

# ISLAMIC REPUBLIC OF MAURITANIA

National Committee for the  
Extractive Industries Transparency Initiative

## VALIDATION REPORT

Appendix IV, Payment certificate,  
to be completed

*This Validation Report has been translated from French  
by the EITI International Secretariat  
Should any doubt arise, the French version prevails*



# ISLAMIC REPUBLIC OF MAURITANIA

## National Committee for the Extractive Industries Transparency Initiative

### SYNTHESIS

Since signing up in 2005, the government of the Islamic Republic of Mauritania has implemented the Extractive Industries Transparency Initiative with the following features:

- A scope which includes the majority of revenues from the extractive industry sector
- Extensive sign up among companies
- Enthusiastic participation in the process on the part of civil society
- Preparation and publication of two high quality EITI reports on the basis of data for 2005 and 2006

On this basis, we consider that the national Initiative has undoubtedly achieved sufficient progress to recommend that the Islamic Republic of Mauritania be declared a Compliant country.

Without prejudice to the aforementioned judgement, we believe that special attention should be paid to ensuring that independent Reconcilers' reports are published regularly.



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Committee  
BP 2735 Nouakchott  
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Paris, 9 September 2010

## EXECUTIVE SUMMARY

Subject: VALIDATION REPORT  
EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE OF THE ISLAMIC REPUBLIC OF  
MAURITANIA

Dear Mr. President,

### *The context*

The Extractive Industries Transparency Initiative (EITI) aims to improve transparency of revenues from extractive activities in countries with oil, gas and mining resource wealth.

Mauritania signed up to EITI in 2005 and has held Candidate country status since 2007. In order to attain Compliant country status, Mauritania must provide the EITI International Secretariat with an independent assessment of its progress in implementing EITI principles: i.e. Validation.

The present Validation covers the period from the date at which the country signed up to EITI to the date of this Report.

Our firm, CAC 75, was selected through an international invitation to tender to carry out Validation of the Initiative in Mauritania, in the capacity of Validator accredited by the EITI International Secretariat, on the basis of agreed-upon procedures and in accordance with the Validation Guide.

### *Tasks completed*

We began our work in January 2010 by analysing the supporting documentation of the EITI Process in Mauritania. Special attention was paid to work plans 2005 and 2006 and the work plan for the period 2009-11; to decrees; minutes of National Committee meetings; and also to the 2005 and 2006 EITI reports by the independent Reconciler. We also sent self-evaluation forms to those companies within the scope of the project as defined by the National Committee.

We then held a series of interviews in Nouakchott and Paris with representatives of different stakeholders: the Director of the Office of the Prime Minister; the President of the National EITI Committee (CNITIE); the independent Reconciler of the 2005 and 2006 EITI reports; the independent Reconciler recently recruited to carry out the data reconciliation for 2007 and 2008; the Permanent Secretary; and the majority of the members of the National Committee. Further interviews (a complete list appears in Part 2 of this Report) enabled us to collect the opinions of former members of the National Committee, of representatives of Mauritanian civil society outside of the National EITI Committee, of elected representatives from the Senate and the National Assembly, and of representatives of the World Bank in Mauritania.

This Validation Report was discussed with the National Committee, in May and then in September 2010, and endorsed by the said Committee on 7 September 2010.

### *Validation overview*

- *Country Work Plan*

*A detailed analysis of the work plans appears in Part 3 of this Report.*

The National Committee has created, endorsed and published three work plans. The first plan was for 2006, the second for 2007, and the most recent covers 2009-11. Work plans 2006 and 2007 each comprised ten key targets with a timetable for implementation but they were not costed. 2008 did not see the publication of a work plan.

The work plan for 2009-11 was published recently. It comprises 35 planned actions costed at a total of US\$1 111 500 over three years, broken down as follows: US\$161 500 for communication and dissemination; US\$190 000 for capacity building for stakeholders; and US\$760 000 for the Initiative administration costs, the Validation process and publication of forthcoming EITI reports.

The actions set out in work plan 2006 were implemented and those of work plan 2007 were partially implemented. Work plan 2009-11 is still in progress. It appears in Appendix I.

- *Progress to date*

Analysis of EITI implementation reveals three consecutive phases since Mauritania signed up to EITI. During the first phase, 2005-08, initial implementation achieved a high standard. Then, during the democratic transition of the country, August 2008 to July 2009, the Initiative was disrupted by debates of a political nature within the National Committee. The rate of progress of the Initiative slowed down considerably. The third phase began after the July 2009 elections when the government decided to relaunch the Initiative. A Multistakeholder Group was formed with a new President. A detailed, fully costed, work plan was discussed with representatives of the World Bank, endorsed by the National Committee and published on the Initiative website. Workshops on dissemination, training and networking have taken place regularly since November 2009. The independent Reconciler responsible for data reconciliation for 2007 and 2008 has just been chosen.

We found satisfaction among civil society representatives and support among companies for EITI implementation in Mauritania.

- *The Validation Grid*

*A detailed analysis of the Validation Grid and the corresponding indicators appears in Part 4 of this Report.*

Based on the achievements described above, we consider that Mauritania has achieved EITI Compliance for all the indicators. However, special attention should be paid to monitoring the progress of indicators 4 and 13.

- *Company implementation of EITI*

We understand that nine companies account for the majority of extractive industry revenues received by the State. Of these, four are mining companies and five oil companies. All of them took part in the data reconciliation exercises. All responded to our self-evaluation forms and we were able to interview their representatives.

However we note that, since the acquisition of the Woodside assets by Petronas, there has certainly be a fall in the levels of participation by the major oil company of the country.

Among the other extractive industry companies, some of them responded to our self-evaluation forms. The majority did not participate in the 2005 and 2006 data reconciliation exercises but declared their willingness to support the national Initiative and to participate fully in future reconciliations even though their activities are often limited to holding operating permits.

*An analysis of the responses received appears in Part 5 of this Report while the responses to the forms appear in Appendix II.*

- *Recommendations*

On the basis of the evidence set out above, we believe that certain actions would facilitate an improvement in the quality of national Initiative implementation. These recommendations are set out in the sixth and final part of the Report.

Yours sincerely,



Hugues Renaux  
Associé CAC 75

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## KEY ABBREVIATIONS USED IN THIS DOCUMENT

### Government bodies

BCM	Central Bank of Mauritania ( <i>Banque Centrale de Mauritanie</i> )
MIM	Ministry of Industry and Mines
MPE	Ministry of Oil and Energy ( <i>Ministère du Pétrole et de l'Énergie</i> )

### Civil society

AMM	Mayors' Association of Mauritania
CFSC	Civil Society Cyber Forum
GBG	Good Governance Group
PCQVP	Publish What You Pay ( <i>Publiez Ce Que Vous Payez</i> )
PSC	Civil Society Platform

### Companies

MCM	Mauritanian Copper Mines
SMH	Mauritanian Hydrocarbons Company ( <i>Société Mauritanienne des Hydrocarbures</i> )
SNIM	National Industrial and Mining Company ( <i>Société Nationale Industrielle et Minière</i> )

# **E** **EITI IN MAURITANIA**

EITI objective

EITI Validation process

The extractive industries in Mauritania

The Initiative in Mauritania

Scope of the national Initiative



## ✓ EITI objective

The Extractive Industries Transparency Initiative (EITI) aims to improve transparency over payments which oil, gas and mining companies make to the government of a country.

Countries sign up voluntarily and implementation is the responsibility of governments.

Each country is free to choose its own practical means of implementation within EITI rules. Therefore the national Initiative must guarantee the following<sup>1</sup>:

### **1. Regular publication of payments and revenues received by governments from oil, gas and mining companies**

“Regular publication of all material oil, gas and mining payments by companies to governments (“payments”) and all material revenues received by governments from oil, gas and mining companies (“revenues”) to a wide audience in a publicly accessible, comprehensive and comprehensible manner”<sup>1</sup>.

### **2. Audit of payments and revenues according to international standards**

“Where such audits do not already exist, payments and revenues are the subject of a credible, independent audit, applying international auditing standards”.

### **3. Reconciliation of payments and revenues by an independent Administrator**

“Payments and revenues are reconciled by a credible, independent Administrator, applying international auditing standards and with publication of the administrator’s opinion regarding that reconciliation including discrepancies, should any be identified”.

### **4. Participation of state-owned companies**

“This approach is extended to all companies including state-owned enterprises”.

### **5. Active involvement of civil society**

“Civil society is actively engaged as a participant in the design, monitoring and evaluation of this process and contributes towards public debate”.

### **6. Development and publication of a detailed, financially sustainable work plan**

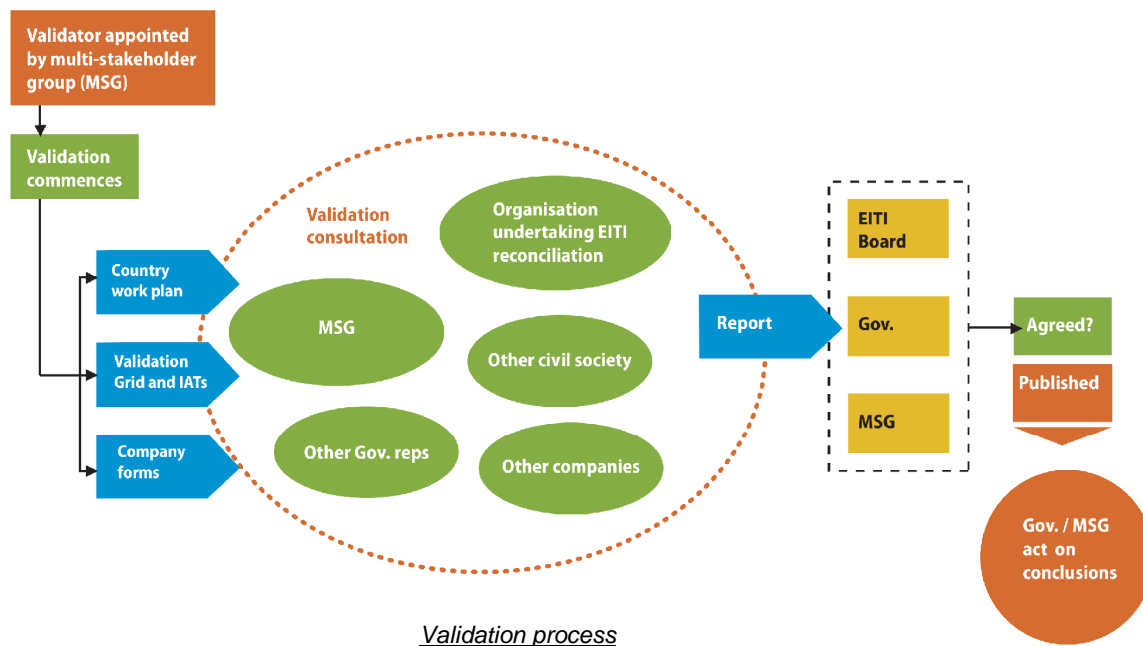
“A public, financially sustainable work plan for all the above is developed by the host government, with assistance from the international financial institutions where required, including measurable targets, a timetable for implementation, and an assessment of potential capacity constraints”.

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<sup>1</sup> Criteria from the EITI Validation Guide

## ✓ EITI Validation process

The purpose of Validation is to judge whether the national Initiative has achieved EITI Compliance. The Validation process can be broken down as follows:



The Validator uses three key documents in accomplishing the task:

- The country Work Plan, established and endorsed by the National Committee (work plan 2009-11 appears in Appendix I)
- The company self-evaluation forms submitted to the Validator (Appendix II)
- The EITI Validation Guide published by the International Secretariat (Appendix III)

Validation begins with an analysis of the supporting documentation relating to the development of the EITI Process in the country. Self-evaluation forms are sent to the companies involved for them to assess the quality of their own EITI implementation.

Validation continues through a series of interviews with the stakeholders of the Initiative, in particular: the Multistakeholder Group, i.e. representatives of the government, companies and civil society; the organisations appointed to reconcile the figures; and other key stakeholders including funding organisations, companies and civil society organisations outside the Multistakeholder Group.

The Validation Report includes:

- Progress of the country Work Plan
- Analysis of each indicator in the Validation Grid
- The completed Validation Grid
- Progress of company implementation of EITI rules
- Self-evaluation forms received from companies
- Overall assessment of national Initiative implementation

The Validation Report is sent to the Multistakeholder Group for comment and endorsement and then to the EITI Board for its decision on country compliance.

