



**Validation Report – Comments from
Mauritania’s Multi-Stakeholder Group**

Nouakchott, Mauritania, 7 February 2017

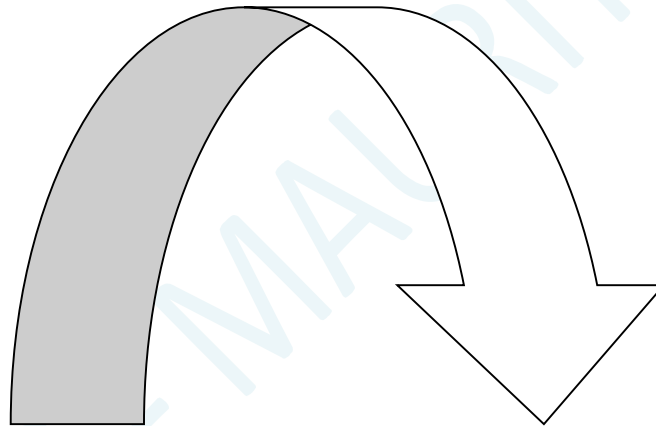
Executive Summary

The Validation Report was received from the EITI International Secretariat on 26 January 2017.

It was shared with members of the Multi-Stakeholder Group (MSG) and discussed at an extraordinary meeting held on 31 January 2017.

Comments from MSG members are reflected in the content of this report.

Please turn over



This report is divided into two main sections: (I) content and (II) references.

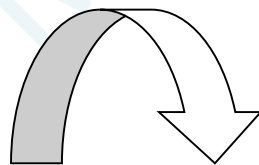
I- Report content

The content section is divided into the following sections: (i) general remarks, (ii) detailed responses from the MSG, and (iii) conclusion.

i) *General remarks from the MSG*

Mauritania’s MSG has complied with the 2016 EITI Standard, the EITI International Secretariat’s guidance notes, and Mauritanian laws and regulations relevant to EITI implementation. It takes the view that substantial effort has been made in reference to this framework, and that the outcomes have had a positive impact on extractive resource governance in Mauritania.

The MSG therefore calls on the Validator to take account of progress achieved to date.



ii) *MSG responses*

Category	Requirement	Validator’s assessment	MSG’s assessment	MSG’s responses and proposed actions
Oversight by the Multi-Stakeholder Group	Civil society participation (1.3)	Substantial	<i>Satisfactory</i>	<p>The MSG believes that civil society organisations (CSOs) are effectively engaged in EITI implementation for the following reasons:</p> <ul style="list-style-type: none"> ✓ They enjoy strong representation within the MSG (14 out of 30 members). ✓ They are involved in MSG meetings, discussions, decisions and activities. ✓ The MSG delegates responsibility for organising awareness-raising, training and EITI report dissemination workshops to the extractive regions. <p>However the MSG recognises that CSOs need further capacity building and suggests continuing existing initiatives with technical and financial partners (TFPs) in this vein.</p> <p>Civil society will play a stronger role in EITI implementation once it has adopted the Code of Conduct.</p>
Contracts and licences	Contract disclosure policy	Inadequate	<i>Substantial</i>	<p>The MSG disagrees with the Validator on this issue. Standard mining agreements and contracts are published on the website of the Ministry of Petroleum, Energy and Mines (MPEMi) (www.petrole.gov.mr) and can be viewed by the public.</p>

				<p>Parliament receives copies of all signed contracts.</p> <p>Land registry data (mining and oil) are available on the MPEMi website. Moreover, the new mining and oil sector governance project (PGSMP) will make data even easier to access. In subsequent reports, the MSG will document the government’s policy on extractive sector contract and licence disclosure.</p>
	State participation (2.6)	Inadequate	<i>Substantial</i>	<p>The MSG recommends that the government and state-owned enterprises (SOEs) comply with the EITI Standard (2.6) by disclosing, and describing in detail, all guarantees, transfers and transactions between the government and SOEs, or between them and a third party.</p>
Revenue collection	Barter arrangements (4.3)	Inadequate	<i>N/A</i>	<p>The MSG confirms that there are no barter arrangements – by virtue of the mining and oil codes and in practice. This question has been discussed at length at numerous MSG meetings and is also mentioned in the minutes of the meeting held on 31/01/2017.</p>
Revenue allocations	<i>Subnational transfers</i> (5.2)	<i>None</i>	<i>Satisfactory</i>	<p>The MSG confirms that all payments from extractive industry companies are received, at the central level, by the Treasury. There are no profit transfers from extractive industry companies to subnational entities. However, the MSG recommends that the government disclose all subnational transfers of extractive revenues in</p>

