

Extractive Industries Transparency Initiative (EITI)

Second Validation of Mali

Draft assessment by the EITI International Secretariat

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1. Summary

Mali's second Validation commences on 27 February 2019. The EITI International Secretariat will assess the progress made in addressing the 9 corrective actions established by the EITI Board following Mali's first Validation on 24th May 2017¹. The 9 corrective actions relate to:

1. MSG governance (Requirement 1.4)
2. Workplan (Requirement 1.5)
3. Licence allocation and licence registers (Requirements 2.2 and 2.3)
4. Comprehensiveness (Requirement 4.1)
5. Data quality (Requirement 4.9)
6. Subnational transfers (Requirement 5.2)
7. Public Debate (Requirement 7.1)
8. Follow up on Recommendations (Requirement 7.3)
9. Review of outcomes and impact (Requirement 7.4)

The Secretariat's draft assessment is that Mali has addressed four of the nine corrective actions and made "satisfactory progress" on the corresponding requirements. The Secretariat's assessment is that Mali has made "meaningful progress" with considerable improvements in addressing **four** corrective actions, and that the remaining requirement was not applicable in Mali.

The draft assessment will be sent to the Mali EITI MSG on 3 May 2019. Comments from the MSG are expected on 24 May 2019. After consideration of the comments from the MSG, the assessment will be finalised for consideration by the EITI Board.

¹ 'EITI Board decision on Mali's first Validation', accessed [here](#)

2. Background

Mali was accepted as an EITI Candidate on 27 September 2007 and was declared compliant to the 2011 EITI Rules on 29th August 2011. The first Validation of Mali against the EITI Standard commenced on 1 July 2016. On 24 May 2017, the EITI Board found that Mali had made meaningful progress in implementing the 2016 EITI Standard. Nine corrective actions were identified by the Board, as listed above. The Board encouraged Mali to address these corrective actions to be assessed in a second Validation commencing on 28 February 2019.

Mali EITI has undertaken a number of activities to address the corrective actions, including:

- Publishing its 2017 Annual Progress Report on 31 July 2018;
- Publishing its 2016 EITI Report on 31 December 2018;
- Adopting a revised EITI Decree on 10 January 2019;
- Publishing the updated MSG ToR on 21 February 2019;
- Publishing the industry constituency ToR on 21 February 2019;
- Publishing the 2019 Mali EITI work plan on 21 February 2019;
- Publishing a plan to follow-up on EITI recommendations on 21 February 2019.

The following section addresses progress on each of the corrective actions. The assessment is limited to the corrective actions established by the Board and the associated requirements in the EITI Standard. The assessment follows the guidance outlined in the Validation Guide.² In the course of undertaking this assessment, the International Secretariat has also considered whether there is a need to review additional requirements, i.e. those assessed as “satisfactory progress” or “beyond” in the 2016 Validation. While these requirements have not been comprehensively assessed, in the Secretariat’s view there is no evidence to suggest progress has fallen below the required standard and no additional issues that warrant consideration by the EITI Board.

3. Review of corrective actions

As set out in the Board decision on Mali first Validation, the EITI Board agreed 9 corrective actions³. The Secretariat’s assessment below discusses whether the corrective actions have been sufficiently addressed. The assessments are based on a desk review of minutes of the MSG meetings from February 2017 to February 2019, the 2016 EITI Reports, the 2017 annual progress report, the triennial workplan for 2017-2019 and the 2019 annual workplan, alongside various documents submitted by the MSG to the secretariat, e-mail correspondences, and limited stakeholder consultations (in-person with the Technical Secretariat, as well as industry and civil society representatives on 11-13 February in Bamako). Documents used as part of this review are available on the Mali EITI website.⁴

3.1 Corrective action 1: MSG oversight (#1.4)

In accordance with Requirement 1.4.a.ii, the MSG should ensure that its procedures for nominating and changing multi-stakeholder group representatives are public and confirm the right of each stakeholder group to appoint its own representatives. In accordance with Requirements 1.4.b.ii and 1.4.b.iii, the MSG

² https://eiti.org/sites/default/files/documents/validation-guide_0.pdf

³ EITI Board, ‘EITI Board decision on Mali’s 2016 Validation’(March 2017), accessed [here](#) in March 2019.

⁴ Mali EITI , documentation pour la seconde validation (February 2019), accessed [here](#) in March 2019.

should undertake effective outreach activities with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. Members of the MSG should liaise with their constituency groups. In accordance with Requirement 1.4.b.vi, the MSG should ensure an inclusive decision-making process throughout implementation, particularly as concerns industry. In accordance with Requirement 1.4.b.vii the MSG should ensure timely announcement of meetings and circulation of documents. It should also ensure written records of its discussions and decisions are kept, in accordance with Requirement 1.4.b.viii.

Findings from the first Validation

The first Validation found that Mali had made inadequate progress in meeting this requirement. The Board found that the Mali MSG did not include all relevant actors and that all stakeholders were not adequately represented. The MSG met frequently and attendance and record keeping appeared adequate. However, the extent to which the ToR were followed in practice was not clear. There were concerns about the actual number of members on the MSG, how quorum was achieved in light of variable number of MSG membership, and the process for appointment, renewal and mandates of MSG members was unclear.

Progress since Validation

The MSG has taken several steps to address the issues highlighted during the first Validation. With inputs from the MSG, the Government of Mali adopted a revised decree governing Mali EITI on 10 January 2019.⁵ This was followed by a partial renewal of MSG membership in February 2019, limited to government and industry. The MSG approved its updated ToR on 21 February 2019.⁶ The industry constituency codified its procedures for the nomination of its representatives on the MSG in December 2018.⁷ Civil society started a process to develop a code of conduct for their participation on the MSG in December 2018. A draft code of conduct was shared with the International Secretariat before the start of Validation.⁸

Multi-stakeholder group representation: The revised EITI decree and the ToR clarify constituency nominations procedures and coordination mechanisms. They confirm the right for each constituency to nominate its representatives on the MSG (Article 10 of the Decree and Article 5 of the ToR). A review of the list of MSG members as well as stakeholder consultations for Validation confirmed that, following the revision of Mali EITI's governance documents, the number of MSG members has been reduced from 45 to 30. The revised EITI Decree provides for representation of relevant stakeholders on the MSG, particularly from government and industry. Government participation on the MSG was streamlined so that only relevant ministries are represented. Industry representation was broadened to companies in the exploration phase. Some stakeholders from civil society and government consulted during Validation believed this change would lead to more effective decision-making. Following the Decree's adoption in

⁵ Gouvernement du Mali, Décret portant création des organes de l'ITIE Mali (January 2019), accessed [here](#) in March 2019

⁶ Mali EITI, Règlement intérieur de l'ITIE Mali (février 2019), accessed [here](#) in March 2019

⁷ Mali EITI, Termes de Référence du collège des entreprises (Décembre 2018), accessed [here](#) in March 2019

⁸ Mali EITI Civil Society, Projet de code de conduite de la société civile (February 2018), accessed [here](#) in March 2019

January 2019, the MSG's membership was partially renewed, for the government and the industry constituency, in February 2019.

