

# **MALAWI EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (MWEITI)**

**MWEITI Report  
for the year ended 30 June 2015**

**APRIL 2017**



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This Report has been prepared at the request of the Malawi EITI Multi-Stakeholder Group (MSG) responsible for the implementation of the Extractive Industries Transparency Initiative in Malawi. The views expressed in the report are those of the Independent Administrator and in no way reflect the official opinion of the MSG. This Report has been prepared exclusively for use by the MSG members and must not be used by other parties, nor for any purposes other than those for which it is intended.

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## LIST OF ABBREVIATIONS

AER	Annual Economic Report
ASM	Artisanal and Small-scale Mining
ATI	Access to Information
BO	Beneficial Ownership
DA	Development Agreement
DoF	Department of Forestry
DoM	Department of Mines
EITI	Extractive Industries Transparency Initiative
EI	Extractive Industries
FA	Forestry Act
FY	Financial Year
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
IA	Independent Administrator
Ltd	Limited
MCL	Mining Claim Licence
MWK	Kwacha
ML	Mining Licence
MMA	Mines and Minerals Act
MNREM	Ministry of Natural Resources, Energy and Mining
MoF	Ministry of Finance, Economic Planning and Development
MRA	Malawi Revenue Authority
MSG	Multi-Stakeholder Group
MT	Materiality Threshold
MWEITI	Malawi Extractive Industries Transparency Initiative
NAO	National Audit Office
PAYE	Pay As You Earn
PEPA	Petroleum Exploration and Production Act
PSA	Production Sharing Agreement
RBM	Reserve Bank of Malawi
TIN	Taxpayer Identification Number
USD	United States dollar
VAT	Value-Added Tax
WP	Work Plan

## PREFACE

### Background

The Extractive Industries Transparency Initiative (EITI) is a global coalition of governments, companies and civil society working together to improve transparency and accountability in the management of revenues from natural resources. EITI issued a new global standard for transparency in the oil, gas and mining industries in February 2016 (the “EITI Standard”). EITI principles are based on the belief that prudent use of natural resources contributes to economic growth, sustainable development and reduction of poverty in resource-rich countries.

Malawi was admitted as an Extractive Industries Transparency Initiative (EITI) candidate country in October 2015. The MWEITI process covers three sectors in Malawi: mining, oil and gas, as well as forestry. This report covers the first Malawi Extractive Industries Transparency Initiative (MWEITI) reconciliation for the period from 1 July 2014 to 30 June 2015.

EITI in Malawi is managed by a Multi-Stakeholder Group (MSG) chaired by the Director of Revenue of the Ministry of Finance, Economic Planning and Development of Malawi and comprising twenty-three representatives<sup>1</sup>: seven (7) representatives from Government Entities, eight (8) representatives of the extractive companies, eight (8) representatives of the Civil Society. The day-to-day implementation of the work programme is carried out by a permanent MWEITI Secretariat.

### Timeline:

The following table summarises the timeline of MWEITI: <sup>2</sup>

Date	Event
June 2014	Malawi's government announces Commitment to EITI
February 2015	Malawi MSG formed
October 2015	Malawi becomes Candidate country.
April 2017	Deadline for the first EITI Report (Period covered: July 2014 - June 2015)
September 2018	Commencement of Validation.

### Objective

EITI requires publishing comprehensive EITI reports, including full disclosure of government revenues from the extractive industries, as well as the disclosure of all material payments made to the government by companies operating in oil, gas and mining<sup>3</sup>.

The aim of this EITI report is to strengthen the understanding of the level of contributions of the extractive sector to the economic and social development of Malawi in order to improve transparency and good governance in all components of the extractive industry value chain.

### Nature and extent of our work

Moore Stephens has been appointed as Independent Administrator in order to prepare the EITI Report for the year ended 30 June 2015.

<sup>1</sup> (Link: [https://eiti.org/sites/default/files/documents/malawi\\_eiti\\_2015\\_annual\\_progress\\_report\\_0.pdf](https://eiti.org/sites/default/files/documents/malawi_eiti_2015_annual_progress_report_0.pdf))

<sup>2</sup> For more information, please refer to EITI's website on [www.eiti.org](http://www.eiti.org).