				accordance with EITI Standard requirement 5.2.
Social and economic spending	Mandatory social expenditures (6.1.a)	Inadequate	<i>Satisfactory</i>	<p>Extractive industry companies contribute to the supervisory ministry’s staff training fund and details of this contribution are published in the EITI Reports.</p> <p>The MSG does not take the view that the budget for oil and mining contract training constitutes social expenditure. Instead, the purpose of this spending is to build the capacities of government agencies responsible for overseeing the extractive sector.</p>
	Quasi-fiscal expenditures of state-owned enterprises (6.2)	Substantial	<i>Substantial</i>	<p>Because they are not contractual or mandatory in nature, the MSG does not believe that the social expenditure by SNIM (foundation) is quasi-fiscal in the sense of EITI Standard requirement 6.2.</p> <p>The MSG is pleased to note that SNIM has published details of its social expenditure, but would have preferred the Validator to give an “inapplicable” or “satisfactory” assessment on this point.</p>
	Contribution to the economy (6.3)	Substantial	<i>Substantial</i>	<p>The MSG confirms that informal sector data are now available. Gold panning only commenced in Mauritania in April 2016. However, the MSG calls on the government to consider the contribution of this new sector to the economy and to include these figures regularly in national economy statistics publications.</p>

				The MSG also undertakes to publish available data about this contribution in subsequent reports.
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iii. Conclusion

The MSG is pleased with progress to date on EITI implementation in Mauritania.

Mauritania has signed up to two flagship projects initiated by the International Secretariat: the pilot project on transparency in raw materials trade (PPTCMP) and the beneficial ownership (BO) project. A technical memo on raw materials trade (hydrocarbons sector) has already been produced. An MSG-approved roadmap on beneficial ownership has been drafted and is now in force. All of these MSG-prepared documents have been shared with TFPs. Mauritanian CSOs, and citizens in general, are beginning to show a keen interest in extractive resource governance.

Mauritania’s MSG has built on lessons learned from the implementation of the FiTi¹ initiative in Mauritania.

The MSG calls on the International Secretariat and the Validator to take into consideration past achievements, current progress and future prospects for strengthening the EITI process in Mauritania.

II- References used by the MSG

- ✓ The new EITI Standard (February 2016)
- ✓ EITI International Secretariat guidance notes
- ✓ The unprocessed hydrocarbons code and subsequent legislation
- ✓ The mining code and subsequent legislation
- ✓ Standard contracts for the hydrocarbons sector
- ✓ Standard mining contracts
- ✓ Extractive industry figures and volumes reconciliation reports
- ✓ Report on the initial data collection process and stakeholder consultation (November 2016)
- ✓ Validation Report, Sustainable Development Strategies Group (SDSG), Independent Validator (20 January 2017).

¹ Fishing Industry Transparency Initiative

Acronyms and abbreviations

FiTi: Fishing Industry Transparency Initiative

MSG: Multi-Stakeholder Group

EITI: Extractive Industries Transparency Initiative

MPEMi: *Ministère du Pétrole, de l’Energie et des Mines* [Ministry of Petroleum, Energy and Mines]

SNIM: *Société Nationale Industrielle et Minière* [National Industrial and Mining Company]

CSO: Civil Society Organisation

BO: Beneficial Ownership

PPTCMP: *Projet pilote sur la transparence dans le commerce des matières premières* [Pilot project on transparency in raw materials trade]

PGSMP: *Projet de gouvernance du secteur minier et pétrolier* [Mining and oil sector governance project]

SDSG: Sustainable Development Strategies Group