Government nominations: Government nominations procedures have remained the same since the first Validation. Through the revision of the EITI Decree, the government has sought to streamline government representation on the MSG, by reducing the number of representatives from the Ministry of Mines (from three to two), removing agencies that are not directly concerned by EITI implementation (such as the agency in charge of urban planning), and adding a seat for a representative of the Supreme Court, which certifies EITI reporting by government entities. The Decree and the ToR confirm that the MSG is chaired by the Minister of Mines or their representative, alongside 15 MSG representatives of the Government of Mali and republican institutions (national assembly, supreme court, council of local governments). Requests for nominations for government representatives and nomination letters for some (but not all) representatives are available on the Mali EITI website.⁹

Civil society nominations: The revised EITI Decree and the MSG's ToR confirm that civil society is represented with nine seats on the MSG, including six from NGOs, two from trade unions, and one from the National Association of Accountants. The NGO representatives on the MSG initiated a process to develop a code of conduct to clarify nomination procedures for the six NGO representatives on 18 December 2018.¹⁰ A draft code of conduct was published on the Mali EITI website before the start of Validation.¹¹ It notes that the code of conduct is open to NGOs that are members of the Conseil National de la Société (CNSC), the largest NGO umbrella organisation in Mali, or the Publish What You Pay (PWYP) network. Some stakeholders consulted during Validation, including civil society actors and development partners, expressed concerns about the inclusiveness of preparations of the code of conduct and the nominations process for the six NGO representatives on the MSG. These stakeholders noted some NGOs with expertise in the extractive industries (such as the Association of women in mining – AFEMIN, or ARACF/ASFA 21) were not members of the CNSC or PWYP, although they had indicated interest in participating in the EITI process and in being represented on the MSG. These organisations had not been informed of the preparation of the code of conduct and the renewal of civil society membership on the MSG, according to several of these stakeholders. The code of conduct notes that civil society representatives on the MSG are entitled to a three-year mandate, renewable once, and that half of the constituency's MSG members should be changed at each renewal.

Industry nominations: While the previous EITI Decree allowed any company with a production licence to be represented on the MSG, the revised EITI Decree limits industry representation to seven, including four for companies in production phase, two in exploration phase, and one for the Mali Chamber of Mines. The Decree confirms the right of the industry constituency to nominate its own representatives. Industry representatives on the MSG met on 19 April 2018 and agreed to develop a roadmap to develop Terms of Reference for industry participation on the Mali EITI MSG.¹² With support from the Ministry of Mines of Mali¹³, industry representatives on the MSG convened all companies in production or exploration phase to a meeting to discuss the industry constituency's participation in the EITI process on 5 December 2018.

⁹ Mali EITI, Page du collège de l'administration (février 2019), accessed [here](#) in March 2019

¹⁰ Mali EITI Civil Society, Procès verbale de la réunion du collège de la société civile (21 décembre 2018), accessed [here](#) in March 2019

¹¹ Mali EITI Civil Society, Projet de code de conduite de la société civile (February 2018), accessed [here](#) in March 2019

¹² Mali EITI, Procès verbale de la réunion du collège des entreprises (avril 2018), accessed [here](#) in March 2019

¹³ Gouvernement du Mali, Avis de réunion du collège des entreprises (5 and 12 December), accessed [here](#) in March 2019.

During this meeting, companies reviewed and approved the constituency's ToR.¹⁴ In addition to confirming the number of seats and sector representation (exploration and production), the constituency's ToR¹⁵ confirm the nominations process for industry representatives on the MSG, their length of mandate (a three-year mandate, renewable once), coordination and communication procedures, as well as the roles and responsibilities of industry representatives and of the constituency coordinator. The industry constituency met again on 12 December 2018¹⁶ to nominate their representatives on the MSG, with the decision made by consensus. Consultations with industry representatives and a review of the minutes of the industry constituency meetings (publicly available on the Mali EITI website¹⁷) confirmed that the procedures for appointing industry MSG representatives were public and inclusive.

Constituency coordination: Article 8 of the revised EITI decree and ToR confirm that government, industry and civil society are asked to canvass broadly and coordinate to seek inputs from their broader constituency on key EITI documents.

Industry: There is evidence that industry representatives on the MSG strengthened their internal coordination and consulted the broader industry constituency in the elaboration of its constituency ToR and in the renewal of industry membership on the MSG (see industry nominations above). There is no evidence to suggest that industry representatives have canvassed the industry constituency more broadly on the preparation of key EITI documents such as the annual progress report, the work plan or the EITI Report however.

Civil society: Article 13 of the draft code of conduct states that civil society MSG representatives have the obligation to consult civil society organisations on key EITI documents. There is no evidence to suggest that civil society MSG representatives have canvassed their constituency more broadly for the preparation of key EITI documents such as the annual progress report, the work plan or the EITI Report however.

Internal governance: While the 2019 Decree does not change internal governance rules and procedures, it provides for a reduced number of MSG members and for more relevant representation from government and industry. Stakeholders from the three constituencies consulted for the second Validation did not express any concerns and confirmed that meetings were announced with sufficient advance notice, and documents were shared sufficiently in advance of MSG meetings.

Decision making: *MSG decision making procedures have not changed since the first Validation. Article 16 of the 2016 MSG ToR confirms that decisions are taken by consensus, and that if needed the MSG can make decisions through a simple majority vote.* Government, industry and civil society stakeholders consulted as part of Validation confirmed that Mali EITI's decision-making process was inclusive and that in practice decisions were made by consensus.

¹⁴ Mali EITI, Procès verbale de la réunion du collège des entreprises (5 décembre 2018), accessed [here](#) in March 2019

¹⁵ Mali EITI, Termes de Référence du collège des entreprises (Décembre 2018), accessed [here](#) in March 2019

¹⁶ Mali EITI, Procès verbale de la réunion du collège des entreprises (12 décembre 2018), accessed [here](#) in March 2019

¹⁷ Mali EITI, page du collège des entreprises (février 2019), accessed [here](#) in March 2019

Record keeping: There is evidence that the MSG has met at least once per quarter, in line with the ToR, and that meeting minutes have been kept and published systematically on the Mali EITI website.¹⁸

Announcements of meetings and circulation of documents: Government, industry, and civil society stakeholders consulted during Validation confirmed that relevant documents were circulated sufficiently ahead of meetings and that meetings were announced in a timely manner.

Secretariat's Assessment

The International Secretariat considers that the corrective action on MSG oversight has been partly addressed and considers that Mali has made meaningful progress on Requirement 1.4, with considerable improvements. The MSG has undertaken efforts in a short period of time to clarify and update MSG governance procedures through a revised EITI Decree and MSG ToR, leading to a partial renewal of MSG membership (limited to government and industry) in February 2019. The industry constituency has agreed on a clear selection procedure for industry representatives on the MSG. While renewal of MSG membership is ongoing for government and industry, and pending for civil society, there is indication the process is being undertaken in an open way according to procedures defined by each constituency, particularly with regards to government and industry. While the draft code of conduct for civil society is a good start, there is little evidence that civil society has ensured that the process for selecting its MSG representatives is inclusive and that NGOs that are not represented on the MSG are able to be informed and contribute to the EITI process. There is no evidence to suggest that industry and civil society representatives on the MSG have canvassed their respective constituencies more broadly on key EITI documents and activities, although there is evidence that the Technical Secretariat consulted organisations that were not members of the MSG in developing the work plan and the annual progress report. The Technical Secretariat has made sure that there were timely announcements of MSG meetings and advance circulation of documents, and that written records of its discussions and decisions are kept, even if the detail of MSG discussions is not always reflected in meeting minutes.

In accordance with Requirement 1.4, Mali should ensure that the procedures for nominating and changing EITI multi-stakeholder group representatives are public and implemented in practice. Mali is encouraged to ensure that effective outreach activities are undertaken with civil society groups and companies, including through communication such as media, website and letters, informing stakeholders of the government's commitment to implement the EITI, and the central role of companies and civil society. Members of the MSG are strongly encouraged to liaise with their constituency groups on a regular basis, and to consult broadly on EITI documents, including the annual progress report, the work plan, and the EITI Report.

3.2 Corrective action 2: Work plan (#1.5)

In accordance with Requirement 1.5.a, the MSG should maintain a current work plan that sets EITI implementation objectives that reflect national priorities for the extractive industries. In accordance with Requirement 1.5.b, the work plan must reflect the results of consultations with key stakeholders.

¹⁸ Mali EITI, Procès-verbaux des réunions du CP-ITIE, accessed [here](#) in March 2019

Findings from the first Validation

The first Validation found that Mali had made meaningful progress towards meeting this requirement. The work plan was available on the Mali EITI website, although sources of funding were not specified. The MSG did not appear to have considered linking objectives of EITI implementation to broader national priorities and stakeholder input to the development of the work plan appeared to have been limited. The workplan included activities related to overcoming general capacity constraints, although it would have benefited from a more detailed needs assessment. The work plan did not address the scope of EITI reporting, despite including activities aimed at expanding EITI reporting to other sectors and did not include activities related to following up on EITI recommendations. Nonetheless, delays in implementing activities in the work plan appeared reasonable in light of funding constraints.

