporting entity. The following government agencies were required to report on their respective revenue streams.

- The big business directorate (DGE)
 - tax on salaries and wages (ITS);
 - profit tax (BIC);
 - withholding tax;
 - fix contribution to Employers (CFCE);
 - tax on securities of revenue (IRVM);
 - vocational training tax (TFP);
 - tax for youth employment (MLAT);
 - tax on rental and land leases (TL);
 - corporate tax (IS);
 - contribution to global services rendered (CPSR);
 - tax on salaries and wages (ITS);
 - insurance fee
 - VAT
- The regional tax directorate of Kayes
 - “Trade tax”
- The regional tax directorate of Sikasso
 - “Trade tax”
- The national directorate of lands and surveys (DNDC)
 - Tax Ad Valorem (TAV)
 - dividends
 - surface fees
- The directorate general of customs (DGD)
 - Customs duty
- The national directorate of geology and mines (DNGM)
 - tax for licence allocation and renewal
 - surface fees
 - extraction tax
- The authority for the promotion of oil research (AUREP)
 - Fees for granting and renewing permits in the hydrocarbons sector
- The national institute of social security (INPS)
 - Social contributions

Compared to the 2012 EITI Reports, the scope of the reconciliation for 2013 takes into account two additional revenue streams (extraction tax, and insurance tax) based on findings in the previous reporting

cycle. According to the 2013 EITI Report (p. 47), in order to avoid omissions that could be considered significant, reporting entities were asked to report any "Other significant payments" not provided for in the declaration form.

Materiality threshold for discrepancies

For the purpose of reconciliation of payments, the MSG agreed a threshold of XOF 1 million, above which any discrepancy requires the collection of necessary evidence from the reporting entities by the IA to investigate and make necessary adjustments. The MSG also agreed an "acceptable margin of error" after adjustment of 1% of total revenues as reported by government agencies. This means that aggregate discrepancies between statements by extractive companies and statements by government agencies should not exceed 1% of total revenue as reported by government agencies. However, the report showed net discrepancies, instead of aggregate discrepancies, where companies reporting was higher than government agencies reporting and vice versa. This practice of calculating net discrepancy across various revenue streams tends to under estimate overall discrepancies. The IA did provide a more detailed assessment of identified discrepancies (see assessment of requirement 7).

Comprehensiveness of reconciliation

Data collection and reconciliation took place from 1st October to 20 November 2015. Only data received prior to the 4 November deadline was included in the EITI Report. Chapter one of the report provides a summary of the result of the reconciliation and Chapter six shows the results of a more detailed reconciliation process and explains discrepancies. The IA states that "all government agencies that were required to report submitted reporting forms for each of the extractive companies included in the scope of conciliation." (p.10)

As for companies reporting, the IA stated that "all extractive companies included in the scope of conciliation have submitted a declaration in accordance with the reporting guidelines with the exception of the company "SOCARCO Mali Sarl" (p.10)". The IA highlighted that despite several reminders, this company did not comply with the reporting requirements in the agreed timeframe for reporting. The total amount of payments made in 2013 by Socarco as reported by the government was XOF 696,253,246, which accounts for 0.35% of total mining revenues reported by the government. Following the publication of the report, the MSG agreed corrective measures to address weaknesses identified in the report. Socarco did submit certified reporting templates after the publication of the report, but a supplementary report was not published at time of the Secretariat's fact finding mission in September 2016 and the information concerning payments made by Socarco (0.35%) was not reconciled with government figures. The total amount of payments made in 2013 by Toguna SA as reported by the government was XOF 239 277 000, which accounts for 0.1% of total revenues. This payment was shown in the report as a discrepancy⁵⁰.

Further analysis shows some contradictions in the report. For example, the report wrongly states (p 86) that Toguna SA was created in 2014, whereas the report also shows elsewhere that the company had a valid exploitation license of phosphate in 2013. No explanation was given as to how the company was able obtain a licence, make significant payments to the government and to local communities as part of its social payments one year prior to its creation date. Similarly, as highlighted above, the list of "active" licences in 2013 was not up-to-date, which makes it difficult to determine whether any companies had been inadvertently excluded. Based on a review of an updated cadastre by DNGM with support from GIZ, we could

⁵⁰ Mali 2013 EITI Report, Moore Stephens, December 2015, p 52.

not find any additional company that was not included the scope of the report. In addition to Socarco and Toguna, payments made by companies below the materiality threshold, Sahara mining, subcontractors and buying houses that were specifically excluded from reconciliation accounted for 10.8% of total reported revenues, which means that only 89.2% of total reported revenues were reconciled.

Full disclosure by government agencies of payments below the materiality threshold

The materiality threshold was such that all revenues paid by companies within the materiality threshold were included in the reconciliation process. For companies that did not clear the materiality threshold, government agencies were required to report aggregate figure of payments made by each company on an individual basis. However, the report shows only one aggregate figure for revenues unilaterally disclosed by government agencies for all 155 companies that did not clear the materiality threshold for reconciliation, including Sahara Mining that was no longer operating in Mali at the time of the reconciliation. According to the Report, these companies collectively paid a combined total of XOF 676 192 000, accounting for 0.3% of total reported revenues. The report stated that “of the eight financial authorities, only the custom directorate (DGD) and the Tax Regional Directorate of Kayes sent unilateral declarations on income received from mining companies” below the materiality threshold. The report stated further that given these irregularities, the IA “could not conclude with reasonable assurance that the report adequately covers all the significant revenues from the extractive sector in Mali for the 2013 [fiscal period]”. Following the publication of the Report, the MSG agreed an action plan to address weaknesses identified in the report. This action plan called for additional disclosure by Socarco, Toguna and unilateral disclosures by DGE, DNGM, DNDC, INPS and the publication of a supplementary report. At the time of the Secretariat mission in October 2016, additional information was still being collected and publication of a supplementary report appeared unlikely as preparation of the 2014 and 2015 EITI Reports was already underway.

Stakeholder views

On the issue of materiality, a government representative noted that it would be difficult to adapt the TOFE (Tableau des opérations financières de l’Etat) to the needs of EITI reporting, because the TOFE presents figures in aggregate format. Moore Stephens noted that for the purpose of the scoping, in addition to the TOFE, information was collected from government reporting agencies and this was compiled for the extractive sector. The IA acknowledged that lack of full disclosure by government agencies makes it difficult to determine the accurate proportion of reconciled revenues for the extractive sector.

On the issue of lack of full disclosure by government agencies, stakeholders raised concerns that Mali could be penalised for being ambitious and going beyond the extractive sector to include subcontractors and the ASM sector through buying houses, also known as “comptoirs d’achat”. While not all government agencies fully disclosed payments made by companies below the materiality threshold, MSG members considered these missing payments from companies at the exploration phase as “negligible” and want recognition for their efforts to include subcontractors in EITI reporting, albeit for unilateral disclosure. Representatives of reporting entities highlighted the short time period (1st October to 4 November 2015) for data collection. Representative of government agencies noted that manual recordkeeping at the treasury does not allow for full tractability of revenues.

Representatives of companies that did not disclose information in a timely manner confirmed that they had submitted the requested information, but admitted that they missed the deadline for reconciliation. Some argued that Mali was experiencing its worst security crisis in 2013 and activities were disrupted in many government agencies and the private sector was severely disrupted.

Initial assessment

The International Secretariat initial assessment is that Mali has made meaningful progress in meeting this requirement, because although significant aspects of the requirement have been implemented, the broader objective of comprehensive disclosure by reporting entities have not been achieved.