## ✓ The extractive industries in Mauritania

Mauritania possesses vast deposits of iron, copper, gold, gypsum and salt. Numerous exploratory operations are attempting to determine the potential of other mineral reserves such as uranium, chromium, lithium, beryllium, kaolin and diamond.

In the hydrocarbons sector, since 2006 there has been licensed prospecting in the Chinguetti off-shore oil field off the coast of Nouakchott. Other investigations are continuing both off-shore and on-shore.

In 2005, 34 extractive industry companies appeared in the mining and oil registries in Mauritania. Currently, the number is 66 of which 53 are mining and 13 oil related. However, nine companies account for the majority of extractive industry revenues received by the State. Of these, four are mining companies and five oil companies.

Regulation of mining activities is largely based on the Mining Code of 1999 and each company signs an agreement with the Ministry of Mines defining its particular conditions. The oil sector is regulated in the same way with Regulation 88.151 “pertaining to legal and fiscal regulation of the exploration and exploitation of hydrocarbons” and production-sharing contracts granted by the Ministry of Oil and Energy.

## ✓ The Initiative in Mauritania

Mauritania signed up to EITI in October 2005 in order to improve transparency of payments in the mining sector (iron, copper and gold) and the oil sector. The country was declared a Candidate in September 2007.

The 2006 and 2007 work plans and the 2005 and 2006 reports were all published in 2007 on the Initiative website at: <http://www.cnitie.mr>

Unrest linked to the democratic transition, which lasted from 2008 until the elections of July 2009, disrupted the work of the Initiative slowing down progress considerably.

After the July 2009 elections, in a more stable political climate, the government relaunched the Initiative and a Multistakeholder Group was re-established at the end of November 2009.

The 2009-11 work plan has since been endorsed and published, a Validator has been recruited as has the independent Reconciler for the 2007 and 2008 data reconciliation exercises.

## ✓ Scope of the national Initiative

### • Sectors included

The Initiative in Mauritania currently covers two of the three extractive industry sectors specified by EITI: the mining sector and the oil sector.

### • Companies

The companies involved are those which appear in the country's mining and oil sector registers.

In 2005, 34 extractive industry companies appeared in the registers. Of these, 19 were in the mining industry and 15 in the oil industry. In 2006, they numbered 38 of which 21 were in the mining industry and 17 in the oil industry.

Today, 66 companies are involved of which 53 are in the mining industry and 13 in the oil industry. The vast majority of the extractive industry companies engaged in prospecting are generally relatively inactive in the country and account for a very small part of payments to the State.

As such, only nine companies contribute to the bulk of the State extractive industry revenues:

- four mining companies and
- five oil companies

The four main mining sector companies in the country are<sup>2</sup>:

Mining sector	Ore	Ownership	Zone	Phase
Mauritanian Copper Mines (MCM)	Copper, gold	Private	Akjoujt	Production
National Industrial and Mining Company (SNIM)	Iron	Public	Zouérate	Production
Sphere Investments	Iron	Private	Zouérate	Exploration
Tasiast Mauritanie Limited SA	Gold	Private	Tasiast	Production

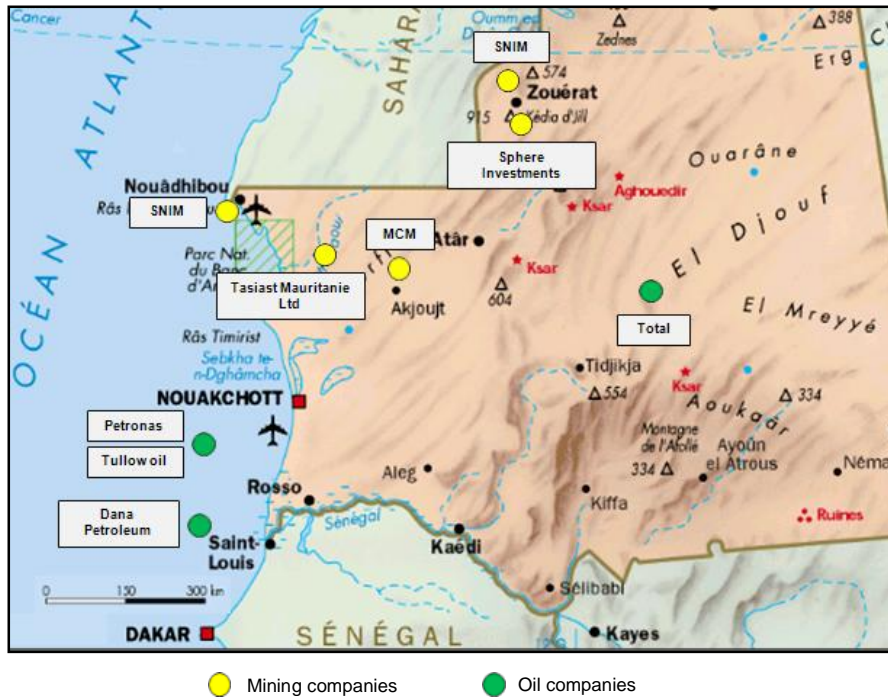
The five main oil sector companies in the country are<sup>3</sup>:

Oil sector	Ownership	Zone	Phase	Operate
Dana Petroleum	Private	Off-shore	Advanced Exploration	yes
Petronas	Private	Chinguetti	Production	yes
Mauritanian Hydrocarbons Company (SMH)	Public	Chinguetti and others	Production	no
Total E&P	Private	On-shore	Advanced Exploration	yes
Tullow Oil	Private	Chinguetti	Production	no

<sup>2</sup> In alphabetical order

<sup>3</sup> In alphabetical order

The geographical distribution of these companies is presented on the map below:



*Distribution of extractive industry companies  
in Mauritania*

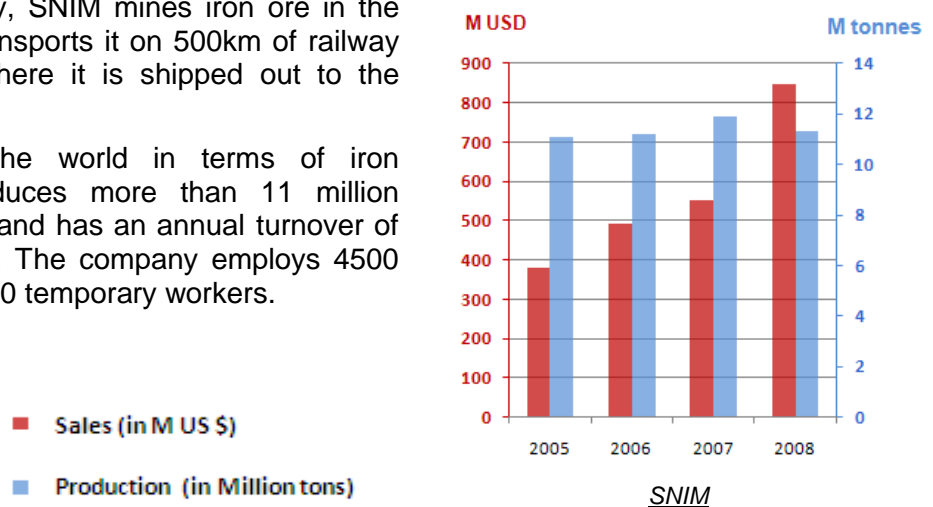
## ● Mining activities

Among the mining companies on the mining register, four companies represent the bulk of the mining activity in the country: SNIM, MCM, Tasiast Mauritanie Limited SA and Sphere Investments.

### National Industrial and Mining Company (SNIM, *Société Nationale Industrielle et Minière*)<sup>4</sup>

A state-owned company, SNIM mines iron ore in the Zouerate region and transports it on 500km of railway to Nouadhibou from where it is shipped out to the international markets.

Ranking seventh in the world in terms of iron production, SNIM produces more than 11 million tonnes of iron per year and has an annual turnover of more than \$800 million. The company employs 4500 permanent staff and 2800 temporary workers.



<sup>4</sup> SNIM – Annual Report 2008

### Mauritanian Copper Mines (MCM)<sup>5</sup>

A privately owned company, MCM mines gold and copper-rich ores at Guelb Moghreïn, near Akjoujt. The company employs more than 1 000 members of staff and annually produces 32 000 tonnes of copper and 100 000 ounces of gold (2.8 tonnes). It has an annual turnover of US\$191 million.

### Tasiast Mauritanie Limited SA<sup>6</sup>

Tasiast Mauritanie Limited SA is a privately owned mining company specialising in gold mining. Its mine is situated 250km north of Nouakchott. The mine has been productive since July 2007 and produces 140 000 ounces of gold per year (4 tonnes). It has an annual turnover of US\$157 million. The company employs 480 people.

### Sphere Investments

Like SNIM, Sphere Investments specialises in processing iron ore. The company, which is privately owned, is in the advanced exploration phase and operates on three main sites: near to Zouerate, at Askaf, and at Lebtheinia, east of Nouadhibou. Within two to three years, the company is likely to be producing 8 million tonnes of iron per year. Sphere Investments currently employs 133 people.

## • Oil-related activities<sup>7</sup>

Among the oil companies appearing on the national oil register, five companies account for the bulk of oil-related activity in the country. These companies are in the production or advanced exploration phases. They are : Dana Petroleum, Petronas, SMH, Total E&P Mauritania and Tullow Oil.

Seven companies are in the operating phase:

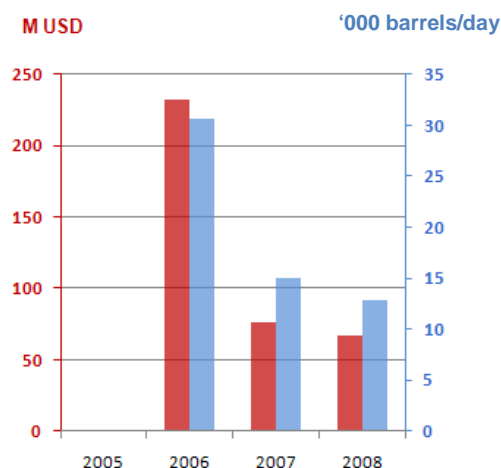
- Two in off-shore blocks: Petronas and Dana Petroleum Ltd
- Five in on-shore blocks (CNPC International Mauritania Limited, Repsol YPF, Total E&P Mauritania, Wintershall, and Zaver Petroleum Corp.)

### National production

Chinguetti is currently the only field in the production phase. It is operated by Petronas which bought up 47% of the contract rights from the company Woodside.

- The contract is shared with Tullow Mauritania Ltd taking 19%, Mauritanian Hydrocarbons Company (SMH) taking 12%, the KUFPEC Group 10%, Premier Oil PLC 3%, and Roc Oil Mauritania 3%.

The initial rate of production of 30 000 barrels per day in 2006 has fallen, stabilising at around 10 000 barrels per day which still brings in revenues of US\$50 million for the State each year.



*Oil production in Chinguetti*

■ Sales (in M US \$)  
■ Production ('000 barrels/day)

<sup>5</sup> Representing MCM on the National Initiative Committee

<sup>6</sup> Red Back Mining –Annual Report 2008

<sup>7</sup> <http://www.petrole.gov.mr/>

### Advanced exploration in Mauritania

Two companies are in the advanced exploration phase:

- Dana Petroleum is exploring close to the Petronas production area and has already been able to demonstrate that its field contains gas.
- Total E&P Mauritania, however, is exploring on-shore. The results of the, already advanced, exploration phases appear promising.

### Mauritanian Hydrocarbons Company (SMH Mauritanian Hydrocarbons Company)

SMH is the state-run company for the hydrocarbons sector. The company owns 12% of the contract operated by Petronas at Chinguetti and holds the rights to several different blocks.

## • Financial flows

The scope of the financial flows (or revenue flows), as established by the National Committee for the 2005 and 2006 reports, includes the following payments specified in the Sourcebook.

In the mining sector:

- Administrative fees
- Annual land royalties
- Single annual fee (SNIM)
- Dividends (SNIM)

In the oil sector:

- Annual land royalties
- Bonuses
- Profit oil
- Direct profits taxes
- Contribution to training for government agents

The 2005 and 2006 reports include reconciliation of payments and revenues based on aggregated data and contain very few discrepancies.

We understand that the scope of the financial flows for the 2007 and 2008 reports should be similar to that of earlier EITI reports.