Progress since Validation

The MSG published a triennial work plan for 2017-2019 on 20 March 2017¹⁹ and its 2019 annual work plan on 21 February 2019.²⁰ Both documents are available on the Mali EITI website.

The cover page of the **triennial work plan** links the objectives of EITI implementation to Mali's 2016-2018 Strategic Framework for Economic Growth and Sustainable Development²¹, and particularly to the government's objective of "improving governance and transparency in extractive industries and diversifying the mining sector". The triennial work plan includes activities related to overcoming the legal and regulatory framework, MSG governance, contract transparency, beneficial ownership, communications, capacity development, and the overall sustainability of the EITI process. A review of MSG meeting minutes confirms that the MSG commented on and approved the triennial work plan on 20 March 2017.²²

The **2019 work plan** includes specific activities aligned with the objectives of the triennial work plan. The 2019 workplan includes activities related to systematic disclosures, as well as to follow up on EITI recommendations from the Independent Administrator and from Validation. The work plan includes specific activities related to EITI mainstreaming, beneficial ownership disclosure, and commodity trading transparency. It reflects the total budget for EITI implementation over the period and the sources of funding for each activity (from the Government, development partners and UEMOA). Resource constraints remain a major concern in Mali and have had a direct impact on the work plan's implementation.

The draft 2019 work plan was developed by an ad-hoc MSG working group, which met on 21 January 2019.²³ The working group included representatives from industry, civil society, government and the Technical Secretariat. A review of the minutes of the MSG's 21 February 2019 meeting confirm that the MSG commented on and approved the work plan.²⁴ While there is no evidence that MSG representatives canvassed their broader constituencies in developing the document, the MSG instructed the Technical

¹⁹ Mali EITI , Plan action triennial 2017-2019 (April 2017), accessed [here](#) in March 2019

²⁰ Mali EITI , Plan d'action 2019 (February 2019), accessed [here](#) in March 2019

²¹ Government of Mali, Strategic Framework for Economic Growth and Sustainable Development (2016-2018), accessed [here](#) in March 2019

²² Mali EITI , Minutes of the 20 March 2017 MSG meeting (March 2017), accessed [here](#) in March 2019

²³ Mali EITI , Minutes of the 18 January 2019 MSG Working Group meeting on the Workplan (January 2019), accessed [here](#) in March 2019

²⁴ Mali EITI Minutes of the 21 February 2019 MSG meeting (February 2019), accessed [here](#) in March 2019

Secretariat to consult stakeholders not represented on the MSG, including civil society organisations, companies and development partners on 25 February 2019. Supporting documentations on these consultations are available on the Mali EITI website.²⁵ Mali EITI plans to adopt a new triennial plan for 2019-2021 in the second half of 2019.

Secretariat's Assessment

The International Secretariat is satisfied that the corrective action on work plan has been addressed and considers that Mali has made satisfactory progress on Requirement 1.5. In accordance with Requirement 1.5, the MSG approved a triennial work plan (2017-2019) and a 2019 work plan, which are public and reflect national priorities for the extractive industries. The work plans address the scope of EITI reporting, include plans to address legal and regulatory obstacles to implementation, and outline the MSG's plans for following up on recommendations from EITI reporting and Validation. While there is no evidence that the civil society and industry constituencies canvassed broadly in the preparation of the work plan, there is evidence that the Technical Secretariat consulted broadly with stakeholders beyond the MSG and with development partners in developing the work plans.

To strengthen implementation, Mali should ensure that future updates of the EITI work plan reflect the results of consultations with key stakeholders both on and off the MSG. Mali is encouraged to strengthen processes for constituency coordination on the development of the EITI work plan and ensure that the broader government, industry, and civil society constituencies are consulted on future updates of the workplans. Mali may wish to publish more regular updates on work plan execution to reflect the detail with which the MSG and secretariat track implementation. This could further support the MSG's efforts to reach out to prospective donors to support specific work plan activities.

3.3 Corrective action 3: Licence allocation and register (#2.2 and #2.3)

In accordance with Requirement 2.2.a, the government should ensure annual disclosure of which mining, oil, and gas licenses were awarded and transferred during the year, highlighting the technical and financial requirements and any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers. In accordance with Requirement 2.3, the government should also ensure that the dates of application, commodities covered and coordinates for all oil, gas and mining licenses held by material companies are publicly available.

Findings from the first Validation

The first Validation found that Mali had made inadequate progress in meeting Requirement 2.2. The 2013 EITI Report and the online cadastre MCAS provided details about license allocations, but financial and technical criteria for allocating licenses were not disclosed for licenses awarded in 2012 and 2013.

The first Validation concluded that Mali had made meaningful progress in meeting Requirement 2.3. The 2013 EITI Report provided a link to an online cadastre that included information set out in provision 2.3.a-b for all the licenses held by mining companies covered in the EITI reporting process, but not for the oil and gas company Petroma, which was also included in the EITI reporting process.

²⁵ Mali EITI, Electronic consultations on the 2019 workplan (February 2019), accessed [here](#) in March 2019

Progress since first Validation – License allocations (#2.2)

Mali published its 2016 EITI Report on 31 December 2018. Mali EITI published addenda to the 2016 Report on 25 February 2019. This included, for mining, a note on the standard operating procedure from the Ministry of Mines detailing the six types of mining licences and the process of application and award for each²⁶, together with a letter from the General Directorate for Mines (DNGM) indicating the absence of non-trivial deviations from the applicable and regulatory framework for licences awarded and transferred in 2016.²⁷ With regards to oil and gas, the addenda included a note from the Authority for the Promotion of Petroleum Activities (AUREP) detailing the licence allocation procedure for research, production and transport licences in the hydrocarbon sector²⁸, as well as a schematic diagram on the allocation of hydrocarbon licences.²⁹

Mining sector: The 2016 EITI Report notes that, as of 31 December 2016, there were 662 active mining licences, of which 215 licences were awarded in 2016 (including 49 research permits, eight quarry exploitation licences, four dredging licences, seven small mine exploitation licences, five prospection licences and 142 exploration authorizations). The 2016 EITI Report also confirms that seven licences were transferred in 2016 (pp.41,42). The report notes that licence allocations and transfers are governed by the Mining Code (law 2012-015)³⁰ and its implementing Decree (2012-311 P-RM).³¹ Mining licences in Mali are awarded on a first come first serve basis.

The 2016 report provides a list of documents required from applicants in licence allocations and transfers, which refers to demonstrating competencies and professional experience, technical capacities and bank statements (p.41). It does not however provide a specific list of technical and financial criteria assessed specifically (nor their weightings, if applicable). The report does not highlight whether there were any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers in 2016. There is no evidence to show whether the MSG has conducted spot checks to review any potential non-trivial deviations in the allocation and transfer of those licences, in preparing the 2016 EITI Report. Similarly, the 2015 Standard Operating Procedure of the Ministry of Mines, published as an addendum to the 2016 Report ahead of Validation³², describes the different steps of the licence allocation process for all types of licences, as well as the list of documents required from applicants.

The 2016 EITI Report notes that the DNGM acknowledged that the technical and financial criteria for licence allocations are currently not clearly and sufficiently enshrined in legislation and regulations (p.41) and is reviewing this aspect as part of revisions to the 2012 Mining Code. The 2016 EITI Report includes a recommendation from the IA (pp.18,77) that 1) the role, membership, scope of the work, and frequency of meetings of the Commission tasked with reviewing licences allocations and transfers be more clearly defined; and 2) that clear technical and financial criteria be defined to ensure that information submitted by applicants can be verified.