The MSG has considered various options and agreed a clear materiality threshold in accordance with EITI requirement 4.1.a. The 2013 Report includes a list and a detailed description of revenue streams in accordance with EITI requirement 4.1.a, including material revenue streams listed in provision 4.1.b of the EITI Standard. The scoping report identified the companies making material payments and the 2013 EITI report shows that two companies, Socarco and Toguna did not disclose the information in a timely manner. Collectively these two companies paid 0.4% of total reported revenues. A detailed analysis of discrepancies between reporting entities (18 companies and 8 government agencies) also shows that the net discrepancies of 6% of total revenue was in part due to lack of full disclosure by companies and government agencies on their respective reporting templates.

While all government agencies provided information for companies included in the reconciliation in accordance with Requirement 4.1.c, only two government entities, DGD and the regional tax directorate of Kayes fully reported all receipts including revenues below the materiality thresholds. The initiative to include unilateral disclosure of payments made by subcontractors, which accounts for 10% of reported revenues, is a welcome development, but the lack of full disclosure by government agencies makes it difficult to determine the level of significance of these payments.

In-kind revenues (#4.2)

Documentation of progress

According to the 2013 EITI Report the state does not collect any revenue in-kind, as it holds its stakes in mining directly and there is no SOE. The 2013 EITI Report states that “the state participation in mining is limited by taking a direct stake in mining companies” (p.39). Eventually, in-kind revenues could become material, if and when Mali finds oil and gas as the standard concession for exploration includes a provision stating that “hydrocarbons extracted during the validity period of the agreement is subject to the state's rights to collect royalties on production in-kind”. However, Mali did not produce oil or gas during the reporting period.

Stakeholder views

Stakeholders confirmed that the state does not collect in-kind revenues from the extractive sector.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable in Mali.

Infrastructure provisions and barter arrangements (#4.3)

Documentation of progress

The scoping report adopted on 30 September notes that the IA did not find any infrastructure or barter provisions in Mali. The 2013 EITI Report confirmed these findings. The IA states that, based on disclosures from both government and companies, there were no barter agreements in Mali in 2013 (p.49).

Stakeholder views

MSG members confirm that Mali's fiscal regime did not provide for barter and infrastructure transactions.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable in Mali.

Transport revenues (#4.4)

Documentation of progress

The IA states in the 2013 EITI Report that in the context of Mali, "we have not been aware of the existence of significant revenues from mineral transport activities" (p.39). Mali being a landlocked country, gold production is refined near mining site and transported by trucks and/or by air for export.

Stakeholder views

Stakeholders confirmed that transport revenues were not material.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable in Mali.

Transactions between SOEs and government (#4.5)

Documentation of progress

Mali does not have SOEs participating in the extractive sector. The 2013 Report states that "no state enterprise directly or indirectly participate in the mining sector." The applicable legal and regulatory framework does not provide for a SOE.

Stakeholder views

Stakeholders confirmed that SOEs are not active in the extractive sector.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable in Mali.

Subnational direct payments (#4.6)

Documentation of progress

According to the 2013 EITI report, there are no direct subnational payments, (p.41). A review of the fiscal regime shows that a local tax, "trade tax", or "business tax", also known as "patente" is levied by regional offices of the General Directorate of Taxes (DGI), then redistributed to local communities following an agreed formula. This tax is covered under subnational transfer (Requirement 5.2).

Stakeholder views

MSG members confirmed that there are no direct subnational payments and that no laws or regulations provide for any extractive industry payments to be made directly to local governments.

Initial assessment

The International Secretariat's initial assessment is that this requirement is not applicable in Mali.

Level of disaggregation (#4.7)

Documentation of progress

The 2013 EITI Report shows revenue data disaggregated by company, by government agency and by revenue flows. The Report also provides an overview of payments for each company detailed by revenue streams and tax collecting entity. Reconciliation table 6.1 (pp. 52-53) shows consolidated figures of statements made by each reporting entity, the adjustments made by IA based on reconciliation and outstanding discrepancies after reconciliation. Annex 12 of the Report presents reconciliation tables for each company (pp. 127-146).

Stakeholder views

MSG members stated that they were satisfied with the level of disaggregation in the report. On the issue of lack of disaggregated figures of payments made by companies below the materiality threshold and subcontractors, representatives of government agencies stated that this was not feasible, because of manual record keeping and the ways in which the treasury has identified these revenues.

Initial assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in implementing this requirement. Both the 2012 and 2013 EITI Reports show financial data disaggregated by individual company, government entity and revenue stream, in accordance with the EITI Standard. Although, unilateral disclosures for companies below the materiality threshold and payments made by subcontractors were not disaggregated by individual company, these aggregated figures were not part of the reconciliation process. The report also provides a detailed list of all the relevant companies included in the scope of the report. It is reasonable to conclude that disclosure of additional payments made by these companies can contribute in obtaining a more complete picture of the sector's contribution to the economy. The MSG is encouraged to include disaggregated payments for companies below the materiality threshold. The MSG may also wish to consider disclosing more granular information for subcontractors and buying houses in the ASM sector.

Data timeliness (#4.8)

Documentation of progress

Both reports under the Standard were published in accordance with two-year reporting requirements. The 2013 EITI Report was published in December 2015. Data pertaining to revenues are all based on 2013 figures. The 2014 EITI Report was published in December 2014. At the time of the International Secretariat's fact-finding mission in October 2015, the MSG was preparing two reports for the consecutive fiscal periods 2014 and 2015 to be published by 31 December 2016. This was in part aimed at improving timely reporting. The MSG may wish to consider more routine disclosure by government agencies such as DNGM, in accordance with Requirement 4.9, which will also improve timely reporting.

Stakeholder views

MSG members stated that they were satisfied with the regularity and timeliness of EITI Reporting, but stakeholders outside the MSG noted that two-year-old EITI data was not necessarily useful at the time of publication. Reports from dissemination campaigns show that local communities are interested in more recent data, particularly as it relates to subnational transfers. Government agencies stated that, given that record keeping is manual in many cases, preparation of disclosures will take time. The section of audit at the Supreme Court also stated that supporting evidence of payments are not always submitted on time by government agencies, which makes it difficult for the Court to certify EITI data.

Initial assessment

The International Secretariat initial assessment is that Mali has made satisfactory progress in implementing this requirement. The MSG is encouraged to include disaggregated payments for companies below the materiality threshold. The MSG may also wish to consider disclosing more granular information for subcontractors and buying houses in the ASM sector.

Data quality (#4.9)

Documentation of progress

Approval of TOR and appointment of the Independent Administrator

On 15 January 2015, the MSG approved the TOR for the IA to produce Mali's 2013 Report in accordance with the EITI Standard⁵¹. It was agreed that the funding for the report will come from the national budget, FY 2015 and the recruitment process will follow standard government procedures applicable to shortlisting procurement method. A call for expression of interest was subsequently issued and shortlisted companies were invited to submit proposals. Following evaluation of technical and financial offers by a technical committee chaired by the Directorate of Finance and Equipment at the Ministry of Mine, the committee agreed to reappoint Moore Stephens as the IA for Mali's 2013 EITI Report. Although staff from the National Secretariat were part of the technical committee, MSG members did not participate in evaluating the technical and financial offers. Following recommendation from the committee, the Minister of Mine and Chair of the MSG signed a contract with Moore Stephens in August 2015. The long delay between the adoption of the TOR and recruitment of the IA was due to bureaucratic procedures and the relatively small pool of IAs willing to travel to Mali, because of security concerns. The International Secretariat did not find MSG meeting minutes in which the decision to hire Moore Stephens as the Independent Administrator was formally approved.

The TOR for the IA agreed by the MSG for the purpose of the 2012 and 2013 EITI Report are consistent with the Standard TOR agreed by the EITI Board.