## **INTERVIEW PARTICIPANTS**

Members of the National Committee

Elected representatives and members of the government

Independent Reconciler of EITI reports 2005 and 2006

Independent Reconciler recruited for EITI reports 2007  
and 2008

Members of previous committees

World Bank

Companies outside the National Committee

Civil Society organisations outside the National  
Committee



The people whom we met during the Phase II interviews for the EITI Validation process in Mauritania are listed below.

Participants were interviewed individually so that they could engage in free and constructive dialogue with the Validator.

## ✓ Members of the National Committee

Name	Office/title	Represented organisation
<i>Government representatives</i>		
Sidiould Zeine	President CNITIE	Prime Minister's Office
Mohamed Mokhtarould Mohamed Yeslem	Adviser	Ministry of Finance
Mohamed Salemould Boidaha	Director	Ministry of Oil and Energy
Wane Ibrahim Lamine	Director	Ministry of Industry and Mines
Ahmedouould Ely	Adviser	Ministry of Economic Affairs and Development
Hamoudould T'feil	Director	Commission on Human Rights, Humanitarian Action and Relations with Civil
Abacarould Amanetoullah	Director of Environmental Monitoring	Acting Minister for the Prime Minister responsible for the Environment & Sustainable Development
Ethmaneould Brahim	Head of Foreign Exchange Controls	Central Bank of Mauritania

Name	Office/title	Represented organisation
<i>Civil society representatives</i>		
Taleb Khyar	Barrister	National Association of Lawyers
Youssoupha Diallo	Accountancy Expert	National Association of Accountancy Experts
Youssef Abdelfettah	Mayor of Boutilimitt	Association of Mauritanian Mayors
Sidiould el Mane	Mayor of Akjoujt	Association of Mauritanian Mayors
Mohamed Fallould Oumeir	Journalist	La Tribune - Association Presse
Wane Ibra Mamadou	President	Publish What You Pay Coalition
Coumba Mamadou Sy	Member	Publish What You Pay Coalition
Yarba Fall Ahmed Ghaly	Member	Publish What You Pay Coalition
Abdallahiould Moussaould Cheikh Sidiya	Lawyer / President	Civil Society Platform
Fatma Mint Meinat	Member	Civil Society Platform
Ahmedould Zeidane	President	Good Governance Group, member of the Civil Society Platform
Chreiva mint Med Laghdaf (Khattou)	President	Civil Society Cyber Forum
Mohamed Mahmoudould Dahi	President	Civil Society Cyber Forum

Name	Office/title	Represented organisation
<i>Representatives of companies</i>		
Yahyaould Mohamed Beiba	Acting Director for Research, Development and Modernisation	National Industrial and Mining Company (SNIM)
Aboubekrineould Abderahmane	Administrative Director	Mauritanian Copper Mines SA
N'Dahould Mohamed Saleh	Country Manager	Sphere Investments
Harounould Rajel	Director of External Relations	Tasiast Mauritanie Limited
Khroumbaly Mohamed	Auditor	Mauritanian Hydrocarbons Company (SMH)
Mohamedould Limam	Representative	Dana Petroleum
Pierre Desvoyes	Director	Total E&P Mauritania
Kemal Mohamedou	Country Manager	Tullow Oil

## ✓ Elected representatives and members of the government

Name	Office/title	Represented organisation
Aliounould Issa	Office Director	Prime Minister's Office
Mohamedould Beybou	Nouadhibou Senator	Senate
Cheikhould Znagui	Inchiri Senator	Senate
Mohamed Lemineould Ahenna	Akjoujt Governor	Governor's Office

## ✓ Independent Reconciler of EITI reports 2005 and 2006

Name	Office/title	Represented organisation
Philippe Mongin	Partner	Ernst & Young

## ✓ Independent Reconciler recruited for EITI reports 2007 and 2008

Name	Office/title	Represented organisation
Anton M�elard de Feuardent	Partner	Fair Links

## ✓ Members of previous committees

<b>Name</b>	<b>Office/title</b>	<b>Represented organisation</b>
Mohamed ould Nanny	Former President of the CNITIE	Prime Minister's Office
Mohamed ould Sidi ould Delahi	President	Mauritanian Party for the Environment
Yahya ould Bechir	Accountancy Expert	National Association of Accountancy Experts
Abdallahi ould Loudaa	Technical Adviser to written press and audiovisual media	Ministry of Communication
Mohamed Salem ould Mohamed Abdalahi	Barrister	National Association of Lawyers
Mohamed Abdallahi ould Dahane	President	Democratic Alliance Party

## ✓ World Bank

<b>Name</b>	<b>Office/title</b>	<b>Represented organisation</b>
Herminie Delanne	Consultant	World Bank
Haroun ould Sidatt	Consultant	World Bank

## ✓ Companies outside the National Committee

<b>Name</b>	<b>Office/title</b>	<b>Represented organisation</b>
Tutiana Wan Noor	Business developper	Petronas

## ✓ Civil Society organisations outside the National Committee

<b>Name</b>	<b>Organisation represented</b>
El Hassen ould Taleb	National Grouping of Agro-Sylvo-Pastoral Cooperative Associations
Zeinebou Abdoul Diallo	AFBE
Mohamed ould Tati	APE
Tate mint Mohamedou	APLVA
Syede Mint Yenge	ASPOM
Balle ould Mohamed Vall	CP
Diagan Cheikna	ECP
Abdellahi ould Nabaghou	ECP
Fatimata Gandega	Education des Filles
Kane Aliou	FB
Hamady ould Cheiroune	FCB
Moulaye Zeïne	FCP
Oumar ould Bilal	FNCB
El Hacen ould Hamada	FNCB
Breika ould M'barek	FPODCD
Tadian Isakha	GNA
Wane Sada	Hygiène Environnement Développement
Medsalem ould Laghdaf	ONA
Ahmed Vall ould Boumouzouna	ONG Agir en Faveur de l'Environnement
Bint Adellah Fatma	ONG El Karama
Khady Fall	ONG El Karama
Mohamed Yahya ould Hamoud	ONG OMASSAPE
Hanefi	SOS ABBERE

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In addition, we were able to attend the EITI awareness-raising seminar and presentation by Mauritanian Copper Mines (MCM) at Akjoujt in January 2010.

**PART 3**

# COUNTRY WORK PLAN

Progress since 2005

Key points of work plan 2009-11

The National Committee has created, endorsed and published three work plans: the first for 2006, the second for 2007, and the final one for the period covering 2009-11. The absence of a work plan for 2008 is due to disruption resulting from the democratic transition.

## ✓ Progress since 2005

### • Work plan 2006

Work plan 2006 included ten key actions with implementation envisaged from January 2006 to April 2007. It largely concentrated on establishing the legal and institutional framework of the EITI Process. Among the objectives were the recruitment of a firm to prepare the 2005 EITI report, publication of the report and implementation of awareness-raising workshops.

Although it does include a timetable, this work plan was not costed.

The 2006 work plan was published on the Initiative website and the agreed actions were implemented.

### • Work plan 2007

Work plan 2007 also included ten key actions with emphasis on communications, the construction of a database, capacity building for civil society and preparation of the 2006 report by the independent Reconciler.

The timeline extended from February to September 2007.

It was not costed and certain actions could not be implemented. These were:

- Creation of a legal and fiscal database on the extractive industry sector
- Creation of documentary archive on the extractive industries
- Subscription to specialist publications
- Research into synergy with civil society organisations

It was published on the Initiative website.

### • Absence of 2008 work plan

The period of democratic transition (August 2008 to July 2009) and the political unrest which Mauritania experienced at the time did not facilitate regular monitoring of EITI activities. The process was disrupted and the National Committee was not able to establish a 2008 work plan or to complete the actions outstanding from the previous work plan.

## ✓ Key points of work plan 2009-11

Work plan 2009-11 (see Appendix I) comprises 35 key actions, grouped under three main headings:

- EITI administration process
- Capacity building
- Communications and dissemination

It was discussed and endorsed by the National Committee in November 2009 and published on the Initiative website in January 2010.

It was also discussed with representatives of the World Bank.

Like the two earlier work plans, it includes a timetable. However, each action is now costed and the expected source of funding indicated.

The budget for the independent Reconciler is estimated at US\$200 000 for the years 2007-08-09 and at US\$125 000 for the years 2010-11. The cost of Validation is estimated at US\$100 000.

Over the three years, the Mauritanian State expects to finance over 40% of the Initiative (73% in 2009) with over 35% from various funding organisations and over 20% from the World Bank Multi Donors Trust Fund.

The provisional budgets for the three years are as follows:

- US\$469 000 for 2009
- US\$332 500 for 2010
- US\$310 000 for 2011

Distribution among the three areas of expense as follows:

- US\$760 000 for the EITI administration process
- US\$190 000 for capacity building
- US\$161 500 for communications and dissemination

Over the three years, the total cost is US\$1 111 500 which is expected to be met as follows:

- Mauritanian State – US\$481 000
- World Bank Multi Donors Trust Fund – US\$235 000
- Other funding organisations – US\$395 500

The following actions from work plan 2009-11 have been successfully implemented:

- National Committee for 2009 currently operational
- Participation in the Doha Conference
- Renewal of the National Committee in November 2009
- Launch of the Validation process
- EITI awareness-raising seminar at the Palais des Congrès in Nouakchott attended by four ministers in December 2009
- Dissemination workshop in Akjoujt. Presentation and visit to the Mauritanian Copper Mines (MCM) production site in January 2010
- Recruitment of the independent Reconciler for the 2007 and 2008 data

# THE VALIDATION GRID

National Initiative progress to date

The Validation Grid

Analysis of indicators



## ✓ National Initiative progress to date

Since Mauritania signed up to the Extractive Industries Transparency Initiative in 2005, there have been three distinct phases to implementation:

- A successful initial implementation (2005-08)
- Difficulties during the democratic transition of the country (2008-09)
- Relaunch of the Initiative from July 2009

### • A successful initial implementation (2005-08)

The calibre of the initial implementation of the Initiative appears to have facilitated swift fulfilment of the EITI Criteria.

The Multistakeholder Group created, published and implemented the first work plans. Civil society representatives participated in training in Mauritania and at certain international conferences (Oslo in October 2006, Libreville in June 2007, Kinshasa in April 2008) and played an active role in the Process. An independent Reconciler (Ernst & Young, Paris) reconciled the data for the years 2005 and 2006 which were supplied by the majority of the companies involved. The two reports were widely disseminated and published on the national Initiative website.

### • Difficulties during the democratic transition of the country (2008-09)

The period of democratic transition (August 2008 to July 2009) and the political unrest which Mauritania experienced at the time did not facilitate regular monitoring of EITI activities. The Process was put on hold and the rate of progress within the Initiative slowed down considerably.

During this period, and despite the withdrawal of support from funding organisations, Mauritania nevertheless continued participating in international EITI meetings with civil society representatives attending at Oslo, October 2008, and Doha, February 2009. Furthermore, the country was nominated as a member representing “implementing countries” on the International EITI Board in February 2009.

We also understand that, during this period, the civil society representatives, in particular the Mauritanian branches of Publish What You Pay, were able to continue their awareness-raising and information activities.

### • Relaunch of the Initiative from July 2009

After the July 2009 elections, the government<sup>8</sup> relaunched the Initiative. The Multistakeholder Group was reformed. An ambitious, detailed and costed work plan was endorsed by the National Committee and discussed with representatives of the World Bank. It was also published on the Initiative website.

Workshops on disclosure, training and discussion have taken place regularly since November 2009.

- November 2009, Preparation for Validation, attended by Mr. Tim Bittiger representing the EITI International Secretariat
- December 2009, EITI awareness-raising seminar at the Palais des Congrès in Nouakchott attended by four ministers

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<sup>8</sup> Letter from the Prime Minister to Peter Eigen, 8 October 2009

- January 2010, disclosure workshop in Akjoujt attended by the governor and senators. Presentation and visit to the Mauritanian Copper Mines (MCM) production site.

During the interviews, we were able to confirm:

- Full participation and satisfaction of the civil society representatives
- Support for the Initiative from representatives of the main companies, confirmed by the self-evaluation forms received.

The 2007 and 2008 EITI reports have not been published to date but we understand that an independent Reconciler has just been appointed for those years.