²⁶ Guide de Procédures d'Organisation du travail au Niveau de la division études et législation, accessed [here](#) in March 2019

²⁷ Note sur octroi des titres (avec échantillonnage) accessed [here](#) in March 2019

²⁸ Procédures d'instruction des dossiers des titres pétroliers, accessed [here](#) in March 2019

²⁹ Schéma de délivrance des titres pétroliers, accessed [here](#) in March 2019

³⁰ Mali ; Code minier 2012, accessed [here](#) in March 2019

³¹ Government of Mali, Decree n° 2012-311/P-RM du 21 juin 2012, accessed [here](#) in March 2019

³² Guide de Procédures d'Organisation du travail au Niveau de la division études et législation, accessed [here](#) in March 2019

In a letter published ahead of Validation, the DNGM confirms that it was the government entity responsible for the award and transfer of mining licences.³³ The DNGM asserts that there were no non-trivial deviations to the legal and regulatory frameworks in the practise of licence awards, and all awards and transfers were in line with the laws set out in the 2012 Mining Code. A list of licences allocated and transferred in 2016 is provided as an annex to the letter. The letter also explains that the DNGM conducted spot checks on the transfer of one gold production licence (New Gold Mali), one gold research permits (Soinghoi Resources) and the allocation of one gold research permit (Africa Mining) and of one small-scale limestone production permit (KSB Mali). The spot checks confirmed that the technical and financial criteria had been assessed and that the Commission had given its approval. The technical criteria reviewed included qualifications (diploma, titles, professional references), and a list of previous or on-going prospection or research works. The financial criteria reviewed included bank account statement, the three last financial statements and the statutes of the company. The spot checks concluded that the statutory licence allocation and transfer procedures had been followed in practice and that the Commission duly approved of the granting or transfer of the licenses. It is unclear why these licences were chosen for the spot check and what methodology was used as part of the spot check. There is no evidence to suggest that the MSG was consulted on the methodology, nor whether they were satisfied with the outcome of this review.

Hydrocarbon sector: According to the 2016 EITI Report, there were no awards, renewals or transfers of hydrocarbon licences in 2016. The 2016 report provides a general description of the bidding process and of the relevant legislation and regulatory framework (p.30).³⁴ The Ministry of Mines and Hydrocarbons also published a schematic representation of the process by OGAS ahead of Validation³⁵, together with a note from AUREP detailing the procedures and different stages in the processing of applications for exploration and production permits.³⁶ The note confirms that financial and procedural criteria concerning the awards, transfer and deliverance of hydrocarbon licenses are reviewed by AUREP. The note lists technical criteria (work program, experience of the company, CVs of the management team), as well as financial criteria (bank statements and references, borrowing capacity, balance sheet, ability to mobilize financial resources).

Progress since Validation – License register(s) (#2.3)

Mining: The mining cadastre, developed by the Revenue Development Foundation (RDF) with support from the GIZ, was launched in August 2014.³⁷ A review of the mining cadastre confirms that it contains information on all licenses held by mining companies, including information on companies below the materiality threshold in the 2016 EITI Report. This includes: the name of the license holder; the coordinates of the license area; the date of application and award and duration of the license; the commodity produced and the company's tax identification numbers (TIN).

Hydrocarbon: The oil and gas cadastre (OGAS), set up to manage oil and gas blocks, is still under development and was not publicly accessible at the start of Validation. The 2016 EITI Report provides a map of oil and gas blocks as of 12 December 2016. The Report provides information on four licenses,

³³ Note sur octroi des titres (avec échantillonnage) accessed [here](#) in March 2019

³⁴ Ibid 22

³⁵ Procédure d'octroi des titres pétroliers OGAS, accessed [here](#) in March 2019

³⁶ Procédures d'instruction des dossiers des titres pétroliers, accessed [here](#) in March 2019

³⁷ RDF Cadastre project description accessed [here](#) in March 2019

including one that was suspended in 2013 because of force majeure due to the conflict in the North of Mali (SIPEX), one that remained inactive for the same reasons and expired in 2017 (CIRCLE OIL&GAS), as well as two licenses for PETROMA, including a production license for hydrogen that remains active and one that expired in March 2016.³⁸ The date of application of the active PETROMA license is not provided in the report. Ahead of Validation, Mali EITI published Decree 2016-4049/MM-SG, which contains geographical coordinates for all oil and gas blocs in Mali.³⁹ By triangulating information on oil and gas blocks in the 2016 Report and in the Decree, it is possible to identify geographical coordinates of all oil and gas licenses.

Government representatives consulted as part of Validation confirmed that the PETROMA production license is the only one remaining active in 2016. It is also the only licence held by a material company.

Secretariat's Assessment

The International Secretariat considers that the corrective action on license allocations has been partly addressed and considers that Mali has made meaningful progress on Requirement 2.2, with considerable improvements. While the 2016 EITI Report lists the licenses awarded and transferred in the year under review and provides a general overview of the licence allocation and transfer procedures in Mali, it does not specifically describe the technical and financial criteria used in licence allocations and transfers in the year under review. While the addenda published by the DNGM ahead of Validation states that there were no non-trivial deviations in the allocation of all research permits and the license transfers in 2016, the absence of a clear description of technical and financial criteria assessed raises questions over the comprehensiveness of the assessment of non-trivial deviations. There is no evidence that the MSG reviewed or approved the DNGM's methodology for spot checks on four licenses. The International Secretariat therefore concludes that the broader objective of Requirement 2.2 has not yet been fully achieved. In oil and gas, EITI Mali provided a general description of the technical and financial criteria used of the allocation and transfer oil and gas exploration and production permits and confirms the lack of awards and transfers in the year under review.

In accordance with Requirement 2.2.a, Mali should ensure that the awards and transfers of mining, oil, and gas licenses during the year are publicly disclosed annually, highlighting the process for awarding and transferring licenses, including technical and financial criteria, and any non-trivial deviations from the applicable legal and regulatory framework governing license awards and transfers.

The International Secretariat is satisfied that the corrective action on license registers has addressed and considers that Mali has made satisfactory progress on Requirement 2.3. The 2016 EITI Report and Mali's mining cadastre provide all of the information required under Requirement 2.3.b. In oil and gas, there is evidence that Mali EITI made efforts to ensure comprehensive disclosures. While the date of application for the PETROMA licence has not been disclosed, the Secretariat considers that this is a marginal omission that does not hinder Mali's progress towards the broader objective of transparency in license data.

³⁸ 2016 EITI Report, Annex 9, p 129.

³⁹ Decree fixing number of blocs and area, accessed [here](#) in March 2019

To strengthen implementation, Mali is encouraged to take necessary steps to ensure that its cadastre for Petroleum licences (OGAS) is publicly available and contains information all the licences awarded in the year under review.

3.4 Corrective action 4: Comprehensiveness (#4.1)

In accordance with Requirement 4.1.c, the MSG should ensure that the Independent Administrator assesses the materiality of non-reporting companies and government entities as well as provide its opinion on the comprehensiveness of the EITI Report. The MSG should also ensure that aggregate information about the amount of total revenues received from each of the benefit streams agreed in the scope of the EITI Report, including revenues that fall below agreed materiality thresholds, be provided by government, in accordance with Requirement 4.1.d.

Findings from the first Validation

The first Validation found that Mali had made meaningful progress in meeting Requirement 4.1. The MSG agreed a set of materiality thresholds that ensured sufficiently comprehensive coverage for the 2015 EITI Report and provided justification for the two materiality thresholds as well as listings of all material revenue streams and companies. The materiality of non-reporting was assessed, and full unilateral government disclosure was provided, albeit disaggregated by company not by revenue stream. While a quantitative threshold was not provided for selecting companies, the MSG's agreed approach provided sufficiently comprehensive coverage of extractives revenues. However, the EITI Report did not include the IA's clear statement regarding the comprehensiveness of the EITI Report nor full unilateral government disclosures disaggregated by revenue stream.