Reporting templates

The IA undertook a scoping study from 24 August to 11 September 2015. A draft scoping report, which includes options for materiality thresholds and draft reporting templates were sent to MSG members for comment on 14 September 2015. A technical committee reviewed the report on behalf of the MSG and provided comments on 24 September 2015. A final scoping study, including reporting templates was approved by the MSG on 30 September 2015.

Assessment of data reliability

Review of existing auditing practices

The Scoping study and the 2013 EITI Report include a summary of auditing practices applicable to both the public and private sector in Mali. For the private sector, the report summarises⁵² the applicable auditing standard as follow:

⁵¹ Minutes of MSG meeting of 15 June 2015.

⁵² Mali 2013 EITI Report, Moore Stephens, December 2015, p. 43

Mali adhered to OHADA "Organisation for the Business Law Harmonization in Africa," which introduced strict obligations in accounting and auditing firms.

According to Article 702 of the Uniform Act of Commercial Companies and Economic Interest Grouping⁵³, limited liability companies that are not publicly traded are required to appoint an auditor and a deputy. Publicly traded limited liability companies are required to appoint at least two auditors and two alternates.

For limited liability companies, under Article 376 of the Uniform Act, the appointment of an auditor is mandatory if one of the three following thresholds is met:

- Share capital greater than XOF 10 million;
- Turnover exceeding XOF 250 million; or
- The permanent workforce is over 50 employees.

The 2013 EITI Report did not discuss the extent to which these requirements were adhered to in the extractive industry. The report shows however in annex 3 (p.87) companies that have public financial statements and those that did not. According to the 2013 EITI Report, 17 out of the 18 companies in the report maintained audited financial statements, but only half of these financial statements were submitted to the IA and publicly accessible.

For government agencies participating in EITI reporting, the report explains in more details⁵⁴ the work carried out by the Auditor General and the Account Section of the Supreme Court. The MSG agreed to mandate the later to review and certify reporting templates submitted by government agencies. The Accounts Section is one of three sections that make up the Supreme Court. Pursuant to Article 82 of Law N°96-071 of 16 December 1996, the Accounts Section of the Supreme Court; "examines the financial and accounting management of agencies with legal personality and financial autonomy and in which the state or other public authorities have a financial interest, may at any time, exercise any control on its own initiative or at the request of the President of the Republic, the Prime Minister or President of the National Assembly" (p.44).

The Accounts Section prepares an annual report⁵⁵ on the implementation of the government budget and the general declaration of conformity between the state accounts and individual accounts of government agencies. In light of these documents, the National Assembly approves the state budget, also known as "loi des finances". In a public letter, the General Comptroller of Public Services explained⁵⁶ that auditing of public accounts is done according to international standards. The Auditor General also conducts similar audits and produces its own reports⁵⁷. To ensure adherence to international standards, two guides for the audit of

⁵³ A French version of the Uniform Act is available on the OHADA website

http://www.ohadalegis.com/anglais/austescomgb_1_100.htm

⁵⁴ Mali 2013 EITI Report, Moore Stephens, December 2015, p. 44

⁵⁵ The 2013 Report by the Account Section of the Supreme Court was published in April 2015, and accessible on its website (accessed 20 October 2016)

http://cssc.gouv.ml/index.php?option=com_jdownloads&Itemid=16&view=finish&cid=480&catid=5&m=0

⁵⁶ Official letter No. 026 / CGSP of 25 February 2011

⁵⁷ The 2014 annual report by the Auditor General was published on 31 March 2015 and accessible on its website (accessed on 20 October 2016) http://www.bvg-mali.org/uploads/files/2015/RA/Rapport_Annuel_2014.pdf.

public and private sectors accounts. These guidelines are based on the INTOSAI Standard, and the ISAs guidelines. They were adopted by decree No. 10-1251 / MEF-SG of 11 May 2010. All public auditors are required to follow these guidelines.

Agreed upon procedures for data reliability

Based on the findings from previous reporting and the scoping study, the MSG adopted the following procedures to ensure data reliability and tasked the IA with reconciliation of the data.

- For mining companies required to appoint an auditor, the declaration form must:
 - be signed by a senior official or a person authorized to represent the company;
 - be accompanied by audited financial statements of the company for 2013; and
 - be certified by an external auditor.
- For mining companies not required to appoint an auditor in accordance with Article 376 of the OHADA Uniform Act, the declaration form should only be signed by a senior official or a person authorized to represent the company.
- For government agencies, the declaration form must:
 - be signed by the senior official or authorised person of the financial management; and
 - be certified by the Accounts Section of the Supreme Court, which will produce a letter stating that the audit was conducted in accordance with international standards.

The IA stated⁵⁸ that of the 17 companies that submitted declaration forms, four companies did not meet the required quality assurance (declaration forms not signed by an authorized official and not certified by an external auditor). These four companies (Société des Mines de Morila SA, Songhoi Resources Sarl, Diamond Cement Mali SA and Petroma SA) collectively paid 17% of all reconciled revenue as reported by government agencies (p.11).

The IA states further that only three government agencies (DNGM, AUREP and DNDC) out of the eight agencies required to report, submitted declaration forms certified by the Accounts Section of the Supreme Court⁵⁹. Even within those three agencies that provided certified declaration, the IA notes that DNDC only certified partial declarations for two companies (Yatela and SOMILO). Overall certified declarations by government agencies accounted for only 7.36% of the total revenues as reported by the state (p.12).

To mitigate against these weaknesses, reporting entities were also asked to attach to their declaration forms detailed receipts and date of payments and revenue reported in their statements (p.14). The IA noted that reconciliation was carried out in accordance with international auditing standards. More specifically, the IA followed the International Standard on Related Services (ISRS No. 4400), IFAC "Financial Information review engagements on the basis of agreed procedures" and applicable code of ethics (p.5).

Data sources and electronic files

⁵⁸ Mali 2013 EITI Report, Moore Stephens, December 2015, p. 11

⁵⁹ Mali 2013 EITI Report, Moore Stephens, December 2015, p. 12

For both 2013 and 2012 EITI Reports, contextual information is sourced. Summary data files in accordance with the standardised reporting format provided by the International Secretariat have been submitted for the 2013 EITI Report.

Stakeholder views

Similar to the issue of lack of comprehensive data, reporting entities complained about the short time period (1st October to 4 November 2015) for data collection and certification. Company representatives stated that they all submitted certified declaration forms, but some recognised that all reporting companies did not meet the reporting deadline. Government agencies highlighted two additional challenges for EITI reporting, manual recordkeeping and aggregate daily payments made to the treasury. A government official representing the treasury explained that all taxpayers pay the amount due to the relevant government agency, which will combine all payments received on a daily or weekly basis and make a lump sum payment of cash and checks to the designated government account. When a payment is made, a DR (declaration of receipt) is issued for the lump sum paid on a particular period.

Auditors from the Account Section of the Supreme Court require a confirmation of payments to a government account, before they can certify declaration forms submitted by government agencies for the purpose of EITI reporting. The main challenge of revenue traceability is that the DR confirming payment in a government account is not specific to the extractive sector. The daily lump sum on the DR includes payment made by all tax payers and can only be traced in cases of payments made by check or through Bank transfer, but this is tedious matching process. The treasury does not have disaggregated information by tax payer, but rather by government collecting agencies.

The President of the Account Sections of the Supreme Court explained that without confirmation of payment in government accounts, the court cannot certify such payments. He noted that the certification of declaration forms is a useful activity for the Court to exercise its oversight role, but the process of verification of payments before certification is extremely tedious and time-consuming. On the issue of international Standard, judges from the supreme court consider that INTOSAI guidelines and OHADA common standard are sufficient to meet international Standard. The Court did not issue a letter stating an opinion following certification.