## ✓ The Validation Grid

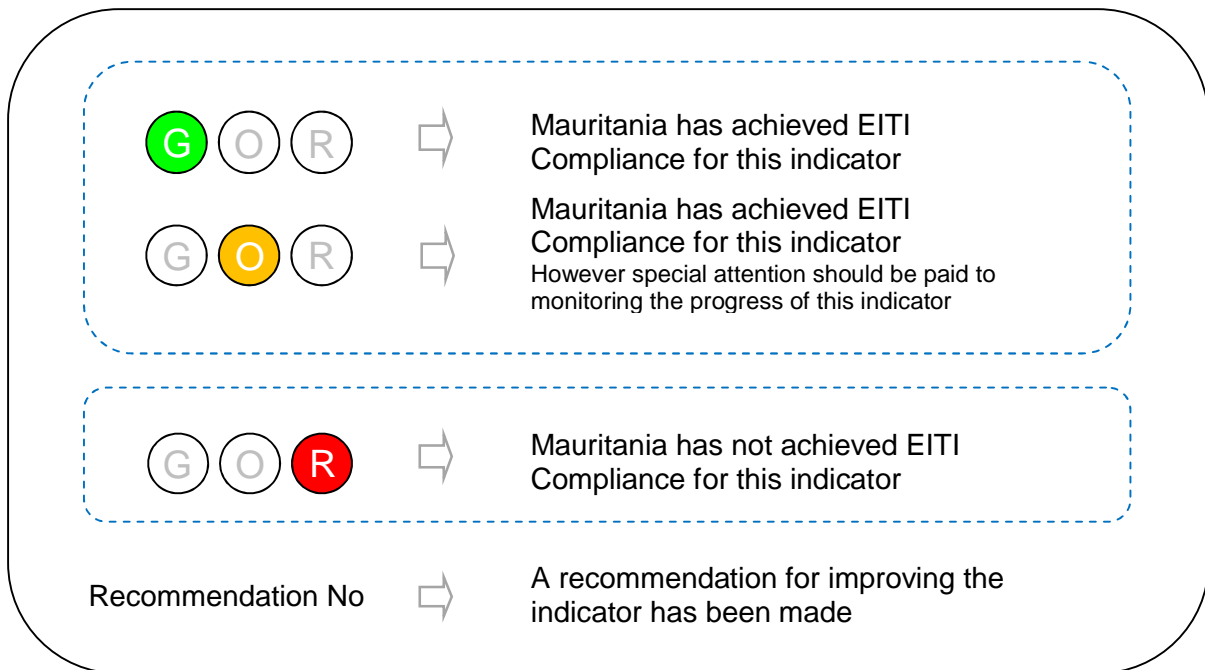
### • Summary of our judgement

On the basis of the achievements described in the Introduction, we consider that Mauritania has achieved EITI Compliance for all the indicators. However, special attention should be paid to monitoring the progress of indicators 4 and 13.

### • Steps in the judgement process

In order to make our Validation Report easier to read, we have used the visual aid below. It is colour-coded (green, orange and red) to show whether the Islamic Republic of Mauritania has achieved Compliance (green and orange) or not (red) for the indicator in question.

Where a recommendation has been made, it is indicated by the word “Recommendation” followed by a number. A complete list of recommendations appears in Part 6 of this Report.



Colour coding to show Compliance with Validation  
Grid indicators

• The Validation Grid

EITI Implementation			
SIGN-UP	PREPARATION	DISCLOSURE	DISSEMINATION
<p>1. Has the government issued an unequivocal public statement of its intention to implement EITI? <b>G</b> <b>O</b> <b>R</b> Recommendation No 1</p>	<p>5. Has the government established a multi-stakeholder group to oversee EITI implementation? <b>G</b> <b>O</b> <b>R</b></p>	<p>10. Is the multi-stakeholder committee content with the organisation appointed to reconcile figures? <b>G</b> <b>O</b> <b>R</b></p>	<p>14. Were all material oil, gas and mining payments by companies to government ("payments") disclosed to the organisation contracted to reconcile figures and produce the EITI Report? <b>G</b> <b>O</b> <b>R</b></p>
<p>2. Has the government committed to work with civil society and companies on EITI implementation? <b>G</b> <b>O</b> <b>R</b></p>	<p>6. Is civil society engaged in the process? <b>G</b> <b>O</b> <b>R</b></p>	<p>11. Has the government ensured that all companies will report? <b>G</b> <b>O</b> <b>R</b></p>	<p>15. Were all material oil, gas and mining revenues received by the government ("revenues") disclosed to the organisation contracted to reconcile figures and produce the EITI Report? <b>G</b> <b>O</b> <b>R</b></p>
<p>3. Has the government appointed a senior individual to lead on EITI implementation? <b>G</b> <b>O</b> <b>R</b></p>	<p>7. Are companies engaged in the process? <b>G</b> <b>O</b> <b>R</b></p>	<p>12. Has the government ensured that company reports are based on audited accounts to international standards? <b>G</b> <b>O</b> <b>R</b> Recommendations No 3, 4 and 10</p>	<p>16. Was the multi-stakeholder group content that the organisation which was contracted to reconcile the company and government figures did so satisfactorily? <b>G</b> <b>O</b> <b>R</b></p>
<p>4. Has a fully costed Work Plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)? <b>G</b> <b>O</b> <b>R</b> Recommendation No 2</p>	<p>8. Did the government remove any obstacles to EITI implementation? <b>G</b> <b>O</b> <b>R</b></p>	<p>13. Has the government ensured that government reports are based on audited accounts to international standards? <b>G</b> <b>O</b> <b>R</b> Recommendations No 5 and 11</p>	<p>17. Did the EITI Report identify discrepancies and make recommendations for actions to be taken? <b>G</b> <b>O</b> <b>R</b> Recommendation No 3,4 and 5</p>
	<p>9. Have reporting templates been agreed? <b>G</b> <b>O</b> <b>R</b></p>		<p>18. Was the EITI Report made publicly available in a way that was: – publicly accessible; – comprehensive; and – comprehensible? <b>G</b> <b>O</b> <b>R</b> Recommendation No 6</p>

EITI Validation Grid in Mauritania

## ✓ Indicator 1: Has the government issued an unequivocal public statement of its intention to implement EITI?

### ■ Progress to date

The Mauritanian government has, on numerous occasions, through its official representatives, expressed a willingness to engage fully in the EITI Process.

- Sign up declaration of the Islamic Republic of Mauritania to the Extractive Industries Transparency Initiative, 25 September 2005
- Letter to the International Secretariat regarding the Sign up of Mauritania, signed by the Minister of Economic Affairs and Development, 19 October 2005
- Public statement by the Prime Minister on the occasion of the creation of the National Committee, 7 September 2006
- Letter from the Prime Minister to Peter Eigen undertaking to implement EITI, 8 October 2009

We note that the Prime Minister, the Minister of Economic Affairs and Development and also the two Presidents of the National EITI Committee have all publicly expressed their willingness to implement EITI.

However, we also note the absence of any comment during the democratic transition phase in the country, August 2008 to July 2009.

We can confirm that, since the national elections of July 2009, there is again a strong political will to promote the national Initiative:

- 5 November 2009, promulgation of a decree pertaining to the creation of a new National Committee
- 15 December 2009, ministerial decree pertaining to the nomination of members of the new Committee
- Nomination to the National Committee of eight senior officials (ministerial advisers and directors)
- 21 December 2009, attendance by four ministers at the EITI awareness-raising seminar at the Palais des Congrès in Nouakchott and public statements

Furthermore, we note clear political signs of the implementation of greater transparency:

- Disclosure of all production-sharing contracts in the country on the website <http://www.petrole.gov.mr>
- Monthly publication of all oil revenues on the website <http://www.tresor.mr>

### ■ Stakeholder views

The stakeholders appreciate the involvement of the Mauritanian State in the EITI Process and consider it sufficient.

### ■ Validator's judgement



Recommendation No 1

On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 1.

## ■ Recommendation

We recommend that the National Committee include the Prime Minister's support for the Initiative on the website <http://www.cnitie.mr>

### ⇒ R1 – Reaffirm the involvement of public authorities in EITI

This recommendation is set out in detail in the Part 6 of this Report.

## ✓ Indicator 2: Has the government committed to work with civil society and companies for the EITI implementation?

### ■ Progress to date

The government has made numerous commitments to work with civil society and companies involved in the Initiative:

- The Minister of Economic Affairs and Development, addressing the Director of the EITI International Secretariat in his letter dated 19 October 2005 relating to the sign up of Mauritania, stressed the willingness of Mauritania to work "in consultation with the different national actors (political parties, private sectors, civil society etc.)".
- During the workshop of 9 May 2006, the Minister of Economic Affairs and Development expressed a wish to engage in "frank and regular dialogue with public opinion and civil society".
- Prime Minister Sidi Mohamed ould Boubacar stressed, in his declaration of 7 September 2006, that the National Committee constituted a space for tripartite discussion between the "government", "extractive industry companies" and "civil society".

This willingness is reflected in the Decree of 5 November 2009 which guarantees wide representation to civil society and companies on the National Committee, according them 14 and 8 seats respectively out of a total of 30 seats.

The fourteen seats held by civil society are assigned as follows:

- "Two representatives of professional associations (lawyers, experts, etc.)
- Two representatives of the independent press
- Two representatives of the Mayors' Association of Mauritania
- Eight representatives of the most representative networks involved in matters relating to EITI, good governance and the environment".

The eight company representatives are:

- Two permanent seats for state-run companies (SNIM and SMH)
- Three seats on a rotating basis for private mining sector companies
- Three seats on a rotating basis for private oil sector companies.

We also note the presence on the National Committee of a representative of the Commission for Human Rights, Humanitarian Action and Civil Society which is a governmental organisation.

It should also be noted that, during the democratic transition period, the government did not withdraw the national Initiative operating budget when the main funding organisations withdrew their support. This enabled certain members of the National Committee, and in particular the civil society representatives, to be present at the EITI conferences in Oslo,

October 2008, and Doha, February 2009. During the latter conference, Mauritania was even elected to the Board of the International Secretariat.

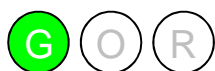
## ■ Stakeholder views

The civil society representatives on the National Committee (i.e. Publish What You Pay, Civil Society Platform, Good Governance Group and Cyber Forum) have indicated their full involvement in the Process and their satisfaction at being able to participate freely in the National Committee and in the information seminars which have taken place in Mauritania and abroad.

Conversely, certain representatives of political parties who were members of the first Committee expressed regret that they were no longer members of the National Committee. Additionally, certain NGOs would like to be represented on it.

However, the NGO members of the National Committee appear to be representative of Mauritanian civil society. Those which express regret at not being members appear more concerned with matters which are not always directly related to the current scope of the Initiative.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 2.

## ✓ Indicator 3: Has the government appointed a senior individual to lead EITI implementation?

### ■ Progress to date

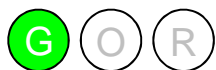
Since the Initiative began, it has been chaired by Mr. Mohamed ould Nany, former minister and adviser to the Prime Minister, and subsequently by Mr. Sidi ould Zeïne, adviser to the Prime Minister.

These two Presidents of the National Committee are senior individuals who enjoy the respect of all the stakeholders. The Sourcebook Recommendation appears to have been fulfilled in this respect.

### ■ Stakeholder views

The stakeholders recognise the qualities of the two successive Presidents of the National Committee and their capacity to remove any obstacles to the implementation of the Process.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 3.

- ✓ Indicator 4: Has a fully costed country Work Plan been published and made widely available, containing measurable targets, a timetable for implementation and an assessment of capacity constraints (government, private sector and civil society)?

## ■ Progress to date

### Work plan 2006

- Work plan 2006 included ten key actions with implementation envisaged from January 2006 to April 2007. It largely concentrated on establishing the legal and institutional framework of the EITI Process. Among the objectives were the recruitment of a firm to prepare the 2005 EITI report, publication of the report and implementation of awareness-raising workshops.
- Although it does include a timetable, this work plan was not costed.
- The 2006 work plan was published on the Initiative website and all the agreed actions were implemented.

### Work plan 2007

- Work plan 2007 also included ten key actions with emphasis on communications, the construction of a database, capacity building for civil society, and preparation of the 2006 report by the independent Reconciler.
- The timeline extended from February to September 2007.
- It was not costed and certain actions could not be implemented. These were:
  - Creation of a legal and fiscal database on the extractive industry sector
  - Creation of documentary archive on the extractive industries
  - Subscription to specialist publications
  - Research into synergy with civil society organisations
- It was published on the Initiative website.