4.1 Progress since Validation

Mali published its 2016 EITI Report on 31 December 2018. The Mali EITI website published a note by the DNGM, listing all payments it received in 2016 that were below the materiality threshold, by revenue stream and by company.⁴⁰

Material revenue streams: The 2016 EITI Report describes the MSG's approach to determining the materiality of revenue streams (pp.24-27). The 2016 EITI Report confirms that the MSG has agreed a set of materiality thresholds that ensure comprehensive coverage and provides justification for the two materiality thresholds, as well as listings all material revenue streams and companies. A materiality threshold of XOF 50m was set for the selection of reporting entities for reconciliation purposes. A description of the 37 material revenue streams is included in the report (p.26). Social payments by the INPS are not included in the calculation of materiality, even though they accounted for 11.21% of total extractive revenues (p. 12). INPS collects social contributions ("*côtisations sociales*") (p.39), which is not an extractive-specific revenue stream and represents a payment on behalf of employees not transferred to the Treasury (p.52).

Material companies: For the mining sector, all companies with revenues above XOF 50m are included in the scope of reconciliation. The list includes 22 material mining companies, including 11 in gold

⁴⁰ Unilateral disclosures of payments received by DNGM in 2016, disaggregated by company and revenue stream, accessed [here](#) in March 2019

production, two in gold exploration, two in mineral exploration, one in bauxite exploration, one in mineral waters production and five in quarrying.

Non-material companies are listed in Annex 6 of the report (p. 115, 116), accounting for a total of XOF 1 083 839 026, or 0.4495% of total government extractives revenues (excluding subcontractors). The report also provides unilateral disclosure of payments made by subcontractors (Annex 6, 115). For the hydrocarbon sector, the oil company PETROMA was included in the scope of reconciliation with total payments above XOF 50m. Revenues collected from Circle Oil and Gas were unilaterally disclosed (p.15, 34).

Reporting omissions: All companies included in the scope of reporting submitted a reporting template, except for COVEC. However, the MSG decided to remove COVEC from the scope of reconciliation, as its quarry mine was considered to form only a small part of its overall activities (p.25). All the government agencies reported payments for all the companies included in the scope. The IA concludes that data provided for the 2016 EITI Report is comprehensive.

Discrepancies: Discrepancies in the reconciliation of revenues reported by government entities and payments made by companies are explained in the report as largely due to accounting issues in the tax administration related to the use of compensation payments (*'paiements par compensation'*) (p.21). The IA recommends that the MSG undertake actions to reduce or explain discrepancies in the reconciliation of compensation payments (p.83). EITI Mali published an addendum ahead of Validation on the differences between compensation payments (*'paiement de compensation'*) and advance payments (*'paiement par avance'*) collected by the tax authorities.⁴¹

Full government disclosure: All government entities are listed, and there is no indication of any omissions in government reporting. All government entities involved in the collection of extractives revenues are included in the scope of the 2016 EITI Report, with a total of nine government entities selected, including two provincial governments of Kayes and Sikasso. For unilateral government disclosures (p. 115,116), DNGM disclosures are not disaggregated by company in the 2016 EITI Report. However, full government unilateral disclosure was presented disaggregated by revenue stream in a DNGM addendum published on the Mali EITI website ahead of Validation.⁴² The DNGM addendum consists of an Excel spreadsheet with all disaggregated payments below the materiality threshold by company and by revenue flow.⁴³

Secretariat's Assessment

The Secretariat is satisfied that the corrective measure on comprehensive disclosure has been addressed and considers that Mali has achieved satisfactory progress on Requirement 4.1. The 2016 EITI Report provides, for both oil and gas and mining, a definition of the materiality thresholds for payments and companies to be included in the scope of reconciliation, including a justification for why the thresholds were set at these levels. The MSG was involved in setting the materiality thresholds for payments and for companies. The materiality of omissions from non-reporting companies is assessed and considered not to affect the comprehensiveness of the reconciliation. Full unilateral government disclosures of material

⁴¹ Note sur les paiements par compensation, accessed [here](#) in March 2019

⁴² Unilateral disclosures of payments received by DNGM in 2016, disaggregated by company and revenue stream, accessed [here](#) in March 2019

⁴³ Situation de paiement des taxes de délivrance, accessed [here](#) in March 2019

revenues, including from non-material companies, was provided disaggregated by revenue stream in an addendum published ahead of Validation.

To strengthen implementation, Mali is encouraged to ensure that all material companies report their revenues, as well as provide full unilateral government disclosures of material revenues, including from non-material companies. The MSG could also ensure that steps are taken by government agencies and companies to systematically and regularly disclose financial information.

4.1 Corrective action 5: Data quality (#4.9)

In accordance with Requirement 4.9.b.iii and the standard Terms of Reference for the Independent Administrator agreed by the EITI Board, the MSG and Independent Administrator should:

- a) examine the audit and assurance procedures in companies and government entities participating in the EITI reporting process, and based on this examination, agree what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9. The Independent Administrator should exercise judgement and apply appropriate international professional standards^[1] in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his/her professional judgement to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. The Independent Administrator's inception report should document the options considered and the rationale for the assurances to be provided.
- b) ensure that the Independent Administrator provides an assessment of comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
- c) ensure that the Independent Administrator provides an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness and reliability of the report.

Findings from the first Validation

The first Validation found that Mali had made inadequate progress in meeting this Requirement. The MSG adopted a ToR for the IA in line with the standard ToR approved by the EITI Board and considered it approved the reporting templates for the 2014 EITI Report. Although it did not have final approval over the selection of the IA, MSG members considered that they had adequate oversight of the selection process. The 2016 EITI Report described statutory audit procedures for companies and government as well as deviations in practice from these procedures on the part of government. It described the quality assurance procedures for reporting entities, assessed the materiality of noncompliance by companies, provided the coverage of reconciliation and included the IA's overall assessment of the reliability of the 2016 EITI Report. It also reviewed progress in following up on past EITI recommendations and formulated two new recommendations. However, the MSG and IA did not appear to have undertaken a review of actual auditing practice by companies in 2016 prior to agreeing quality assurance procedures. The 2014 EITI Report did not describe the agreed procedures for the IGF's certification of government disclosures,

nor reference to where this information was publicly-accessible and did not provide the IA's assessment of any non-compliance by government entities with the quality assurance procedures.

Progress since Validation

Mali EITI published its 2016 EITI Report on 31 December 2018. It published an addendum on the methodology the Accounts Section ('Section des Comptes') of the Supreme Court used to certify EITI declarations from government entities.⁴⁴

IA procurement: The ToR for the IA for the 2016 EITI Report are in line with the standard ToR approved by the EITI Board. The MSG approved the ToR for the recruitment of the IA for the 2016 EITI Report on 22 June 2017⁴⁵ and the reporting templates on 15 February 2018.⁴⁶ Although they did not have final approval over the selection of the IA given that procurement continued to be handled through the government's public procurement system, MSG members consulted for the second Validation considered that they had adequate oversight of the selection process.

Audit practices: The 2016 EITI Report includes a summary of the review of the audit and assurance procedures in companies and government entities participating in the EITI reporting process. The report also describes auditing procedures for extractives companies and the government. It is not clear from the report whether these procedures were followed in practice. All material companies provided financial statements certified by external auditors to the IA (Annex 4, p. 113), except for two companies that provided a letter from management confirming the respective companies' financial statements were audited. The report does not provide guidance on accessing these audited financial statements.

Methodology: The IA describes the process for quality assurances for EITI reporting by both companies and government entities (p.23). The report confirms that all material companies submitted reporting templates signed by management and certified by an external auditor (p.17).

Confidentiality: While the report does not explicitly describe provisions for preserving the confidentiality of information pre-reconciliation, it notes that the IA's work was undertaken in accordance with International Standard on Related Services (p.10), which includes provisions for appropriate treatment of confidential information.

Reconciliation coverage: The report provides the target reconciliation coverages for mining, oil and gas, as well as an assessment of the materiality of payments from non-reporting companies (p.15).