Initial assessment

The International Secretariat initial assessment is that Mali has made inadequate progress in implementing this requirement, because significant aspects of this requirement have not been fully implemented, and the underlining objective of ensuring reliability of financial information disclosed in EITI reports has not been achieved. While the MSG has approved the TOR and subsequent work done by the IA, the international Secretariat did not find evidence of the MSG endorsing the selection of the IA. The IA has reviewed the auditing practices and recommended quality assurance procedures, which have not been followed by a large number of companies and government entities participating in EITI reporting, seriously undermining the credibility of the disclosed financial information.

The EITI report shows clearly that not all reporting entities had their financial statements audited in 2013. The 2013 EITI Report shows that declarations made by three companies, accounting for 17% of disclosed revenues, were not certified in accordance with the agreed procedures for quality assurance. More importantly, declarations made by five government agencies, accounting for 92,6% of disclosed revenues, were not certified. This seriously undermined the credibility and comprehensiveness of the disclosed financial information. During its fact-finding mission, the International Secretariat found additional information submitted by government agencies and companies to comply with their reporting requirements,

but this information was not publicly accessible. Certifications made by the Accounts Section of the Supreme Court did not include a letter stating that the audit was conducted in accordance with international standards. Reports published by the Account Section of the Supreme Court and the Auditor General appear to follow international INTOSAI guidelines. Based on a review of publicly available information, the Auditor General appears to have a more up-to-date and timely information (2014 Annual report was published in March 2015) on audit of public accounts in Mali. The Auditor General did not participate in the certification of EITI reporting. More than 90% of revenues disclosed by government agencies were not certified.

Table 4 - Summary assessment table: Revenue collection

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Comprehensiveness (#4.1)	The 2013 EITI report shows that two companies, Socarco and Toguna that collectively paid 0.4% of total revenues did not disclose the information in a timely manner. Discrepancies of 6% of total revenues was also in part due to lack of full disclosure by companies and government agencies on their respective reporting templates. Furthermore, six out of eight government agencies did not fully disclose all receipts, especially revenue below the materiality threshold. The IA stated that "we could not conclude with reasonable assurance that the report adequately covers all the significant revenues from the extractive sector in Mali for the 2013 [fiscal period]" (p.11).	Meaningful progress
In-kind revenues (#4.2)	The 2012 and 2013 EITI Reports confirm that in-kind revenues were not applicable in Mali.	Not applicable
Infrastructure provisions and barter arrangements (#4.3)	Scoping studies and respective 2012 and 2013 EITI reports confirm that barter types and infrastructure provision agreements are not applicable in Mali.	Not applicable
Transport revenues (#4.4)	Scoping studies and respective 2012 and 2013 EITI reports confirms that transport revenues are not material in Mali.	Not applicable
Transactions between SOEs and government (#4.5)	Scoping studies and respective 2012 and 2013 EITI reports confirms that SOEs were not active in the extractive sector on behalf of the state.	Not applicable
Subnational direct payments (#4.6)	Scoping studies and respective 2012 and 2013 EITI reports confirms that all taxes are paid at the central level. This requirement is therefore not applicable in Mali.	Not applicable

Level of disaggregation (#4.7)	Both the 2012 and 2013 EITI Reports show financial data disaggregated by individual company, government entity and revenue stream, in accordance with the EITI Standard. Although, unilateral disclosures for companies below the materiality threshold and payments made by subcontractors were not disaggregated by individual company, these aggregated figures, accounting for 10.4% of total revenues were not part of the reconciliation process.	Satisfactory progress
Data timeliness (#4.8)	The 2012 and 2013 EITI Reports were published by the deadline of 31 December 2014 and 31 December 2015 respectively. The MSG is encouraged to explore opportunities for publishing more timely data.	Satisfactory progress
Data quality (#4.9)	The IA has reviewed the auditing practices and recommended quality assurance procedures, which have not been followed by a large number of reporting entities. The 2013 EITI Report shows that declarations made by three companies accounting for 17% of disclosed revenues were not certified. More importantly, declarations made by five government agencies accounting for 92,6% of disclosed revenues were not certified, seriously undermining the credibility of the disclosed financial information.	Inadequate progress
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. It is recommended that the MSG and the Government of Mali review recordkeeping systems of government agencies participating in EITI reporting to ensure adequate accounting and recordkeeping procedures are followed, in view of improving revenue traceability, transparency and accountability. 2. The MSG should ensure that all reporting entities disclose comprehensive and reliable figures in accordance with requirement 4.1 and 4.9. 3. The MSG and the Government of Mali are encouraged to promote routine disclosure of data required by the EITI Standard by the government agencies participating in EITI reporting, in view of mainstreaming transparency in government systems and improving accessibility, timeliness and interoperability of the disclosed data. 4. The MSG is encouraged to include disaggregated payments for companies below the materiality threshold. 5. The MSG may also wish to consider disclosing more granular information for subcontractors and buying houses in the ASM sector. 		

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

The 2013 EITI Report shows that 93.7% of reported revenues from the extractive sector were recorded in the state budget. The remaining revenues are mainly social contributions collected by INPS (6%) and social expenditures by mining companies for local communities (p. 7). The Report states that “all income, except those collected by AUREP, are credited in a single account at the treasury” (p.42). Revenue collected by AUREP were earmarked to training activities and should be covered under quasi-fiscal expenditure (requirement 6.2) as this expenditure is executed by a government agency outside the government budget. There were no sovereign wealth and developments funds. Transfers to subnational government are assessed under Requirement 5.2 below. The report did not reference national revenue classification systems or international classification standards as recommended in Requirement 5.1.b.

Stakeholder views

There was a confusion within the MSG between requirements 5.1 (distribution of extractive industry revenues), 5.2 (subnational transfers), and 5.3 (revenue management and expenditures). MSG members pointed that the EITI Report is based on the 2013 Standard. The International Secretariat explained that these requirements are not new, but rather correspond to Requirement 3.7 and 3.8 in the 2013 Standard. MSG members considered distribution of extractive revenues have been fully implemented in accordance with requirement 3.7 of the 2013 Standard, but they agreed that AUREP should disclose more information in future EITI reports to show allocation of revenues earmarked to training activities. The report did not reference any national revenue classification or international data standards.

Initial assessment

The International Secretariat’s initial assessment is that Mali has made satisfactory progress in meeting this requirement. The 2013 and 2012 EITI Reports disclose how revenues are allocated in accordance with requirement 5.1. The MSG may wish to provide a brief overview of the state budget, particularly as it relates to social expenditures, such as health and education, and provide links to a public document of the state budget.

Sub-national transfers (#5.2)

Documentation of progress

Section 241 of the Tax Code provides for a local tax “trade tax”, or “business tax”, also known as “patent” that is collected by regional offices of the General Directorate of Taxes (DGI) and redistributed to local governments in accordance with the following formula⁶⁰:

- o 60% of the amount of the contribution in favour of the municipality;
- o 25% of the amount of the contribution in favour of district or circle; and
- o 15% of the amount of the contribution in favour of the region.

⁶⁰ Law No. 2011-36 of 15 July 2011 on tax revenues of municipalities, districts and regions

The region of Kayes and Sikasso in the southwest, are the two beneficiaries of this subnational transfer as all mining activities in Mali take place in these two regions.

These transfers were not fully disclosed and not reconciled in the 2012 and 2013 Reports. For the all-too-important trade tax for local communities, the IA stated that the relevant government agency (DGTCP) “has not issued a statement on subnational transfers made in 2013 as expected from the reporting instructions. This situation does not allow us to verify the application of the revenue-sharing formula”. There was unilateral declaration by some companies and sub-contractors, but this was not exhaustive.