### Work plan 2009-11

- Work plan 2009-11, which appears in detail in Part 3 of this Report, comprises 35 targets grouped under three main headings: EITI administrative process, capacity building, and communications and dissemination.
- Each target has been costed in US dollars with the source of funding (State, World Bank Multi Donors Trust Fund, funding organisations) and implementation period indicated.
- It was also discussed and endorsed by the representatives of the World Bank.
- It was endorsed by the National Committee on 19 November 2009 and published on the Initiative website.
- The following actions from work plan 2009-11 have been successfully implemented:
  - Participation in the Doha Conference
  - Launch of the Validation process



- EITI awareness-raising seminar at the Palais des Congrès in Nouakchott attended by four ministers in December 2009
- Disclosure workshop in Akjoujt attended by the governor and senators. Presentation and visit to the Mauritanian Copper Mines (MCM) production site in January 2010
- Recruitment of the independent Reconciler for the reconciliation and publication of the 2007 and 2008 data

This three-year work plan appears comprehensive and well-balanced. Furthermore, it guarantees the multistakeholder nature of the Initiative and the active participation of civil society.

However, it does not include an assessment of potential capacity constraints and certain actions envisaged for 2009 were not implemented.

## §

We note that the work plans of these last few years were not costed and nor were they subject to an assessment of capacity constraints. Additionally, we note that certain actions of the 2007 work plan were not implemented. Furthermore, we note the absence of a work plan for 2008 due to the unrest during the democratic transition period.

The current 2009-11 work plan has not been subject to an assessment of capacity constraints and certain actions envisaged for 2009 were not implemented.

The delays in the implementation of the work plans are largely related to the tasks of the independent Reconciler. We feel that these delays are not unreasonable, at this stage, and that they have not affected implementation of the national Initiative. We believe that particular attention should be paid to ensuring that independent Reconcilers' reports are published regularly.

## ■ Stakeholder views

The stakeholders indicated that they were regularly consulted on the development of work plans and, in particular, on the work plan for the period 2009-10-11.

Furthermore, this work plan was presented to the enlarged stakeholder group at the seminar held at the Palais des Congrès in Nouakchott, 21 December 2009.

The majority of the civil society and company representatives said that they were satisfied with the implementation of the work plans.

## ■ Validator's judgement



Recommendation No 2

On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 4. Nevertheless, particular attention should be paid to monitoring the progress of this indicator.

## ■ Recommendation

### ⇒ R2 – Assess capacity constraints for work plan 2009-11

This recommendation is set out in detail in the Part 6 of this Report.

## ✓ Indicator 5: Has the government established a Multistakeholder Group to oversee EITI implementation?

### ■ Progress to date

Decree 2006-001, 12 January 2006, created the Multistakeholder Group “responsible for implementing and overseeing the Extractive Industries Transparency Initiative (EITI)”.

On 1 March of the same year, Decree 2006-29 established the Committee structure as: six government representatives, five company representatives, and 18 civil society representatives of which four would be representatives of political parties, two of trade unions, two of employers etc..

Following difficulties encountered in activating the Initiative during the democratic transition period, as debates became politicised, the National Committee structure was modified by the Decree of 5 November 2009. Since then, it has comprised eight government representatives, eight company representatives, and 14 civil society representatives. The National Committee no longer includes representatives of political parties, trade unions or employers.

Representation by the 14 civil society members is distributed as follows:

- “Two representatives of professional associations (lawyers, experts, etc.)
- Two representatives of the independent press
- Two representatives of the Mayors’ Association of Mauritania
- Eight representatives of the most representative networks involved in matters relating to EITI, good governance and the environment”

The eight company representatives are:

- Two permanent seats for state-run companies (SNIM and SMH)
- Three seats, on a rotating basis, for private mining sector companies
- Three seats, on a rotating basis, for private oil sector companies

The eight government representatives are all senior officials, ministerial advisers or directors, with sufficient expertise to fulfil their roles on the Committee.

Article 2 of this same decree recalls that the objective of the Initiative is to guarantee a “maximum contribution of the revenues gained from the extractive industries to the development of the country and the reduction of poverty”.

### §

The civil society representatives on the National Committee belong to the following non-governmental organisations: Publish What You Pay, Civil Society Platform, Good Governance Group and Cyber Forum. They appear to be independent of the government and private sector and are free to express their opinions without restrictions.

We can confirm that, in each phase, the structure of the National EITI Committee followed the tripartite principle stipulated in the EITI Sourcebook: government, companies and civil society.

## ■ Stakeholder views

The stakeholders confirmed that the new National Committee exists and meets regularly. They did not express any particular concerns on this matter.

The civil society representatives on the National Committee (i.e. Publish What You Pay, Civil Society Platform, Good Governance Group and Cyber Forum) signalled their full involvement in the process and their satisfaction at being able to participate freely in the information seminars which have taken place in Mauritania and abroad.

Conversely, certain representatives of political parties who were members of the first Committee expressed regret that they were no longer members of the National Committee and certain NGOs would like to be represented on it.

However the NGO members of the National Committee appear to be representative of Mauritanian civil society while those which express regret at not being members appear more concerned with matters which are not always directly linked to the current scope of the Initiative, notably, extending the scope of the Initiative to include the fishing sector.

The civil society representatives on the National Committee appear to have the required expertise to fulfil their roles within the national Initiative. However, they would like further training on financial and technical matters. Training on these matters appears in work plan 2009-11.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 5.

## ✓ Indicator 6: Is civil society engaged in the process?

### ■ Progress to date

Civil society has 14 representatives out of a total of 30 members on the National Committee. These come from the main non-governmental organisations in the country with an awareness of EITI-related issues: Publish What You Pay, Civil Society Platform, Good Governance Group and Cyber Forum.

The civil society representatives appear independent of the government and the private sector. They are free to express their opinions without restriction.

The minutes of the National Committee meetings show regular and active attendance by civil society members.

We also note the regular attendance by civil society representatives at international EITI-related meetings:

- International Conference on the Extractive Industries Transparency Initiative, Doha, Qatar, 16-18 February 2009
- Meeting to discuss the Validation Process, Oslo, 7 October 2008

- "Ensuring the effective impact of civil society and extractive industry companies on EITI", Kinshasa, 4 April 2008
- Seminar on EITI implementation in Central Africa, Libreville, Gabon, 25-27 June 2007
- Third International Conference on the Extractive Industries Transparency Initiative (EITI), Oslo, Norway, 16-17 October 2006

The Initiative also appears to involve large sections of civil society outside the National Committee in the EITI Process through dissemination and training workshops. For example, key events include:

- EITI information workshop, 9 May 2006
- EITI training seminar, 15 December 2006
- Presentation and discussion workshop on the second national report, the 2006 report, 24 September 2007
- Information and training seminar, 14-15 November 2009
- EITI awareness-raising seminar at the Palais des Congrès in Nouakchott, 21 December 2009
- EITI awareness-raising seminar in association with Mauritanian Copper Mines, Akjoujt, January 2010.

We note that, although the EITI Process slowed down during the democratic transition period, the civil society representatives were active and continued to attend international meetings organised by the EITI International Secretariat including Oslo, October 2008, and Doha, February 2009.

We also note that, during this period, the Mauritanian branches of Publish What You Pay organised the following noteworthy activities:

- Information and training workshop on transparency in the extractive industries, regional Publish What You Pay committee of Akjoujt, 13-15 December in Akjoujt
- Capacity building workshop on good governance and responsible management of revenues from the extractive industries, Publish What You Pay Coalition, 4 May 2009 in Nouakchott
- Mobile awareness-raising in Akjoujt, Zouerate and Nouadhibou, 20-26 May 2009

We also note that work plan 2009-11 includes numerous capacity building activities for civil society and has a provisional budget of US\$190 000.

## ■ Stakeholder views

When questioned as to why the Initiative slowed down in 2008 and 2009, the stakeholders cited meetings disrupted by political arguments in the context of the democratic transition.

The civil society representatives did not express any particular reservations about their effective involvement in the Process although they did specify that the current context is particularly favourable to them.

Since the new National Committee has undertaken its tasks, the civil society representatives have been enthusiastic in implementing the Initiative.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 6.

## ✓ Indicator 7: Are companies engaged in the process?

### ■ Progress to date

The number of extractive industry companies involved has increased markedly since the start of the Initiative: there were 34 in 2005, 38 in 2006 and there are now 66, an average increase of 20% per year. This is yet another proof of the dynamic nature of the extractive sector in Mauritania.

In Mauritania, companies are involved on a voluntary basis.

The nine key companies of the mining and oil sectors all returned their reporting templates to the independent Reconciler for the 2005 and 2006 data. In addition, they all sent us their self-evaluation forms which appear in Part 5 of this Report. Analysis of these forms reveals a real commitment to EITI principles and support for the national Initiative. It is also clear that the companies do not have capacity constraints.

We note that the scope of the Initiative includes, by default, all the companies which appear in the mining and oil registers. However, some of these are either not yet or no longer in the operational phase: others are in the exploration phase. These companies play little or no part in the national Initiative. However we do not believe that this has compromised the quality of the reconciliation reports as these companies contribute only a very small part of the payments to the government, generally limited to land royalties.

The National Committees have always ensured that companies are properly represented (five and eight seats respectively) and the minutes show that their representatives maintain a steady presence at National Committee meetings.

Furthermore, in association with the national Initiative, certain companies have organised awareness-raising and dissemination seminars: SNIM in May 2006 and MCM in January 2010. Others, notably Total, have signed up to EITI at international level.

However we note that, since the acquisition of the Woodside assets by Petronas, there has certainly been a fall in the levels of participation by the main oil company.

### ■ Stakeholder views

The government representatives are satisfied with the level of company participation in the Process. The civil society representatives were satisfied with the company participation in the first two data reconciliation processes. However they expressed doubts about the willingness of Petronas to participate fully in the work of the national Initiative.

The company representatives expressed a wish for greater participation in the Process and volunteered to work in partnership with the National Committee in organising seminars and training on EITI.

### ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 7.

## ✓ Indicator 8: Did the government remove any obstacles to EITI implementation?

### ■ Progress to date

#### Sector regulations

Regulations applicable to oil companies active in Mauritania are drawn largely from Act 88.151 “on the legal and fiscal governance of the exploration and exploitation of hydrocarbons”. Regulations in the mining sector are based on the Mining Code of 1999, partially updated in 2008 and 2009.

In addition to these general texts, specific conditions are detailed in a production-sharing contract for oil companies and an agreement for mining companies.

#### National Initiative Regulations

In Mauritania, EITI implementation is under the control of the Office of the Prime Minister. Three decrees establish the parameters. Decree 2006-001, 16 January 2006, is the foundation text of the National Committee. It was amended by Decree 2006-029, restructuring the National Committee. Decree 2009-231, 24 November 2009, relaunched the Initiative and established the new structure of the National EITI Committee.

#### Voluntary sign up

There is no law obliging mining and oil companies in the country to sign up to or to implement EITI regulations. The involvement of companies in the EITI Process is therefore the result of an approach which is, by nature, voluntary.

Confidentiality clauses present in production-sharing contracts and mining agreements have not generally proved an obstacle to the disclosure of company data.

This non-coercive approach, together with the work of the National Committee in raising awareness and the support of the independent Reconciler, facilitated broad participation by companies in the preparation of the 2005 and 2006 EITI reports.

The National Committee has considered using a legal or contractual clause to make signing up to EITI and data disclosure obligatory. This option will only be implemented if found necessary.

### §

We confirm that the government has removed obstacles to EITI implementation:

- The government has lifted, on a case by case basis, the confidentiality clauses in certain production-sharing contracts and mining agreements
- The government enabled the Initiative to be relaunched by publishing the 5 November 2009 Decree creating the new National Committee on the basis of a less political stakeholder representation.

We also note clear signs of greater transparency being implemented in the extractive industries in the country, especially:

- Disclosure of all production-sharing contracts in the country on the website <http://www.petrole.gov.mr>
- Monthly publication of all oil revenues on the website <http://www.tresor.mr>

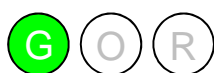
Furthermore, we understand that future production-sharing contracts must include clauses relating to EITI.