Compliance with quality assurances: All companies in the scope of reconciliation adhered to the agreed certification method. All these companies provided evidence that their financial statements were certified (not necessarily public). Details per company is provided in Annex 4 (p. 113), with only two companies not providing their audited financial statement but a letter from management confirming their financial statements were audited. Reporting templates for all government entities were signed by their directors, except for the DNGM, which did not provide unilateral disclosures disaggregated by company for the report. The report provides the value of revenues collected by the DNGM as XOF 334 290 860,

⁴⁴ Rapport sur la Méthodologie de certification des Déclarations ITIE, accessed [here](#) in March 2019

⁴⁵ ITIE Mali, compte rendu de la réunion du comité de pilotage (22 juin 2017), accessed [here](#) in March 2019

⁴⁶ ITIE Mali, compte rendu de la réunion du comité de pilotage (15 février 2018), accessed [here](#) in March 2019

representing less than 0.1% of extractives revenues (including from subcontractors). The Section des Comptes certified all the government disclosures, except for unilateral disclosures by the DNGM below the materiality threshold.

Although the report does not explicitly state that reporting government entities followed the agreed quality assurances, it notes in several instances that the Cour des Comptes certified reporting from the Treasury (DGTCP). The addendum to the EITI Report from the Section des Comptes details the obstacles encountered in the certification process (including the lack of capacity, absence of supporting documentations for payments) and issues recommendations for improvements in future certifications.⁴⁷

Data reliability: The report includes the IA's overall assessment of the comprehensiveness and reliability of data in the 2015 EITI Report (p.17). The IA concludes, with reasonable assurance, the reliability of extractive sector revenues reported in the 2016 EITI Report.

Sourcing: All non-financial information in the 2016 EITI Report appears clearly sourced.

Summary data: The IA appears to have prepared summary data tables for the 2016 EITI Report produced in line with provisions of the IA's ToR, available the Mali country page of the global EITI website.⁴⁸

Recommendations: The IA comments on the progress in implementing recommendations to improve data reliability and gives further recommendations (p. 18, 76-82). The IA makes recommendations for strengthening the reporting process in the future including recommendations regarding audit practices (p. 53-55, 82) and reforms needed to bring them in line with international standards, and recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance (p. 83-105).

Secretariat's Assessment

The International Secretariat is satisfied that the corrective action on data quality has been addressed and considers that Mali has made satisfactory progress on Requirement 4.9. The MSG endorsed the ToR for the IA, as well as its procurement done through the government's procurement systems. The MSG also reviewed and approved the reporting templates for the report. There is evidence that Mali EITI and the IA took steps to ensure that material payments and revenues were certified. In accordance with Requirement 4.9, the 2016 EITI Report includes an assessment of the materiality of payments from companies and government entities that did not comply with the agreed quality assurances. The 2016 EITI Report provides a clear assessment by the IA that the reconciled financial data presented is comprehensive and reliable. The report indicates the coverage of the reconciliation exercise, based on the government's disclosure of total revenues. The report includes follow up on recommendations from past EITI Reports and Validation, as well as a set of new recommendations. Summary data was provided for the 2016 Report.

To strengthen implementation, Mali is encouraged to ensure that all reporting entities comply with agreed quality assurances for EITI reporting, with a view to providing a firm basis for the IA's assessment of the comprehensiveness and reliability of the reconciled financial data. Mali is encouraged to explore

⁴⁷ Rapport sur la Méthodologie de certification des Déclarations ITIE, accessed [here](#) in March 2019

⁴⁸ See Mali country page, EITI website, accessed [here](#) in October 2018.

ways of using annual EITI reporting as a diagnostic of public and private-sector audit and assurance practices.

4.2 Corrective action 6: Subnational transfers (#5.2)

In accordance with Requirement 5.2.a, the MSG should assess the materiality of subnational transfers prior to data collection and ensure that the specific formula for calculating transfers to individual local governments be disclosed, to support an assessment of discrepancies between budgeted and executed subnational transfers.

Findings from the first Validation

The first Validation concluded that Mali had made inadequate progress with regards to Requirement 5.2. While the 2014 EITI Report listed one payment flow earmarked as a subnational transfer to communes (“la patente”) and referred to companies’ unilateral disclosures of such payments, it did not describe the statutory revenue-sharing mechanism nor the barriers to implementation of such subnational transfers in practice, nor the value of the subnational transfers themselves.

Progress since Validation

Mali published its 2016 EITI Report on 31 December 2018. Mali EITI published an addendum to the 2016 Report explaining the methodology used to track and reconcile subnational transfers, ahead of Validation.⁴⁹ The PWYP coalition, with support from GiZ, published a study on the redistribution of the “patentes” to the mining regions of Kayes and Sikasso in October 2017.⁵⁰

The 2016 EITI Report confirms that the MSG decided to consider one revenue stream, a trade tax called “les patentes”, as a subnational transfer (p.26). A review of Mali’s tax code confirms that “les patentes” is a general trade tax and is not related to extractives revenues only.⁵¹ There do not appear to be any other extractives-related revenues redistributed to local governments in Mali. However, considering the importance of this revenue stream for the local communities in mining areas and the considerable public interest in the redistribution of this revenue, the MSG decided to consider it as a subnational transfer for its EITI Report (p.48).

The report notes that Law 2011-36 of 15 July 2011⁵² codifies the revenue-sharing formula for transfers of “les patentes” to circles, municipalities and regions (p.48). Article 7 of the law confirms that the payments for “la patente” are collected by the tax office (Direction Générale des Impôts), through its regional tax offices (DRI). The revenue-sharing formula is as follows:

- 60% of the amount of the contribution to the budget of the municipality;
- 25% of the amount of the contribution to the budget of the circle; and
- 15% of the amount of the contribution to the budget of the region.

⁴⁹ Mali EITI, Méthodologie de réconciliation des transferts infranationaux, accessed [here](#) in March 2019

⁵⁰ Publiez Ce Que Vous Payez Mali, Etude sur la répartition de la patente, accessed [here](#) in March 2019

⁵¹ Gouvernement du Mali, Code General des Impôts, accessed [here](#) in March 2019

⁵² Mali, Loi N°2011 -036 Relative aux ressource fiscale des commune, des cercles et des régions (Juillet 2011), accessed [here](#) in March 2019

The report confirms that MSG decided to include all subnational transfers in the scope of reconciliation without any materiality threshold (p.15). The report confirms that the southwestern regions of Kayes and Sikasso are the two beneficiaries of this subnational transfer as all mining activities in Mali take place in these two regions. The report confirms that three companies made payments related to “la patente” in Sikasso (SOMISY, MORILA and SOMIKA), and five in Kayes (YATELA, SEMOS, GOUNTOKO, SOMILO, SEMICO). The report notes that although they might be considered insignificant at the national level, these subnational transfers are important as a relative contribution to local government budgets.

The report notes that the MSG decided to use a complex three-step approach to disclose and reconcile subnational transfers (p.22):

- Disclosures from companies are tracked and reconciled with disclosures from the tax offices (DRI) in the two regions (p.48). While the figures disclosed by the DRI are disaggregated in three revenue flows (“les patentes”, maintenance tax (“*taxe voirie*”), and contributions to the Chamber of Mines (“*cotisation à la Chambre des mines*”), companies disclosed a single figure covering all three revenue streams. The report notes that the revenue-sharing formula provided under Law 2011-36 is only applied to payments of “les patentes”.
- Disclosures of “la patente” tax reported by the DRI are then reconciled with transfers received by the regional Treasury offices, which manage revenues on behalf of local governments (regions, circles, municipalities) based on the revenue-sharing formula. Discrepancies were uncovered for the three companies in the Sikasso region, but none for the Kayes region (p.49). The report notes that the main discrepancy related to “la patente” payments by the company SOMIKA was due to the lack of disclosure by the regional Treasury office of Sikasso. While it is possible to verify the amount that should be allocated to the regional council of Sikasso and Kayes, it is not possible to verify the amounts that should have been allocated to other local governments (regions, circles and municipalities) in both regions.
- The report then reconciles disclosures from the regional Treasury offices and disclosures from local governments (pp.49-50). The report notes (p. 49) that the revenue sharing formula is applied to the Kayes region (15%), the Kenieba circle (25%), the municipalities of Sadiola, Sitakily, Loulo and Diamsou (60%); as well as to the Sikasso region (15%), the Bougouni, Kadiolo and Yanfolila circles (25%), and the Sanso, Fourou and Kalana municipalities (60%). The report identifies discrepancies between disclosures from the regional Treasury offices of Sikasso and Kayes and amounts disclosed by local governments (Table 31 and 32, p.50). With regards to the Sikasso region, figures are disaggregated by company and only by circle, with no reference to the share due to the Sikasso region and the three municipalities. With regards to the Kayes region, figures are disaggregated by local government (the region, the circle and all municipalities, except Diamou). The report does not explain why the Diamou municipality did not report.