The report also describes international transfers for regional organizations working on regional integration (ECOWS) and monetary union (UEMOA), in which Mali is a member. The report lists the following transfers to regional organizations in accordance with applicable treaties and conventions.

- o A Common External Tariff for UEMOA: this fee is calculated at 1% of the customs value of imported goods.
- o A solidarity fee for UEMOA: this is a fee is calculated at 1% of the value in customs of goods imported from outside UEMOA zone.
- o The ECOWAS Community fee: this fee is calculated at 0.5% of the value in customs (or reprimand) goods imported and outside of ECOWAS for consumption.

These fees are collected by the Custom Office then deposited in a bank account at the BCEAO on behalf of the relevant organization.

Stakeholder views

Stakeholders representing civil society and the extractive industry expressed concerns that failure to report on subnational transfers that benefit local communities diminishes the value of the report, and could undermine trust with key users of the report. DGTCP did not provide explanation for the lack of disclosure of subnational transfer. Staff at the national secretariat noted that it was difficult to mobilize representatives of reporting entities for the reporting workshop, where instructions on how fill out reporting templates were explained. A representative from the treasury noted that these payments are not recorded in the national budget, because the trade tax is a local tax. Regional offices of DGI acts a collecting agency for the local authorities which do not have the necessary capacities to collect this tax.

Initial assessment

The International Secretariat’s initial assessment is that Mali has made inadequate progress in meeting this requirement. Although the MSG identified subnational transfers as material revenue stream in the scope of the report and the subsequent reporting templates, no materiality threshold was set for subnational transfers, meaning that the threshold was effectively zero and all subnational payments and transfers are therefore material. The 2013 Report provides a detailed overview of the statutory payments and revenue sharing formula of the trade tax, but reporting entities failed to disclose subnational transfers to the regions of Kayes and Sikasso, where these payments were material. Based on this we conclude that significant aspects of Requirement 5.2.a have not been implemented.

While reconciliation of these payments is not a requirement, the MSG is encouraged to include the relevant central and local authorities to ensure traceability and transparency of subnational transfers for local communities. The MSG has also included other ad-hoc international transfers to the ECOWAS and UEMOA, in the EITI reporting process. In additions to description of the applicable treaties, the MSG is encouraged to

include the actual payments made.

Information on revenue management and expenditures (#5.3)

Documentation of progress

The 2013 EITI Report shows that 93.7% of reported revenues from the extractive sector were recorded in the state budget (p.7). The Report also describes the different phases in the process of preparation and adoption of the state budget (scoping, arbitration and vote). The 2013 Report also refers to the revenue collection process as it relates to extractive revenues and allocation of revenues from extractive industries (pp. 40-42). Moreover, the Report states that “revenues from the extractive sector lose their identity as soon as they are credited to the single treasury account”. Their use cannot be traced to expenditure, public investment compared to the cost or project centres. The report did not clarify whether the budget was publicly accessible or not.

Stakeholder views

Stakeholders representing civil society and the extractive industry highlighted that revenue management remains the prevailing interest for average citizens and local communities. Government representatives argued that revenues are used in social spending, such as education and health, but extractive revenues cannot be traced in the state budget, due to the principle of “unicity of accounts”. An industry representative argued that efforts should be made to make these expenditures more visible to local communities. Stakeholders agreed that current EITI Reports are not sufficient to address ordinary citizens’ primary concern to see how reported revenues can benefit them.

Initial assessment

Disclosing information on revenue management and expenditures is only recommended and will not count in the assessment of compliance.

The EITI Standard states that “The MSG is encouraged to disclose further information on revenue management and expenditures, including a description of any extractive revenues earmarked for specific programmes or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use” (EITI Requirement 5.3.a).

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

- **Timeliness:** data disclosed in 2012 and 2013 Report as it relates to revenue allocations is timely.
- **Comprehensiveness:** Information about revenue distributions, particularly as it relates subnational transfers and allocations of training fund by AUREP are not comprehensive.
- **Reliability:** The partial information provided in the 2012 and 2013 EITI Reports is clearly sources and backed up with relevant provisions and applicable treaties. Although the reliability of this information does not appear to have been discussed by the MSG, stakeholders were more concerned by the lack of disclosure than the reliability. Partial information disclosed by companies come from certified declaration forms, therefore improving the level of quality assurance, but this information was not reconciled because of lack of full disclosure by the relevant government agencies.

Table 5 - Summary assessment table: Revenue management and distribution

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Distribution of revenues (#5.1)	The 2012 and 2013 EITI Reports disclose how revenues are allocated.	Satisfactory progress
Sub-national transfers (#5.2)	The 2013 EITI Report confirms that subnational transfers are materials, but these payments are not fully disclosed. DGTCP failed to disclose subnational transfers of trade tax to the regions of Kayes and Sikasso, where these payments were material. Based on this we conclude that significant aspects of Requirement 5.2.a have not been implemented.	Inadequate progress
Information on revenue management and expenditures (#5.3)	The 2013 EITI Report shows that 93.7% of reported revenues from the extractive sector were recorded in the state budget, but their use cannot be traced to expenditure, due to the principle of unicity of accounts.	
<p>International Secretariat's recommendations:</p> <ol style="list-style-type: none"> 1. The MSG may wish to provide a brief overview of the state budget, particularly as it relates to government social expenditures, such as health and education, and provide links to a public document of the state budget. 2. It is recommended that MSG ensure full disclosure of payments by companies of the trade tax and transfers to local governments in its forthcoming EITI Reports. 3. The MSG is encouraged to undertake reconciliation of subnational transfers between central and local authorities and monitor whether the repartition formula of the trade tax has been adhered to. 4. Given the public interest in the repartition of revenues, the MSG is encouraged to disclose further information on revenue management and expenditures, including a description of the state budget and expenditures earmarked to health, education and other social programmes. This should include a description of the methods for ensuring accountability and efficiency in their use, in accordance with EITI Requirement 5.3.a. 		

6. Social and economic spending

6.1 Overview

This section provides details on the implementation of the EITI requirements related to social and economic spending, including quasi-fiscal expenditures, social expenditures and the overall contribution of the extractive sector to the economy.

6.2 Assessment

Social expenditures (#6.1)

Documentation of progress

The 2013 EITI Report states that mandatory and voluntary social expenditures are material (p.39). These contributions are paid in cash or in-kind in the form of health posts, schools, roads, local markets facilities and projects to support agricultural activities. Mandatory expenditures are based on contractual agreements between companies and the Government of Mali. For example, the reports show that article 15.2 of the convention agreement between SOMIKA and the Government of Mali provides for mandatory social expenditures in favour of the company's staff and local communities.

From the date of first commercial production of the first mine in the perimeter, the operating company agrees to contribute to:

- a) improvement of medical and school infrastructure within a reasonable distance of the deposit corresponding to the normal needs of workers and their families;
- b) development of leisure facilities for its staff at the local level.

The 2013 EITI Report shows disaggregated figures of voluntary and mandatory social payments (p.69). The report also provides more detailed information on social payments, including costs, list of beneficiaries and dates of payments in annex 5 (pp. 92-97).

Stakeholder views

Stakeholders expressed satisfaction of disclosure of social payments. Civil society representatives requested more information on how cost of projects are calculated, but they recognised that they did not raise this issue ahead of the reporting process.

Assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement. The 2012 and 2013 EITI Reports both disclosed mandatory social payments made by companies in accordance with Requirement 6.1.a. Disclosure of voluntary social expenditure appears to be commensurate with disclosure of mandatory payments. Beneficiaries of social payments were not government agencies and these payments were therefore unilaterally disclosed by companies.