## ■ Stakeholder views

Some civil society representatives would nevertheless prefer to impose a legal obligation on companies to declare payments made to the Mauritanian government.

Apart from this issue which, for the time being, the National Committee considers unnecessary and does not wish to pursue, the stakeholders consider that there are no remaining obstacles to implementing the Initiative.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 8.

## ✓ Indicator 9: Have reporting templates been agreed?

### ■ Progress to date

#### EITI reports 2005 and 2006

All stakeholders were in agreement on the choice of companies and benefit streams to be included in the scope of the data reconciliations for 2005 and 2006. In effect:

- All the companies included in the mining register and oil register were included. Only those companies exploiting plaster and cement quarries have been excluded as, in accordance with Suggested action 17b of the Sourcebook, their contributions are not material.
- All the material benefit streams defined by the Sourcebook appear to have been included.
  - o In the mining sector, these are: administrative fees, annual land royalties, single annual fee (SNIM) and dividends (SNIM)
  - o In the oil sector, these are annual land royalties, bonuses, profit oil, direct profits taxes and contributions to the training of government agents complemented by taxes deducted at source.

Discussion centred on the declaration of aggregated and disaggregated data. The civil society representatives wanted disaggregated data. The company representatives opposed this on the grounds that it would undermine data confidentiality and might result in a distortion in competition. The National Committee eventually decided to publish aggregated data.

The formats for the reporting templates for the years 2005 and 2006 were suggested by the independent Reconciler and were accepted by the Multistakeholder Group.

#### EITI reports 2007 and 2008

Definition of the scope of data reconciliation for 2007 and 2008 is currently under discussion in the National Committee. However we understand that the scope of the revenues is likely to be similar to that of previous EITI reports encompassing:

- All the companies included in the mining register and oil register. As per the Sourcebook, only those companies exploiting plaster and cement quarries will be excluded.
- All the material benefit streams defined by the Sourcebook will be included:

- In the mining sector, these were administrative fees, annual land royalties, single annual fee (SNIM) and dividends (SNIM)
- In the oil sector, these were annual land royalties, bonuses, profit oil, direct profits taxes and contributions to the training of government agents

Discussions largely centre on the presentation of data: either aggregated, as in the 2005 and 2006 EITI reports, or disaggregated.

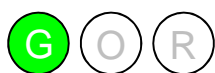
The formats for the reporting templates for 2007 and 2008 have not, as yet, been discussed by the National Committee.

## ■ Stakeholder views

Some civil society representatives would like to extend the Initiative to the fishing sector given its importance nationally. However, the fishing sector mainly comprises operatives on a small-scale which is wholly incompatible with the administrative requirements imposed by the EITI Process. Furthermore, the National Committee did not wish to issue a positive response to this request as it is also incompatible with the operating sectors covered by the EITI Rules.

The representatives of the government, companies and civil society indicated to us that they had endorsed the reporting templates for 2005 and 2006.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 9.

## ✓ Indicator 10: Is the Multistakeholder Group content with the organisation appointed to reconcile figures?

### ■ Progress to date

The selection of the independent Reconciler for the 2005 and 2006 data reconciliation exercises took place during the National Committee meeting of 31 October 2006. Examination of the meeting reports does not reveal any particular comments.

The terms of reference for the recruitment of the independent Reconciler responsible for the 2007 and 2008 data reconciliation were discussed by the National Committee. The Central Procurement Committee received seven proposals. Bidding was opened for technical bids on 7 April 2010. Four bids scored more than 70 points. The opening of financial bids on 15 April 2010 enabled a firm to be chosen. This choice was endorsed by the National Committee on 26 April 2010. Examination of the meeting reports does not reveal any particular comment.



## ■ Stakeholder views

The stakeholders are satisfied with the independent Reconciler recruited for the 2005, 2006, 2007 and 2008 reports.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 10.

## ✓ Indicator 11: Has the government ensured that all companies will report?

### ■ Progress to date

The scope, as established by the National Committee, covers the companies included in the mining register and the oil register whether in the exploration or exploitation phase or inactive. Companies engaged in the exploitation of plaster and cement quarries have, however, been excluded from the scope as they are not subject to mining regulations and their scale is not material.

The scope established for the 2005 and 2006 EITI reports appears to comply with the Sourcebook criteria.

At the time of the 2005 and 2006 reports, certain companies did not return their reporting templates to the independent Reconciler: 60% in 2005 and 30% in 2006. These companies were either inactive or in the exploration phase. Their lack of response did not, therefore, impact on the quality of the reports. Other companies were reluctant to share their figures, citing confidentiality clauses, but they later acquiesced.

However, we understand that the nine key extractive industry companies in the country all took part in the data reconciliation exercises. All responded to our self-evaluation forms and we were able to interview their representatives.

As such, we can confirm that the voluntary participation of companies and the progress of their participation appear sufficient to guarantee the quality of the EITI Process in the country.

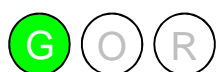
### ■ Stakeholder views

Some civil society representatives would like to make it obligatory for companies to return their reporting templates by means of a specific clause in the production-sharing contracts or mining agreements. The National Committee has indicated that, as long as the quality of independent Reconciler's reports is not compromised, it does not wish to compel companies to participate.

Beyond this question, the majority of the government, company and civil society representatives did not have any concerns over the participation of key companies in future data reconciliation processes, thus enabling the quality of the EITI reports to be guaranteed.

Furthermore, the civil society representatives appreciated the fact that production-sharing contracts and oil revenues are made public on the websites <http://www.petrole.gov.mr> and <http://ww.tresor.mr> respectively. But they expressed regret at not knowing what happens to these revenues.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 11.

## ✓ Indicator 12: Has the government ensured that company reports are based on audited accounts to international standards?

### ■ Progress to date

Indicator 12 seeks to verify that declarations are based on accounts audited to international standards.

We understand that Mauritanian legislation obliges mining and oil companies in the country to have their financial statements certified annually to international auditing standards by a statutory auditor registered with the National Society of Statutory Auditors of Mauritania.

The self-evaluation forms received confirm that the companies in the sector clearly have external auditors and that their financial statements are audited effectively to international standards.

However, Suggested action 18 in the Sourcebook states that, in addition to the company accounts, the reporting templates themselves should also be audited and ratified by the external auditor.

We can also confirm that, during the data reconciliation process of 2005, at the request of the National Committee, the principal company in the country, SNIM, returned the reporting template ratified by its statutory auditor.

During the data reconciliation process of 2006, the National Committee requested that the two principal companies in the country (SNIM in the mining sector and Woodside, which began production in February 2006, in the oil sector) send their reporting templates to the independent Reconciler ratified by their statutory auditors. Both companies acquiesced.

Therefore, we can confirm that Mauritania was one of the first countries to request application of Suggested action 18 of the Sourcebook from companies in production which account for the greater part of State revenues.

## ■ Stakeholder views

The government and civil society representatives did not make any particular comment on this matter. They appreciated that the two most important companies within the scope of the exercise had had their reporting templates ratified by their statutory auditors. They would like this practice to be extended to all the companies.

The companies in the production phase told us that they would not be opposed to having their reporting templates ratified by their auditors.

The two independent Reconcilers interviewed supported this request and were able to show us that, in their expert opinion, there would be a case for making a direct link between indicator 12 in the Validation Guide and Suggested action 18 in the Sourcebook.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 12.

## ■ Recommendations

- ⇒ **R3 – Extend certification of reporting templates to further companies**
- ⇒ **R4 – Ratification by two auditors of the key companies' reporting templates**
- ⇒ **R10 – Consider revising indicator 12**

These recommendations are set out in detail in the Part 6 of this Report.

✓ **Indicator 13: Has the government ensured that government reports are based on audited accounts to international standards?**

## ■ Progress to date

In Mauritania, State declarations relating to the revenues of 2005 and 2006 were produced by the State Treasury and signed by the Paymaster General of the Republic. Nevertheless, that does not constitute an audit.

However, we accept that complying with this indicator is particularly complex for the following reasons:

- There are no specific recognised international standards for auditing government accounts. This difficulty has already been identified by the Validators' Reports of Azerbaijan and Liberia
- States are not equipped to carry out such audits and nor indeed is it the role of national audit offices which work within timeframes incompatible with the constraints of EITI
- Furthermore, such an audit would be particularly costly.

Additionally, if all the company reporting templates returned to the independent Reconciler are certified by their auditors, and the discrepancies between the declarations of the State and of companies are not considered material, it is consequently less important to obtain government declarations audited to international standards.

## ■ Stakeholder views

There are no particular comments on the part of the stakeholders pertaining to this indicator.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 13. Nevertheless, particular attention should be paid to monitoring the progress of this indicator.

## ■ Recommendations

- ⇒ **R5 – State declarations to be ratified by the ministries responsible**
- ⇒ **R11 – Consider revising indicator 13**

These recommendations are set out in detail in the Part 6 of this Report.

- ✓ **Indicator 14: Were all material oil, gas and mining payments by companies to government (“payments”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?**

## ■ Progress to date

The scope of the benefit streams, as established by the National Committee for the 2005 and 2006 reports, includes the following payments stipulated in the Sourcebook:

- In the mining sector, these were administrative fees, annual land royalties, single annual fee (SNIM) and dividends (SNIM)
- In the oil sector, these were annual land royalties, bonuses, profit oil, direct profits taxes and contributions to the training of government agents.

Furthermore, all the companies included in the mining register and oil register were included with the exception of companies engaged in the exploitation of plaster and cement quarries. As such, the scope of the benefit streams and companies clearly complied with the Sourcebook criteria.

When the 2005 and 2006 reports were compiled, certain companies did not return their reporting templates to the independent Reconciler. These companies were either in the

exploration phase or absent from Mauritania. Consequently, their eventual benefit streams would not have had an impact on the quality of the reports.

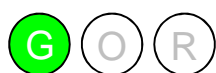
In effect, the nine key companies in the mining and oil sectors with material benefit streams returned their reporting templates to the independent Reconciler responsible for compiling the 2005 and 2006 EITI reports. The independent Reconciler did not note any particular deficiency on this point.

## ■ Stakeholder views

The stakeholders did not have any concerns regarding the comprehensiveness of payments declared by the companies for 2005 and 2006.

Some members of the National Committee wished to make the return of reporting templates obligatory by means of a specific clause in the contracts. The National Committee pointed out that, in Mauritania, sign up to the Initiative is voluntary and that it did not wish to legislate unless it were necessary.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 14.

✓ Indicator 15: Were all material oil, gas and mining revenues received by the government (“revenues”) disclosed to the organisation contracted to reconcile figures and produce the EITI report?

## ■ Progress to date

The scope of the benefit streams (or revenue flows), as established by the National Committee for the 2005 and 2006 reports, includes the following material revenues paid to the Mauritanian government by companies and stipulated in the Sourcebook:

- In the mining sector, these were administrative fees, annual land royalties, single annual fee (SNIM) and dividends (SNIM)
- In the oil sector, these were annual land royalties, bonuses, profit oil, direct profits taxes and contributions to the training of government agents.

When the 2005 and 2006 reports were compiled, the government reporting templates were prepared by the State Treasury. They were signed by the Paymaster General of the Republic.

Thus, the scope of the benefit streams and government bodies included clearly complies with the Sourcebook criteria. Furthermore, the reports do not raise any particular concerns of a risk of incomplete disclosure of revenues within the scope of the Initiative.

## ■ Stakeholder views

The stakeholders did not have any concerns regarding the comprehensiveness of revenues declared by the government for the years 2005 and 2006. They await the reports for 2007 and 2008 in order to give a final opinion on this matter.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 15.

✓ Indicator 16: Was the Multistakeholder Group content that the organisation which was contracted to reconcile the company and government figures did so satisfactorily?

## ■ Progress to date

We note that the minutes of the National Committee meetings do not question the quality of the work of the independent Reconciler contracted to compile the 2005 and 2006 reports.

## ■ Stakeholder views

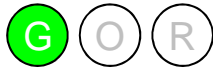
Some civil society representatives expressed regret that the report did not explain the discrepancies which were identified. The National Committee felt that analysis of the discrepancies was not necessary as they were not material.

Others expressed regret that the reports did not include disaggregated data. The National Committee pointed out that the companies were opposed to this on grounds of confidentiality and that their sign up to the Initiative was, to date, a voluntary matter.