The report provides details on the reconciliation of “la patente” tax (p.70-71), showing that discrepancies were investigated regardless of their value, as well as explanations for the unreconciled discrepancies in the Sikasso region (Circile of Kadiolo and municipality of Sanso). The report provides data disaggregated by local government and by company in both Kayes and Sikasso.

In a recommendation (p.79), the IA identifies obstacles to the reconciliation of subnational transfers between the amounts disclosed by the regional Treasury offices of Kayes and Sikasso, and the amounts received by local governments included in the scope of the report, related to issues with accounting

procedures in local governments, and unexplained discrepancies. The IA explains that it is difficult to communicate with local governments and recommends that the MSG engage with local government officials during the inception phase of EITI reporting. The IA further recommends that local government entities be represented at EITI workshops and trainings.

In October 2017, PWYP Mali, with support from GiZ, published a study on subnational transfers of “la patente” tax to the local governments in Kayes and Sikasso and its impact on financing of basic social services in the municipalities of Sadiola and Sikasso.⁵³ The study identified obstacles in the implementation of the revenue-sharing formula and in the identification of discrepancies between transfers to local governments and their dues in line with the revenue-sharing formula. The study notes that, given the complexity of the three-step process for subnational transfers of “la patente”, local government officials were often not aware of what their local government was owed based on the revenue-sharing formula. The study noted that the local governments were often satisfied with collecting transfers from the regional Treasury office (p.21).

Secretariat’s Assessment

The International Secretariat considers that Requirement 5.2 is not applicable in the context of Mali. The trade tax (“les patentes”) is a general trade tax and is applied to all companies regardless of their activities. It is therefore not an extractives-related revenue flow as per Requirement 5.2. However, considering the importance of this revenue stream for the local governments in mining areas and the considerable public interest in the redistribution of this revenue, the MSG has made efforts to disclose and reconcile transfers related to the revenue flow in the mining regions of Kayes and Sikasso. The 2016 EITI Report assesses the materiality of these payments, describes statutory provisions for the redistribution of the “patentes” tax, and provides the general revenue-sharing formula. The report explains how the tax is collected by the regional tax office, and transferred to the regional Treasury offices, which applies the revenue-sharing formula and transfers relevant amounts to different local governments. The report identifies obstacles to the reconciliation of subnational transfers. The report identifies and explains discrepancies between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred between the central government and each relevant subnational government.

To strengthen implementation with the view of achieving a level of progress beyond satisfactory, the MSG is encouraged to consistently highlight discrepancies between actual transfers of “les patentes” and the amounts that should have been transferred to local governments based on the revenue-sharing formula.

4.3 Corrective action 7: Public debate (#7.1)

In accordance with Requirement 7.1, the MSG should proceed with the dissemination of the most recent EITI Reports as soon as funding becomes available. In accordance with requirement 7.1.b, the MSG should agree a clear policy on the accessibility, dissemination and use of EITI data (a requirement from 1 January 2017), and to provide EITI data in open data formats.

⁵³ GiZ/PWYP study on Subnational transfers in Mali, accessed [here](#) in March 2019

Findings from the first Validation

The first Validation found that Mali had made meaningful progress with regards to Requirement 7.1. The MSG had taken steps to ensure that the 2012 EITI Report was comprehensible, actively promoted and publicly accessible. Through the organisation of dissemination events and workshops, Mali EITI had ensured that the EITI contributed to public debate. Further efforts were needed to ensure that the 2013-2015 EITI Reports were also widely disseminated to affected communities.

Progress since Validation

Mali EITI published its 2017 annual progress report on 31 July 2018.⁵⁴ The MSG adopted an Open Data Policy in November 2017.⁵⁵ The policy covers the terms of access, use and reuse of EITI data. It also confirms that Mali EITI intends to make its data available in open data format. While summary data template for the 2016 EITI Report is not available on the Mali EITI website, copies were shared with the International Secretariat for publication on the EITI website⁵⁶.

The MSG prepared a synthesis of the 2014 and 2015 EITI Reports⁵⁷, to support dissemination campaigns conducted in the mining in nine mining localities in the three main mining regions of Mali. The reports on dissemination activities in these three regions are available on the Mali EITI website⁵⁸, alongside a video of dissemination activities in the municipalities of Kadiolo and Fourou.⁵⁹ Along with communication of the synthesis of the EITI Reports, the dissemination mission used a short video sketch to present the objectives of the EITI.⁶⁰ The synthesis of the 2016 EITI Report is available on the Mali EITI website⁶¹. A dissemination campaign for this report is planned in March 2019. While the synthesis of the report is available in French, industry and civil society representatives on the MSG and members of the technical secretariat confirmed that dissemination of relevant information was done verbally in local languages.

With support from GIZ, Mali EITI plans to establish four debate clubs on the EITI, with the aim to build awareness of the EITI among students and professors and encourage public debate on natural resource governance. The first debate club, in Bamako's Université Privée Ahmed Baba, was launched on 19 December 2018. A report on the launch of this debate club is available on the Mali EITI website.⁶² Mali EITI also organised a conference on EITI implementation at the Economics Faculty at the University of Bamako on 20 November 2017.⁶³

There is evidence that Civil society used EITI data in research on the economic impact of mining at the local level. In October 2017, PWYP Mali, with support from GiZ, published a study on subnational

⁵⁴ Mali EITI, Rapport Annuel d'Avancement 2017 (July 2018), accessed [here](#) in March 2019

⁵⁵ Mali EITI, politique des données ouvertes (novembre 2017), accessed [here](#) in March 2019

⁵⁶ EITI, Mali country page, accessed [here](#) in March 2016

⁵⁷ Mali EITI, Synthèse des rapports ITIE 2014 et 2015, accessed here in March 2019

⁵⁸ Mali EITI, Compte rendu des campagnes de disséminations des rapports ITIE 2014-2015, accessed [here](#) in March 2019

⁵⁹ Mali EITI, activités de disséminations à Kadiolo et Fourou, accessed [here](#) in March 2019

⁶⁰ Mali EITI, sketch sur le processus ITIE au Mali, accessed [here](#) in March 2019

⁶¹ Mali EITI, synthèse du Rapport ITIE 2016, accessed [here](#) in March 2019

⁶² Mali EITI, rapport sur le lancement du club de débat universitaire (December 2018), accessed [here](#) in March 2019

⁶³ Mali EITI, Compte rendu de la Conférence-débat universitaire (November 2017), accessed [here](#) in March 2019.

transfers of local trade tax “la patente” to the local governments in Kayes and Sikasso and its impact on financing of basic social services in the municipalities of Sadiola and Sanso.⁶⁴

Secretariat’s Assessment

The International Secretariat is satisfied that the corrective action on public debate has been addressed and considers that Mali has achieved satisfactory progress on Requirement 7.1. Despite severe resource constraints, the MSG and the technical secretariat have taken steps to ensure EITI Reports are comprehensible, actively promoted and publicly accessible.

To strengthen implementation, Mali is encouraged to operationalise its open data policy with a view to facilitating access to and use of EITI data.