SOE quasi fiscal expenditures (#6.2)

Documentation of progress

According the 2012 and 2013 Reports, Mali does not have SOEs participating in the extractive sector. The 2013 Report states that "no state enterprise directly or indirectly participate in the mining sector" (p.34) The applicable legal and regulatory framework does not provide for a SOE. The 2013 Report states that "no state enterprise directly or indirectly participate in the mining sector" (p.34). The applicable legal and regulatory framework does not provide for a SOE.

Stakeholder views

Stakeholders met confirms that Mali does not have an SOE operating in the mining sector and they are not aware of quasi-fiscal expenditures in line with Requirement 6.2 in Mali.

Assessment

The International Secretariat's initial assessment is that this requirement is not applicable in Mali. The 2013 Report confirms that when state participation gives rise to material payments in the form of dividends, these payments are paid directly to the state treasury. The International Secretariat's understanding is defined by the EITI Standard.; Mali does not have an SOE operating in the extractive sector. The International Secretariat's concludes that this requirement is not applicable in Mali.

Contribution of the extractive sector to the economy (#6.3)

Documentation of progress

The 2013 EITI Report provides and overview of the size of the extractive sector in absolute terms and as a share of GDP, some estimate of informal activity (ASM estimated production volumes), total government revenues in absolute terms and as a share of total revenue, exports in absolute and relative terms, employment in the sector and key regions where production is located.

The report shows that sector accounted for 68% of total exports, 17% of government revenues, 14% of employment and 7.1% of GDP (p.8). The Report also provides more details on the sector's contribution to the economy, including value of extractives revenues, share of GDP, mining exports in absolute terms and as a share of total exports and employment (p.27) The report includes a brief description of the artisanal and small scale mining sector (p.24-25) although it only provides an estimate for ASM production (4 tons of gold per year, which has remained the same over the last five years). Different maps show the location of mining activities in the country. Mining titles in the west of Mali are shown in Annex 9, (p.119) and south of Mali in Annex 10, (p.120) and a map of oil and gas exploration blocks is in Annex 8 (pp.118).

Stakeholder views

Stakeholders noted that exploration activities for oil in the North are highly sensitive issue, due to the long running conflict in the region. Employment figures are particularly relevant, and the next Report will seek to include more information on artisanal mining.

Assessment

The International Secretariat's initial assessment is that Mali has made satisfactory progress in meeting this requirement. The 2012 and 2013 EITI Reports include most of the information set out in requirement 6.3 apart from estimates of employment in the informal sector. The 2013 EITI Report provides an overview of the size of the extractive sector in absolute terms and as a share of GDP, an estimate of informal activity (ASM estimated production volumes), total government revenues in absolute terms and as a share of total revenue, exports in absolute and relative terms, employment in the sector and key regions where production is located.

Assessment of timeliness, comprehensiveness and reliability of the information disclosed

- Timeliness: data disclosed in 2012 and 2013 Reports as it relates to social and economic spending meets

the EITI timeliness requirement.

- **Comprehensiveness:** Information about the sector contribution to the economy seems comprehensive, but estimates for the ASM sector could be improved.
- **Reliability:** Information about sector contribution to the economy was clearly sourced. Social payments were unilaterally disclosed by companies. The disclosed information appears to be comprehensive, but not always independently verified.

Table 6 - Summary assessment table: Social and economic spending

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Social expenditures (#6.1.)	The 2012 and 2013 EITI Reports both disclosed mandatory social payments made by companies in accordance with the requirements.	Satisfactory progress
SOE quasi fiscal expenditures (#6.2)	State-participation in the extractive sector does not yet give rise to material revenue in Mali both for the 2012 and 2013 EITI Reports.	Not applicable
Contribution of the extractive sector to the economy (#6.3)	Most of this data has been provided, however estimates of informal sector activity and data on extractive industry revenue as a percentage of total government revenue should be disclosed in the future.	Satisfactory progress
International Secretariat's recommendations: <ol style="list-style-type: none"> 1. The MSG should ensure more detailed reporting on ASM in future reports, to provide more reliable statistics on the informal sector that remains significant. 		

Part III – Outcomes and Impact

7. Outcomes and Impact

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

7.1 Public debate (#7.1)

Documentation of progress

(i) Dissemination and other activities aimed at public debate

The MSG has undertaken several activities aimed at disseminating information about the EITI and findings of the EITI Reports:

- The 2013 EITI report has been published on the Mali EITI website. Further dissemination of the 2013 EITI Report has not been undertaken and was scheduled for November 2016. The report was not disseminated due to funding difficulties in 2015 and the beginning of 2016.
- A budget has been prepared for dissemination of the 2013 EITI report to the value of 16,367,616 FCFA. Workshops will target local government in Kayes, Sakola and Yatéla. In the regions of Kéniéba, Djidian, Sikasso, Kadiolo, Fourou, Yanfolila and Sanso, the target audience will include state representatives, regional public servants, regional members of parliament and civil society organizations.
- Dissemination of the 2012 EITI Report took place in the last quarter of 2015 and has been widespread. The MSG had dissemination events in Bamako, but also the regional capitals of Sikasso, Kayes and Koulikoro. The MSG also held workshops in the districts Bougouni, Kéniéba, Yanfolila, Kadiolo; the communities of Sanso, Kalana, Fourou, Sadiola and Sitakili; as well as the mining sites of Yatéla and Loulo. Hard copies of the Report were distributed to participants at the workshop.
- In Bamako, the MSG held a workshop for approximately 100 participants including members of the MSG, media and development partners. Dissemination outside of Bamako targeted local government and officials, members of parliament, civil society representatives, regional chambers of mines and commerce, company representatives and regional private and public press.
- The workshop separated participants into five working groups which focused on various aspects of the EITI Report. Workshop participants not only made observations on the report but also reinforced some recommendations therein. For example, it was recognized that there was need for greater synergy between government collection agencies. It was recommended that reconciliation only consider data certified by the Section of the Auditor's Court, reconciliation of production figures, internal monitoring systems at the general directorate of large businesses and the creation of focal points within the ministry.
- These dissemination efforts were also broadcasted on the television, national radio, private radio and private newspapers. Press articles from the dissemination efforts also highlight MSG engagement in the process. Government, company civil society representatives participated in

explaining the EITI report and in particular, government and civil society were also quoted during interviews.

- In the latter half of 2015, the MSG updated its communications plan. Communication efforts have been focused on raising awareness and promoting the EITI; lobbying key decision makers; updating of the Mali EITI website; and increased visibility in the media of the process. This plan also provided for promotional tools such as EITI flyers, urban billboards, posters and T-shirts.
- The national secretariat has provided summary data templates for the 2013 EITI report which are available on the international secretariat's website.

Stakeholder views

Civil society noted that the 2012 EITI Report was communicated in national languages. There is no evidence on the Mali EITI website that the document itself was translated. The minutes of the 4th supervisory committee meeting on 28 January 2016 show that the President of the National Civil Society Council (NCSC) was concerned with the deficit in the communication of the EITI report. He opined that EITI reports should be published in national languages in order to increase the target audience. When questioned on the lack of dissemination of the 2013 EITI report, civil society representatives noted that the financing was not available but were confident that this would be done once the funding became available again.

In the workshop with the chief financial officers of the reporting entities, it was noted that few had read the final EITI report although they had contributed to its production. However, it was felt that the inclusion of a narrative account of the extractive industries, as per the EITI Standard, was important in making the EITI Reports easier to understand. Government representatives emphasized that the non-financial information, such as on the fiscal regime, must be accurate.

Partners noted that the report was comprehensible but that it would be difficult for communities to read the Report in the current format. It was felt that the information in the report could be more succinct and emphasized the utility of summary reports in Mali. Other partners noted that dissemination of the EITI reports had been financed by partners such as the GIZ and World Bank in the past. It was noted that the Ministry was financing the reports and the work of the Secretariat, but that greater funding would be needed for dissemination. Partners were investigating funding dissemination in key mining regions.