However, the majority of the government, company and civil society representatives were satisfied with the way in which the data reconciliation had been conducted for 2005 and 2006 and also with the quality of the corresponding EITI reports. They confirmed for us that the EITI reports were received with broad consensus. However they had not been formally endorsed.

The independent Reconciler contracted for the 2005 and 2006 reports mentioned that the balance of payment of their fees, around EUR11 000 had not been settled. When questioned on this matter, the President of the National Committee told us that the necessary steps had been taken to resolve this issue which was, essentially, an administrative matter.

## ■ Validator's judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 16.

## ✓ Indicator 17: Did the EITI report identify discrepancies and make recommendations for actions to be taken?

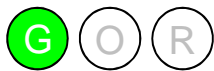
### ■ Progress to date

The independent Reconciler for the 2005 and 2006 reports did not discover any material discrepancies in the reconciliation of state and company declarations. Furthermore, the independent Reconciler said that there had not been any difficulties in conducting the data reconciliation process. Equally, the reports did not contain any recommendations.

### ■ Stakeholder views

Some civil society representatives expressed regret that the report did not explain the discrepancies which were identified. However, the majority of the government, company and civil society representatives felt that an analysis of the discrepancies was not necessary as they were not material.

## ■ Validator's judgement



Recommendations  
No 3, 4 and 5

On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 17.

### ■ Recommendations

- ⇒ **R3 - Extend certification of reporting templates to further companies**
- ⇒ **R4 – Ratification by two auditors of the key companies' reporting templates**
- ⇒ **R5 – State declarations to be ratified by the ministries responsible**

These recommendations are set out in detail in the Part 6 of this Report.

✓ Indicator 18: Was the EITI report made publicly available in a way that was publicly accessible, comprehensive and comprehensible?

■ Progress to date

The 2005 and 2006 EITI reports are available in French and Arabic on the Initiative website <http://www.cnitie.mr>.

Since 2007, they have been presented and distributed at various seminars in the country and at various international conferences:

- 8 March 2007, presentation of the 2005 EITI report
- 2 August 2007, presentation of the 2006 EITI report
- 8-12 January 2008, international EITI summit, Kinshasa, DRC
- 7 October 2008, meeting to discuss Validation process, Oslo, Norway
- 6-18 February 2009, international EITI conference, Doha, Qatar
- 21 December 2009, EITI awareness-raising seminar, Nouakchott, Mauritania.

Free paper copies of the reports are available in French and Arabic at the national Initiative headquarters in Nouakchott.

In addition, we can confirm that the guide “Drilling Down: The Civil Society Guide to Extractive Industry Revenues and the EITI”, published by Revenue Watch, considers the 2005 and 2006 EITI Mauritania reports to be comprehensive, comprehensible and accessible.

However, we note the absence of EITI reports for 2007 and 2008.

■ Stakeholder views

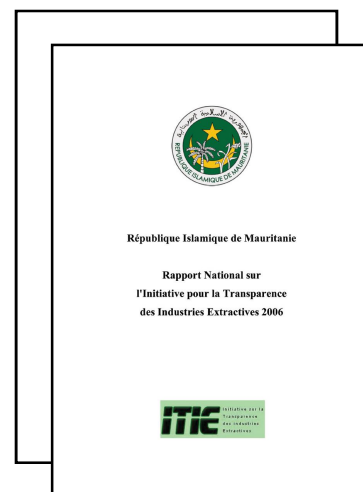
The majority of the stakeholders did not express any reservations regarding the effective dissemination of the 2005 and 2006 EITI reports among a wider public. They highlighted the fact that these reports had been translated into Arabic.

Some NGOs intend to send summaries of the EITI reports to the head offices of their organisations. Similarly, some companies intend to present this information to their staff as part of inhouse training.

■ Validator’s judgement



On the basis of the achievements described in the Introduction, we believe that the Islamic Republic of Mauritania has achieved EITI Compliance for indicator 18.



*EITI reports 2005 and 2006*



## ■ Recommendation

### ⇒ R6 – Regular reconciliation and publication of data

This recommendation is set out in detail in the final part of this Report.

## ✓ Indicator 19: How have oil, gas and mining companies supported EITI implementation?

### ■ Progress to date

Since 2005, companies have supported the Initiative through voluntary sign up to the Process and the active presence of their representatives at each National Committee meeting.

The nine key companies in the mining and oil sectors participated fully in the 2005 and 2006 data disclosure and reconciliation exercises.

SNIM and MCM took part in EITI awareness-raising seminars and allowed other members of the National Committee to visit their sites. Other companies have offered to do the same although they point out that access to certain sites is subject to authorisation in view of the conflict situation in certain areas of the country, especially the North, and also for the security of the operations.

We also note that SNIM, in 2005 and 2006, and Woodside, in 2006, had their reporting templates ratified by their statutory auditors.

A detailed analysis of EITI implementation by companies, based on the self-evaluation forms returned and the Phase II interviews, appears in Part 6 of this Report.

### ■ Stakeholder views

The stakeholders did not express any negative opinions regarding company participation in the Process.

✓ **Indicator 20: What steps have been taken to act on lessons learnt, address discrepancies and ensure that EITI implementation is sustainable?**

■ **Progress to date**

As the discrepancies uncovered in the EITI reports for 2005 and 2006 were not material, this question does not pose any difficulties. However, several decisions and actions have been taken in response to the difficulties encountered and in order to make the Initiative sustainable. Key among these are:

- Restructuring of the National Committee thus enabling the Initiative to be relaunched and avoiding the politicisation of discussions
- Improving the quality of the work plans. These are now more detailed, costed and include a timetable
- The desire to improve communications and training through the actions included in the recent work plan. On this subject, we were able to attend an awareness-raising seminar for local people in a region with extensive mining activity, Akjoujt, 13 January 2010
- The decision to translate the EITI website into Arabic to facilitate dissemination of EITI.

Furthermore, we note that publication of all production-sharing contracts on the website <http://www.petrole.gov.mr>, and monthly oil revenues on the website <http://www.tresor.mr>, demonstrates a political will to strengthen transparency and the fight against corruption.

■ **Stakeholder views**

The stakeholders did not have any particular comments on this matter.

■ **Recommendations**

- ⇒ **R7 – Creation of an EITI database**
- ⇒ **R8 – Creation of a database for the mining and oil sectors**
- ⇒ **R9 – Develop the Initiative website**

These recommendations are set out in detail in the Part 6 of this Report.

# **COMPANY IMPLEMENTATION**

Company implementation

Analysis of responses

List of companies which did not reply

## ✓ Company implementation

### • Sourcebook

While the primary purpose of the Validation is to analyse national Initiative Compliance with EITI rules, it also involves making a judgement on EITI implementation by participating companies<sup>9</sup>.

Our analysis of company implementation is mainly based on the self-evaluation forms received from companies and the interviews held in Nouakchott during Phase II.

### • Self-evaluation forms

Our self-evaluation forms were designed on the basis of the recommendations in the Sourcebook. They contain 14 key questions. They are available in French and English.

### • Distribution of forms

The forms were sent out by email to 66 companies in the sector. When emails bounced back, messages were sent by fax in French and Arabic in order to establish contact with the leaders of the companies concerned.

At this stage, we discussed the difficulties we were having with those responsible in the national Initiative. They informed us that certain companies had land rights but that they were neither active nor present in Mauritania. A list of these companies was requested from the ministries concerned in order to avoid further attempts to contact them.

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<sup>9</sup> EITI Sourcebook - Chapter 3 – "Illustrative guidance for extractive industry companies"

## • Analysis of responses

Of the 66 companies within the scope of the exercise, we received responses from 22 which included the nine key extractive industry sector companies in the country.

The list of the companies which responded is as follows:

<b>Replies received</b>	
<i>Main mining companies</i>	
<b>Mauritanian Copper Mines (MCM)</b>	Mining
<b>Société Nationale Industrielle et Minière (SNIM)</b>	Mining
<b>Sphere Investments</b>	Mining
<b>Tasiast Mauritanie Limited SA</b>	Mining
<i>Main oil companies</i>	
<b>Dana Petroleum</b>	Oil
<b>Petronas</b>	Oil
<b>Société Mauritanienne des Hydrocarbures (SMH)</b>	Oil
<b>Total E&amp;P</b>	Oil
<b>Tullow Oil</b>	Oil
<i>Other companies</i>	
CARACAL GOLD L.L.C	Mining
El Aouj S.A	Mining
GLOBAL MINERAL Re(M) Ltd	Mining
MACOBA-TP	Mining
Maghreb Mining (2M)	Mining
Mining Resources	Mining
Murchison United N.L	Mining
Shield Mining	Mining
Shield Saboussiri	Mining
SOMASO	Mining
SOMASO1	Mining
Transafrika Mauritania	Mining
Wadi el Rawda	Oil

### Self-evaluation forms received

The corresponding self-evaluation forms appear in Appendix II.

## • EITI implementation by the nine key extractive industry companies in the country

The nine key companies in the country all sent us their self-evaluation forms and we were able to interview their representatives.

Mining sector	Oil sector
Mines de Cuivre de Mauritanie (MCM)	Dana Petroleum
Société Nationale Industrielle et Minière (SNIM)	Petronas
Sphere Investments	Société Mauritanienne des Hydrocarbures (SMH)
Tasiast Mauritanie Limited SA	Total E&P
	Tullow Oil

### The nine key extractive industry companies in the country

Eight of the nine key extractive industry companies in the country have seats on the National EITI Committee. We note that, since the acquisition of the Woodside assets by Petronas, there has certainly be a fall in the levels of participation by the principal oil company. Furthermore, this company is not represented on the National Committee.

Of the nine key extractive industry companies in the country, six said that they have publicly declared their support for the national Initiative. The Total group supports EITI at international level. Other companies intend to follow this example. The First Quantum Minerals Ltd group, to which the company MCM belongs, has made a public declaration of its sign up to EITI Principles<sup>10</sup>.

These nine companies expressed a positive view of the discussions about the national Initiative. Two companies however stressed the need to increase the number of dissemination and awareness-raising campaigns.

None of the companies said that they had encountered obstacles to EITI implementation. They all expressed a positive view of the country work plans developed by the National Committee.

They all declared that their accounts had been audited to international standards and that they had used two external auditors: a statutory auditor and a company group auditor. SNIM and Woodside have already produced forms ratified by their statutory auditors. The representatives of the key companies intend to do the same for future reconciliations.

The nine key extractive industry companies in the country confirmed that the scope of the companies and the financial flows involved was appropriate. None of the companies expressed a negative view of the reporting templates used during the 2005 and 2006 reconciliations.

During the 2005 and 2006 data reconciliation exercises, the nine key companies involved all returned their reporting templates and cooperated with the independent Reconciler. Furthermore, they confirmed that they had disclosed all material payments to the independent Reconciler.

One company considered the discrepancies unacceptable. This was an oil company which stated that there should be no discrepancies over bonuses. The other companies were satisfied.

<sup>10</sup> First Quantum Minerals Report Ltd 2008

The majority of the nine companies declared their satisfaction with the work of the independent Reconciler for the 2005 and 2006 exercises.

We can therefore confirm that the implementation on the part of the nine key extractive industry companies in the country appears to be of a high standard.

## • EITI implementation by other companies

Other companies which responded to our self-evaluation forms are named below. They are largely companies which are currently inactive or with low levels of activity in the country:

Mining sector	Oil sector
CARACAL GOLD L.L.C	Wadi el Rawda
EI Aouj S.A	
GLOBAL MINERAL Re(M) Ltd	
ID-Géoservices	
MACOBA-TP	
Maghreb Mining (2M)	
Mining Resources	
Murchison United N.L	
Shield Mining	
Shield Saboussiri	
SOMASO	
SOMASO	
Transafrika Mauritania	

Other extractive industry companies in  
the country which responded

These companies declared that:

- They have not publicly declared their support for the national Initiative but that they do support the Initiative; they said that they are prepared to cooperate actively in implementation
- They did not cite any obstacles to EITI implementation
- They have a positive view of the country work plans developed by the National Committee
- Their accounts are audited to international standards
- They have two external auditors
- They did not take part in the 2005 and 2006 data reconciliation processes as they were not present in the country at that time.

Half of the companies were satisfied about the discrepancies and satisfied with the work accomplished by the independent Reconciler for the 2005 and 2006 exercises. The other half did not express an opinion on these matters.