4.4 Corrective action 8: Follow-up to recommendations (#7.3)

In accordance with Requirement 7.3, the MSG should consider the recommendations from EITI Reports and agree relevant follow-up and implementation. It is recommended that the MSG undertake an impact assessment to identify opportunities for increasing the impact of implementation.

Findings from the first Validation

The first Validation found that Mali had made meaningful progress with regards to Requirement 7.3. The MSG had taken steps to act upon lessons learnt, to identify, investigate and address the causes of any discrepancies and to consider the recommendations for improvements from the Independent Administrator. However further details were needed to ensure that recurring problems were effectively addressed.

Progress since Validation

Mali published its 2016 EITI Report on 31 December 2018 and its 2017 annual progress report on 31 July 2017.⁶⁵ The MSG adopted the 2019 workplan and a specific plan to address EITI recommendations on 21 February 2019.

Follow-up: In the 2016 EITI Report, the IA made seven new recommendations related to disclosures on artisanal and small-scale mining, licence allocation procedures, implementation of socio-environmental impact studies, subnational transfers, beneficial ownership, gold export data, and data quality (pp.76-82). The IA also reviewed progress in the implementation of 21 recommendations from previous EITI Reports. The IA noted that 12 recommendations had not been implemented as of 31 December 2018, and that implementation was on-going for the remaining nine. There is no evidence of MSG discussions on the causes of discrepancies, including in MSG meeting minutes, nor that the MSG established a mechanism for consistent follow up to recommendations.

⁶⁴ GIZ/PWYP study on Subnational transfers in Mali, accessed [here](#) in March 2019

⁶⁵ Mali EITI , Rapport Annuel d’Avancement 2017 (July 2018), accessed [here](#) in March 2019

The 2017 annual progress report did not reflect progress in the implementation of individual recommendations. The report only noted that the MSG was developing a roadmap to follow up on recommendations and planned to undertake an impact assessment (p.17).

The MSG reviewed all recommendations during a retreat in Sélingué on 8-10 February 2019. A report of the MSG discussions on recommendations is available on the EITI website. The MSG subsequently published a roadmap to implement recommendations on 21 February 2019. The roadmap identifies recommendations that have been implemented or that remain to be implemented. It identifies responsible entities and provides a timeframe for the implementation of five recommendations. It does not provide details on how the MSG intends to follow up on other recommendations. Neither the report, nor the roadmap confirms how and when the MSG intends to follow-up and take stock of progress in the implementation of the recommendations.

Secretariat's Assessment

The International Secretariat considers that the corrective action on follow-up on EITI recommendations has partly been addressed and considers that Mali has achieved meaningful progress on Requirement 7.3, with considerable improvements. There is no evidence of MSG discussions on the causes of discrepancies, including in MSG meeting minutes, nor that the MSG established a mechanism for consistent follow up to recommendations. While the adoption of a roadmap to act upon EITI recommendations is a welcome first step, the MSG should put in place a structured mechanism and process to prioritise and follow up on EITI recommendations in practice.

In accordance with Requirement 7.3, Mali should introduce a systematic and structured mechanism to track follow-up on recommendations from EITI Reports and from Validation, with a clear timeframe and clear responsibilities for follow-up. Mali should also take a more proactive role in formulating its own recommendations. Mali should ensure that the next annual progress report and EITI Report provide a detailed summary of progress in implementing recommendations from EITI Reports and Validation.

4.5 Corrective action 9: Outcomes and impact of EITI implementation (#7.4)

In accordance with Requirement 7.4, the MSG should provide opportunities for all stakeholders, including stakeholders not serving on the MSG, to participate in the production of APRs and to review the impact of EITI implementation.

Findings from the first Validation

The first Validation found that Mali had made meaningful progress with regards to Requirement 7.4. The MSG had produced annual progress reports documenting progress and outcomes of implementation, however further work was required to assess impact.

Progress since Validation

The Mali EITI MSG published the 2017 annual progress report on 31 July 2018.⁶⁶ The MSG developed a questionnaire to evaluate the impact of EITI implementation on 14 September 2018.⁶⁷ Civil Society published a note on the impact of EITI implementation in Mali on 25 February 2019⁶⁸.

EITI impact: While the 2017 annual progress report describes activities and outputs, it does not provide a detailed assessment of the impact of EITI implementation in Mali. The MSG developed a questionnaire to consult stakeholders on EITI implementation in July 2018, although there is no evidence that a consultation was conducted and that lessons were drawn on the impact and results of EITI implementation. Civil society published a note on the impact of the EITI ahead of Validation, although there is no evidence to suggest that the MSG discussed this note, or the impact of EITI implementation more broadly, in a structured manner since the first Validation.

In its note on the impact of EITI implementation in Mali, civil society notes that the lack of resources had limited the EITI's potential and that the MSG had not been diligent in its follow-up on EITI recommendations. It highlights some outcomes of EITI implementation, such as the fact that it was now possible to understand the contribution of extractives revenue to the national budget, and to trace social and other payments to local governments. It emphasises that the EITI has contributed to strengthen government systems, with more efficient data collection within government entities, and the establishment of the mining and oil and gas cadastre. The 2012 Mining Code, which makes explicit reference to EITI disclosures, has strengthened the EITI's role in overseeing subnational transfers and local content. The note calls for coverage of EITI reporting to be extended to environmental payments to respond to communities' demands for such information. The note concludes by highlighting the EITI's limited contribution to public debate on natural resource governance, anti-corruption, and sector reforms despite the publication of more than ten EITI Reports. The note recommends further efforts to make EITI disclosure more regular and systematic, and therefore more relevant to inform public debate, and to ensure proper follow-up on EITI recommendations.

Stakeholder engagement: There is evidence that the MSG has sought to broaden consultations in developing the annual progress report, by mandating the Technical Secretariat in July 2018 to consult stakeholders from civil society, government and development partners not represented on the MSG on the draft 2017 annual progress report.⁶⁹ There is no evidence however that MSG members from industry and civil society canvassed their respective constituencies more broadly on the drafting of the annual progress report

Secretariat's Assessment

The International Secretariat considers that the corrective action on results and impact has been partly addressed and considers that Mali has achieved meaningful progress on Requirement 7.4, with considerable improvements. The 2017 annual progress report focuses more on activities and outcomes than on impact. While the MSG developed a questionnaire to measure impact, there is no evidence that

⁶⁶ Mali EITI , Rapport Annuel d'Avancement 2017 (July 2018), accessed [here](#) in March 2019

⁶⁷ Mali EITI , Questionnaire sur l'évaluation de l'impact (septembre 2018), accessed [here](#) in March 2019

⁶⁸ Publish What You Pay Mali, Note sur l'impact de l'ITIE (February 2019), accessed [here](#) in March 2019

⁶⁹ Mali EITI , Electronic consultations on the 2017 annual progress report (May 2018), accessed [here](#) in March 2019

consultations on assessing the impact of EITI implementation were conducted in practice and that a standalone impact assessment was undertaken. While there is no evidence to suggest that MSG members have canvassed their respective constituencies to seek their views and feedback on the annual progress report, there is evidence to that the MSG mandated the Technical Secretariat to canvass development partners, as well as CSOs and government agencies not represented on the MSG.

In accordance with Requirement 7.4.a.iv, Mali should include an assessment of progress with achieving the objectives set out in its work plan, including the impact and outcomes of the stated objectives. Mali may wish to conduct a dedicated assessment of the impact of EITI implementation in Mali.

4. Conclusion

Having reviewed the steps taken by Mali to address the nine corrective actions requested by the EITI Board, it can be reasonably concluded that **four** of the nine corrective actions have been fully addressed and that Mali has made meaningful progress in implementing the EITI Standard, with considerable improvements across individual requirements. The outstanding gaps relate to MSG governance (Requirement 1.4), license allocation (Requirement 2.2), Subnational transfers (Requirement 5.2), follow-up on recommendations (Requirement 7.3), and outcomes and impact of EITI implementation (Requirement 7.4).