Assessment

The MSG had taken steps to ensure that the 2012 EITI report is comprehensible, actively promoted and publicly accessible. Through the organisation of dissemination events and workshops, Mali-EITI has ensured that the EITI has also contributed to public debate. The EITI provided a platform for discussions and debates about how the mining sector is managed, in particular discussion regarding sub-national payments. However, this work has not been undertaken for the 2013 EITI Report. The International Secretariat's initial assessment is that Mali has made meaningful progress in meeting this requirement.

7.2 Data Accessibility (#7.2)

Documentation of progress

The APR documents several discussions about the need to ensure that dissemination efforts and EITI Reports are comprehensible and reach key audiences. For example:

- The MSG has produced a summary 2013 EITI report. On the EITI website, there is also audio and video support concerning the 2012 EITI report which expands the reach of the initiative. The video also features an intervention by the then Minister of Mines, Dr. Cissé Boubou and speaks to the contribution of the sector to the economy.
- The MSG also aims to create a communications strategy which is included in the country's work plan. This communications strategy should be linked to the revised 2016 EITI decree. In the revised decree, the supervisory committee is mandated to promote the integration of the EITI into government systems as well as a better access to information.
- The communications sub-committee met in May 2015. This meeting sought to identify a strategy which would improve government participation in the dissemination of EITI reports. It was agreed that the sub-committee would engage the Minister of Mines on mobilising government resources for dissemination, government participation therein and funding for the sub-commission. According to the meeting minutes, this meeting was attended by a representative of the Chamber of Mines, three government representatives and three civil society participants.
- The EITI Mali has been continually interested in building the capacity of its stakeholders. Multipartite delegations from Mali have undertaken study tours in many neighbouring EITI implementing countries in Burkina Faso, Cameroon, Cote d'Ivoire and Togo. It has also participated in workshops facilitated by the International Secretariat and the Energy and Extractives Global Practice. However, the 2015 APR also noted that some capacity building within the MSG and other stakeholders have been postponed due to a lack of funding.

The mining cadastre (MCAS) and oil and gas cadastre (OGAS) provides a wealth of information to citizens and government agencies charged with monitoring the sector. Both are web-based software applications which manage the full lifecycle of a mining right, from application through approval, licensing, renewals and finally expiration. The mining cadastre can track all payments made, payments outstanding, royalties, production reports, and contract terms to ensure compliance of license holders. Validated information is then put online to the public through the Online Data Repository.

Stakeholder views

Most government stakeholders consulted agreed that the first step in improving government's transparency efforts, was the computerization of government agencies such as the Treasury. Most information is collected manually which caused delays and sometimes inaccuracies in data submitted. They also cited a need for greater synergy and information sharing between Ministries. Civil society noted that the national secretariat had been mandated to write to the Ministry of Finance for better engagement of the latter in EITI data collection and implementation.

Partners highlighted the potential of systems such as the mining cadastre, MCAS, and the oil and gas cadastre, OGAS, in providing data. MCAS is searchable for company code, company name, type of title, validity of titles, substance produced and fiscal identification numbers. The online referential is updated weekly. OGAS was last updated on 4 October 2016 but is awaiting approval for the information to be published in the online referential.

Assessment

Requirement 7.2 encourages the MSGs to make EITI reports accessible to public in open data formats. The Mali-EITI as not yet started its work on making EITI reports machine readable. However, mainstreaming has

been included in one of the functions of the Supervisory Committee, providing a mandate for the EITI to undertake more work on this requirement.

7.3 Lessons Learned and follow-up on recommendations (#7.3)

Documentation of progress

(iv) Recommendations from the Independent Administrator

The 2013 Report includes recommendations pertaining to the reporting exercise, such as the need for more timely declarations by reporting entities (2013 EITI Report, p. 78). The report further states that the recommendations of previous years' reports were not implemented such as reforms to improve monitoring of data entry by the General Directorate for large businesses (p. 73). It also provides an overview of actions taken from recommendations from previous reports such as the reconciliation of production. (p. 73).

Minutes of MSG meetings after the pilot validation conducted in June 2016 show that the MSG discussed how to address the main recommendations from the pilot validation. All three stakeholders gave their opinions on various aspects of the report. Specifically, the 2015 APR shows that the MSG has considered the recommendations from the 2012 to 2013 EITI Reports and provided the following responses (pp. 19-20):

Recommendations	MSG response
Non- submission of templates certified by an external auditor	The MSG Chair approached the Prime Minister, Chair of the Supervisory Committee concerning the issue. The Prime Minister then issues a request addressed to the Section of the auditor's court (letter n°625 PM-CAB of 12 October 2015). The Minister of Mines also requested that companies provide certified data via letter n°1029 /MM-SG of 21 September 2015. Following these requests, the number of reporting entities having submitted certified templates increased. The Committee will undertake the same procedure for the elaboration of the next EITI Report.
Insufficient updating of the extractive company data base	With the implementation of the mining cadastre administration system, this database will be automatically generated and updated.
Delay in the submission of declarations and payment details	The MSG has decided to start reconciliation work in a manner that would allow reporting entities the necessary time to submit their reporting templates within the given timeline.
Non resolution of the compensation issue and by the down-payment on taxes and other levies (ADIT)	The ADIT was removed from 2013 and will no longer be included in reconciliation.
Insufficient monitoring of data by the government	This insufficiency was corrected and regularized concerning the special tax on certain products (ISCP). However, the problem remains for patente (a sub-national payment).
Non-respect of the declaration template provided by the MSG	The Committee has asked the independent administrator to hold a workshop on filling out reporting templates for persons responsible for filling out reporting templates

	within reporting agencies. This workshop was completed following the scoping study and prior to the start of reconciliation.
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The 2014 annual progress report contains a similar overview of recommendations from the 2012 EITI Report (2014 annual progress report, p.12-13).

iii. Recommendations from the Supervisory Committee

In Section 1.4., it was noted that the Supervisory Committee made the following recommendations on EITI implementation based on its annual meeting in January 2016:

- Decentralize the EITI to include revenue flows to local communities
- Better engage stakeholders to improve the efficiency of revenue collection
- Take into account the environment in EITI reports and mine rehabilitation
- Update, implement and finance the EITI communications plan
- Consider the financing of the 2015 and 2016 EITI reports
- Build capacity of the national secretariat
- Follow-up on the recommendations of the Monitoring and Supervisory Committee.

On 11 July 2016, the secretariat addressed a memo to the Minister of Mines on the follow-up of these recommendations. The memo noted that efforts to decentralize the EITI were underway, following the dissemination of the 2012 report in the mining region of Kéniéba in December 2015 during which the implementation of local EITI committees was discussed. To improve data collection, they noted that reporting entities and other key stakeholders were invited to a workshop on the scoping study for the 2014/2015 reports at the beginning of October 2016. It noted that the 2014/2015 EITI report would include information on the closing of mining sites according to the current legislation. The memo noted that the communications plan had been updated and a budget included, but that there was insufficient funding for its implementation. On capacity building for the national secretariat, it was noted that GIZ had committed to providing a technical assistant to the Secretariat on issues of EITI decentralization, communication and collaboration with civil society. The memo adds that the MSG will produce both the 2014 and 2015 EITI reports by the end of the 2016.

Stakeholder views

Minutes from the MSG meeting on 16 June 2016 show that stakeholders had discussed the EITI recommendations. For instance, the national director for geology and mines gave her reservations on the recommendation by the independent administrator to create a database on the mining sector. She noted that these insufficiencies should be addressed by the mining cadastre (MCAS). A company representative noted his agreement with the removal of the revenue flow ADIT (down-payment on taxes and other levies) and his concerns on use of VAT credits by the government as a tax payment.