## ✓ Analysis of responses

Analysis of the responses received to the questions on the self-evaluation forms is given below.

Question 1: Has the company made public statements in support of the EITI process in this country?

Of the nine key companies in the country, six companies said that they have publicly declared their support for the national Initiative.

The other companies have not publicly declared their support for the national Initiative.

Question 2: Were discussions about the national Initiative constructive and could they be improved?

All the companies expressed a positive view of the discussions about the national Initiative. However two companies stressed the need to include more companies and civil society representatives in the discussions and to increase the number of dissemination campaigns.

Question 3: Have you encountered any obstacles in implementing EITI? If yes, what steps can you suggest to improve the process?

The 19 companies which responded to this question did not cite any obstacles to the implementation of the national Initiative.

Question 4: Are you satisfied with the EITI country work plans developed by the multistakeholder Working Group?

The companies which responded to this question all expressed a positive view of the country work plans developed by the National Committee.

Question 5: Has the company committed to support and cooperate with the implementation of the country EITI work plan (as agreed by the Multistakeholder Group) including abiding by government EITI-related directives (e.g. laws and MoUs) and, where appropriate, meeting with stakeholders?

The 21 companies which responded to this question said that they were in favour of supporting and cooperating in the implementation of actions adopted in the country work plans.

Question 6: Was the data used in completing the reporting templates for the organisation(s) contracted to reconcile figures and produce the EITI report taken from accounts independently audited to international standards?

The companies which responded to this question declared that their accounts were audited to international standards.

Question 7: Were the reporting templates ratified or certified by your auditors to international standards before they were returned to the organisation contracted to reconcile figures and prepare the EITI reports?

Eleven companies declared that they had returned audited reporting templates but we know that only SNIM and Woodside did so. We therefore conclude that this question was misunderstood.

Question 8: What are the names and addresses of your auditors in Mauritania and at company group level?

We understand that the great majority of the companies which responded have two external auditors: a statutory auditor and a company group auditor. Furthermore, we note that the large international auditing firms are evenly represented.

Question 9: Have all material payments been disclosed to the organisation(s) contracted to reconcile figures and produce the EITI reports as per agreed EITI reporting templates and pursuant to agreed timelines?

Of the nine key companies in the country, the eight which responded to this question said that they had disclosed all material payments to the organisation contracted to reconcile figures.

The majority of the other companies in the country said that they were not involved in the 2005 and 2006 data reconciliations.

Question 10: Has your company responded to queries from the organisation(s) contracted to reconcile figures and produce the EITI reports to assist in the reconciliation of country payments with government receipts in accordance with EITI reporting templates?

The key companies in the country which responded to this question said that they had responded to the queries of the organisation contracted to reconcile data.

The majority of the other companies in the country said that they were not contacted during the 2005 and 2006 data reconciliations.



Question 11: Does the scope of the companies involved and payments covered by the EITI reports appear to you to comply with EITI objectives particularly in terms of what can be considered material?

The nine key extractive industry companies in the country, and eight others, confirmed that the scope of the companies and the financial flows involved was appropriate. Six companies did not express an opinion on this matter.

Question 12: Was your company satisfied with the reporting templates issued by the organisation(s) contracted to reconcile figures and produce EITI reports?

The key companies in the country which responded to this question said that they were satisfied with the reporting templates used during the 2005 and 2006 reconciliations.

In general, the other companies did not express an opinion on this question. They await the forms for the years 2007-2008-2009 in order to be able to judge their quality.

Question 13: Do you consider the discrepancies identified by the organisation(s) contracted to reconcile figures and produce EITI reports to be acceptable?

Of the key companies in the country, only one company felt that the discrepancies were not acceptable. This was an oil company which stated that there should be no discrepancies over bonuses.

Half of the other companies said that they were satisfied about the discrepancies. The other half did not express an opinion on this matter.

Question 14: Was the company satisfied with the choice of organisation(s) contracted to reconcile figures and produce EITI reports and by the work carried out?

Among the key companies in the country, the six companies which responded said that they were satisfied with the work carried out by the independent Reconciler for the 2005 and 2006 exercises. One company reserved judgement while awaiting the work of the independent Reconciler on the three recent exercises.

Half of the companies were satisfied with the work accomplished by the independent Reconciler for the 2005 and 2006 exercises. The other half did not express an opinion on this matter.

## ✓ List of companies which did not reply

As per the Validation Guide, please find below the list of companies which did not return their self-evaluation forms.

<b>Mining sector</b>	<b>Oil sector</b>
AGRINEQ S.A	4M Energy / Blue Ship
ALCO Materiels	CNPCI Mauritania
AON MINING	Gaz de France
ASHTON	Groupe ASB
ATLANTIC METALS	IPG S.A
AURA ENERGY Limited	Repsol YPF E&P
BSA	Wintershall
BUMI MAURITANIE S.A	Zaver Petroleum Gulf Limited
CIFC	
DIA MET MINERALS AFRICA LTD	
Ghana Resources	
Gulf Western Mining	
Maurigold	
Mauriplat	
Mauritania Ventures Ltd	
Mauritanian Holdings Pty Ltd	
Mauritanian Metals Pty Ltd	
MENAGEM	
OMRG (Zone Promotionnelle)	
Oranto	
Peaks Metals	
PT BUMI Ressources TbK	
Resource Inter. Investment	
Roxwell Mining	
SOMAROMINE S.A.R.L	
SOMISEL	
SONKO Lowenthal	
SOPHOSMA	
SOSESA	
SVM	
THL Mauritania Gold Ltd	
TRITON SNB MINES LTD	
UMIN	
Uranimetrics	

Self-evaluation forms not received

**PART 6**

# RECOMMENDATIONS

Recommendations to the National Committee

Recommendations to the international bodies of EITI

## ✓ Recommendations to the National Committee

### • R1 - Reaffirm the involvement of public authorities in EITI – indicator 1

#### Recommendation:

We recommend that the National Committee demonstrate the lasting support for EITI implementation of the most influential people in the country.

A declaration of commitment on the part of the Prime Minister could be useful in this respect if published on the homepage of the Initiative website at <http://www.cnitie.mr>

### • R2 - Assess capacity constraints for work plan 2010-11 – indicator 4

#### Recommendation:

As per the Validation Guide recommendations, it would be useful to carry out a capacity constraints assessment for the implementation of each of the 35 targets in the three year work plan for 2009-11.

This would make it possible to prepare for challenges and ensure that the work plan is implemented.

A risk management strategy would be particularly useful for guaranteeing success in meeting the targets. The strategy would consist of identifying the potential risks and ranking them in order of importance. It would then be possible to take actions to mitigate the higher-level risks.

### • R3 - Extend certification of reporting templates to further companies – indicator 14

During the 2005 and 2006 data reconciliation exercises, the National Committee requested the two key companies in the country to submit reporting templates certified by their statutory auditors according to international auditing standards.

However, it appears that all the companies involved have an external auditor and are therefore able to supply certified reporting templates.

#### Recommendation:

As per Suggested action 18 in the Sourcebook, we recommend that the National Committee in future request that all participating companies in the exploitation or advanced exploration phases have their reporting templates certified by their external auditors before submitting them to the independent Reconciler.

Furthermore, the company representatives interviewed did not oppose this suggestion.

### • R4 - Ratification by two auditors of the key companies' reporting templates – indicators 12 and 17

The key participating companies belong to international groups and, as such, have two external auditors: a statutory auditor and the company group auditor. In general, these two auditors jointly certify the company's financial statements.

Recommendation:

In such cases, in order to add value to the reporting templates, it would no doubt be appropriate for these two auditors also to issue joint certification of the reporting templates submitted.

• **R5 - State declarations to be ratified by the ministries responsible – indicators 13 and 17**

The State declarations relating to revenues of 2005 and 2006 were ratified by the Paymaster General of the Republic. However, that does not constitute an audit.

Recommendation:

In order to improve the quality of the State reporting templates, it would certainly be desirable to have the forms ratified by the three ministries involved in overseeing data preparation: the Ministry of Finance (represented by the Paymaster General of the Republic) and either the Ministry of Mines or the Ministry of Oil and Energy depending on the companies concerned.

• **R6 - Regular reconciliation and publication of data – indicator 18**

Absence of published reconciliation reports for 2007 and 2008.

Recommendation:

In order to meet the first criterion of the Sourcebook, we recommend that the National Committee ensure regular reconciliation and publication of data.

• **R7 - Creation of an EITI database – indicator 20**

Since 2005, numerous actions have been carried out as part of the EITI implementation process in Mauritania. However the lack of any systematic record-keeping makes it impossible to list them all.

Recommendation:

We recommend that the National Committee create a database to collect all the supporting documentation since the beginning of the Initiative, including Sign up documents, decrees, minutes of the National Committee, business meetings of the National Committee, summaries of national and international seminars etc..

This database could also contain similar documentation from other countries which have also signed up to EITI to serve as a benchmark, in particular examples of reconciliation and Validation Reports.

It would also be important to allow open access to the database for stakeholders and the public.

• **R8 - Creation of a database for the mining and oil sectors – indicator 20**

The national Initiative does not have a database of legal, fiscal, social, economic and financial information relating to the mining and oil sectors in the country available to the public and to stakeholders.

Although there is considerable essential information available on the Internet (<http://www.cnitie.mr>, <http://www.petrole.gov.mr>, <http://www.tresor.mr> for example) it does not answer all the questions.

Recommendation:

We recommend that the National Committee establish one central database to collate the important legal, fiscal, social, economic and financial information sources for the mining and oil sectors of the country.

For each sector, the database could contain the following:

- Full texts of all regulatory, fiscal and social legislation in force including the Mining Code
- Economic and financial information on the key companies involved, e.g. financial statements, websites, contact details and names.

This database could also include similar documents from other mining and oil-producing countries.

It would also be important to allow open access to the database for stakeholders and the public.

● **R9 - Develop the Initiative website – indicator 20**

The Initiative has a website, <http://www.cnitie.mr>, which includes:

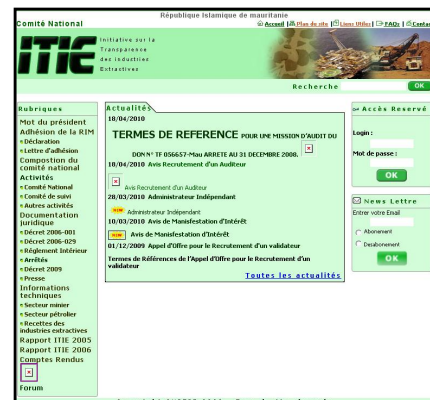
- Legal texts relating to the establishment of the Initiative
- Minutes of the National Committee, summaries of various awareness-raising workshops and seminars
- Declarations of various Mauritanian government officials in support of EITI
- Work plans
- EITI reports 2005 and 2006
- Technical information on the extractive industries in Mauritania.

However, some sections are incomplete or not entirely up to date.

Recommendation:

We recommend that the National Committee ensure that all sections of the site are regularly updated: internal regulation, information on the extractive industries, press cuttings etc..

- Additionally the website could be expanded to include:
- Information collected within the framework of constructing the databases on EITI and the mining and oil sectors
- A version in Arabic in order to reach the widest public possible
- Statement from the Prime Minister in support of EITI implementation.



Homepage of website [www.itie.mr](http://www.itie.mr)

## ✓ Recommendations to the international bodies of EITI

### • R10 - Consider revising indicator 12

Indicator 12 seeks to verify that declarations are based on accounts audited to international standards.

We feel however that this statement would benefit from clarification. In effect, certification of accounts does not guarantee the quality of the forms which are completed separately and therefore not under the control of auditors.

#### Recommendation:

As per Suggested action 18 of the Sourcebook, indicator 12 could be used to verify that, rather than the accounts being subjected to audit, the declarations themselves (declarations of cash benefit streams) have been ratified or certified by an independent auditor.

As such, we suggest that indicator 12 be restated according to a format which could take the following form: "Has the government ensured that the company declarations are audited to international standards?"

### • R11 - Consider revising indicator 13

#### Recommendation:

In the absence of recognised international standards for auditing government accounts, and given the difficulty of assessing this indicator, we recommend that the international bodies of EITI rewrite indicator 13 according to a format which could take the following form: "Has the government taken measures to ensure that the government declarations are a true and faithful representation of the revenues received by the State?"

Note

In order to limit the size of the Validation Report  
the corresponding Appendices are presented in a separate file



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