The then Minister of Mines Mr Cheickna Diawara requested that the APR speak to the ongoing revisions to the mining code. He also suggested that to improve data certification, that this process be done at the end and approval of the annual accounts of the reporting entities. The MSG also requested a report on the financial accounts of the EITI Mali.

Initial Assessment

The MSG has taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies and to consider the recommendations for improvements from the Independent Administrator.

It has also formulated its own recommendations on improving reporting through the supervisory committee. However, given that weaknesses in reporting templates have been highlighted by the Independent Administrator over the last three reporting cycles, the MSG ought to consider necessary improvements in consultation with the Independent Administrator for future EITI reports. For example, further details could be given in terms of improving delays in procurement of the independent administrator and so forth. The International Secretariat's initial assessment is that Mali has made meaningful progress in meeting this requirement.

7.4 Outcomes and impact of implementation (#7.4)

Documentation of progress

The 2015 APR was published by the MSG ahead of the deadline in June 2016 and is available on the Mali EITI website⁶¹. The report includes a summary of EITI activities in 2015, an assessment of progress in meeting each EITI requirement, responses of the MSG to recommendations from reconciliation and Validation, progress with respect to the work plan and information on strengthening the impact of implementation.

In its summary of activities, the APR notes that the MSG had held meetings to approve TOR for the 2013 scoping report and TOR for the EITI report. They also met to approve the scoping report and actual 2013 EITI report and dissemination campaigns outside the capital. It highlights dissemination of the 2012 EITI Report in the capital, Bamako, and regions. The APR notes that the communications plan had been updated and allowed for promotional material such as flyers, posters and billboards.

The APR evaluates progress against the work plan. It notes that the Committee charged with re-drafting the mining code had been contacted about including the EITI in the provisions of the mining code. The report notes that although an MSG law had been included in the work plan, the MSG had not made a decision on the pertinence of such a law nor has it made progress on some issues such as diversification of the sector. The APR also noted that although the MSG TOR have been approved, they have not yet been signed off by the Minister. The APR notes however that administrative and financing accounting procedures were completed during 2015.

With respect to report recommendations, the APR noted that the MSG meets regularly and that civil society and company participation was adequate. It also highlights the government's efforts to improve data quality and reliability. In terms of improving EITI reporting, the APR states that 17% of the state budget comes from the mining sector but that less than 1% returned to the local communities. It was recommended that the mining code stipulations be implemented to ensure that companies and government contribute to local community development.

The APR noted that efforts to go beyond the EITI Standard include the creation of local EITI offices to improve information dissemination and a better monitoring of sub-national payments. The APR notes that the possibilities of two local EITI offices had been examined for the circle of Kéniéba from the Kayes region and the circle of Yanfolila in the Sikasso region.

With respect to capacity building, the APR noted that Mali had participated in the National Coordinators and Communications training held in the Democratic Republic of Congo in 2015 hosted by the International Secretariat. It also refers to training by the World Bank on artisanal mining.

⁶¹ <http://www.itie.mines.gouv.ml/images/pdf/Rapport%20annuel%20d'avancement%202015.pdf>

The APR also considers strengths and weaknesses of implementation, the 2015 budget and a list of organizations represented on the MSG.

Stakeholder views

MSG representatives confirmed that there had been limited discussion and consultation on the annual activity reports outside of the MSG. However, all confirmed that they had provided input to the Annual progress report. The national secretariat noted that the MSG had discussed the removal of some action points and objectives linked to diversification of the sector which

Initial Assessment

The MSG has reviewed progress and outcomes of implementation on a regular basis, including by publishing annual progress reports over the past four years.

However, the 2015 APR contains a brief section on impact but further details and information could be given. The International Secretariat aware of any other impact studies conducted by the MSG. The International Secretariat's initial assessment is therefore that Mali has made meaningful progress in meeting the requirement. Mali-EITI may wish to consider undertaking an impact assessment, with a view to identify opportunities to increase impact.

Table 7 - Summary assessment table: Outcomes and impact

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions (to be completed for 'required' provisions)
Public debate (#7.1)	The MSG has taken steps to ensure that the 2012 EITI report is comprehensible, actively promoted and publicly accessible. Through the organisation of dissemination events and workshops, Mali-EITI has ensured that the EITI has also contributed to public debate. Further efforts need to be made to ensure that the 2013-2015 EITI reports are also widely disseminated to affected communities.	Meaningful progress
Data accessibility (#7.2)	Mali-EITI does not yet provide EITI data in open data formats. However, mainstreaming transparency has been taken into account in the mandate of the supervisory committee.	
Lessons learned and follow up on recommendations (7.3)	The MSG has taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies and to consider the recommendations for improvements from the Independent Administrator. However further details are needed to ensure that recurring problems are effectively addressed.	Meaningful progress
Outcomes and impact of implementation (#7.4)	The MSG has produced annual progress reports documenting progress and outcomes	Meaningful progress

	of implementation. Further work on assessing impact should be considered.	
International Secretariat's recommendations:		
<ol style="list-style-type: none"> 1. It is recommended that the MSG proceed with the dissemination of the 2013 EITI report as soon as funding becomes available. 2. It is recommended that the MSG considers necessary improvements to the reporting templates in consultation with the Independent Administrator for future EITI reports. 3. The MSG might wish to undertake an impact assessment with a view to identify opportunities for increasing the impact of implementation. 4. The MSG is encouraged to provide more EITI data in open data formats and to continue its work on mainstreaming extractive industry transparency. 5. The MSG should consider the recommendations from EITI Reports and agree relevant follow-up and implementation. 6. The MSG is also encouraged to define a clear policy on the accessibility, dissemination and use of EITI data. 		

7.5 Impact analysis (not to be considered in assessing compliance with the EITI provisions)

The President of the Chamber of Mines, who sits on the supervisory committee, noted that they have seen improvements in reporting over the years. He noted that the EITI follows up on revenues and that the communities feel empowered to ask questions of the government and companies. He also noted the negative impact on mining firms given the instability in the North in 2012. He questioned whether the EITI had been self-critical in terms of an understanding of whether the actual structure works as intended. He noted that communication and logic between the three structures needed to be improved and that it was key to have the right structures involved so that the process could have a true impact.

Partners noted that the EITI has helped communities understand the sector better. It was noted that some communities felt that the sector extracts resources and leave poverty in their wake. The EITI has helped with providing more information on the contribution of the sector. Companies shared this perspective. Referring to a dissemination event in Sikasso, a company representative noted the community trusted EITI information, which was not the case for company data. It was noted that the demand for regional EITI offices came from the communities themselves in a bid to better monitor resource management and use within their communities.

It was noted that the publication of information on sub-national payments, trade tax would make the EITI ever more pertinent to communities. Communities were previously trying to reproduce the work of the EITI with limited success. A company representative noted that he had attended a workshop organized by PWYP in Kalana in 2013. This helped resolve a crisis on the site at the end of 2012 through providing information on the issue of the trade tax.

A government representative noted that there was already better harmonization of government structures and in the organization of archives with his government agency. The EITI was felt to impose

a certain accounting rigour in classifying archives. Company representatives also noted that is now a better accounting of receipts delivered to companies by the government. A civil society representative noted that previously there were missing pages in the mining registers. Computerization has helped reduce these inconsistencies and has had a deterrent impact on operators in the sector. Another government representative opined however that it was too early to talk about the real impact of the EITI which can be evaluated at a later stage as reforms are implemented.

Annexes

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⁶² Includes stakeholders consulted during the November 2015 pilot validation.

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