<sup>3</sup> Requirement 4 of the EITI standard (2016)

We have performed our work in accordance with the International Auditing Standards applicable to related services (ISRS 4400 Engagements to perform agreed upon procedures regarding Financial Information). The procedures performed were those set out in the terms of reference as established in the Contract for Consultants' Services.

The reconciliation procedures carried out were not designed to constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagements and as a result we do not express any assurance on the transactions beyond the explicit statements set out in this report. Had we performed additional procedures other matters might have come to our attention that would have been reported to you.

The report consists of seven (7) chapters presented as follows:

- 1) Executive Summary;
- 2) Approach and Methodology;
- 3) Contextual Information on the Extractive Industry;
- 4) Determination of the reconciliation scope;
- 5) Reconciliation results;
- 6) Analysis of reported data; and
- 7) Recommendations.

Reported data disaggregated by individual companies, Government Entities and revenue streams, will be available on MWEITI website.

This report incorporates information received up to **26 February 2017**. Any information received after this date is not, therefore, included in this report.

## 1. EXECUTIVE SUMMARY

This report covers payments made by extractive companies and revenues received by Government Entities and other material payments and benefits to Government Entities as stated by Requirement 4.1 of the EITI standard.

It also includes contextual information about the extractive industries in accordance with EITI Requirements n°2 and 3. This information includes a summary description of the legal framework and fiscal regime; an overview of the extractive industries; the extractive industries' contribution to the economy; production data; the State's shareholding in extractive companies, revenue allocations, licence registers and licensee allocations.

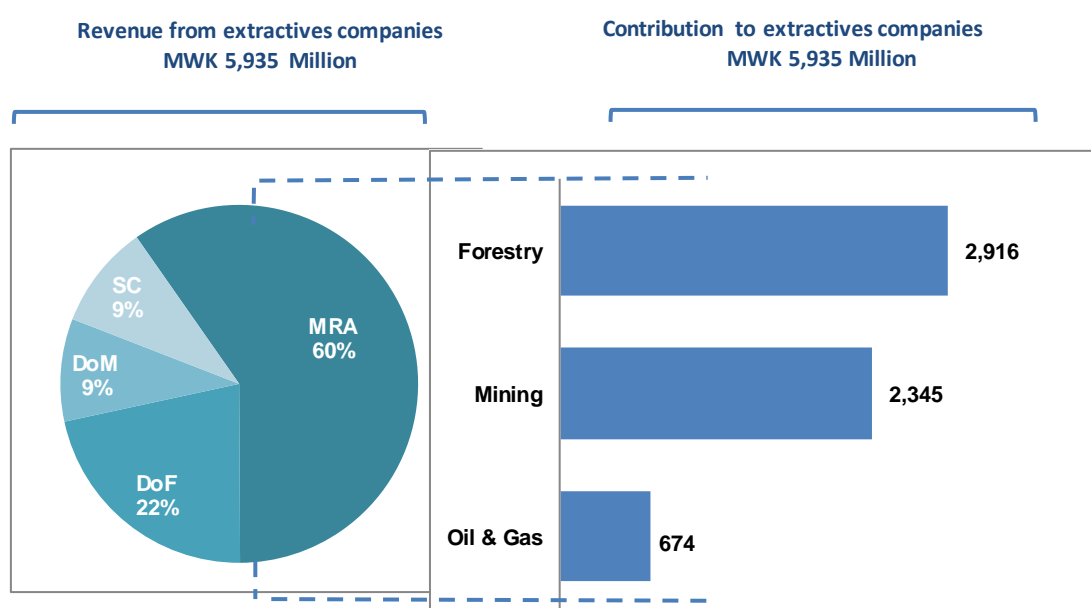
### 1.1. Revenue Generated from the Extractive Industries

The receipts reported by the government between 1 July 2014 and 30 June 2015 (2014/15 FY), after reconciliation are presented below:

#### Structure of direct revenues of the extractive industries

Total revenues received from the extractive industries amount to MWK 5,935 million in 2014/15 FY. MRA accounted for 60% of the total revenue stream generated by the sector, followed by the Department of Forestry (DoF) and the Department of Mines (DoM) accounting for 22% and 9% respectively of total extractive industry revenues. The breakdown of revenues is set out in the table below:

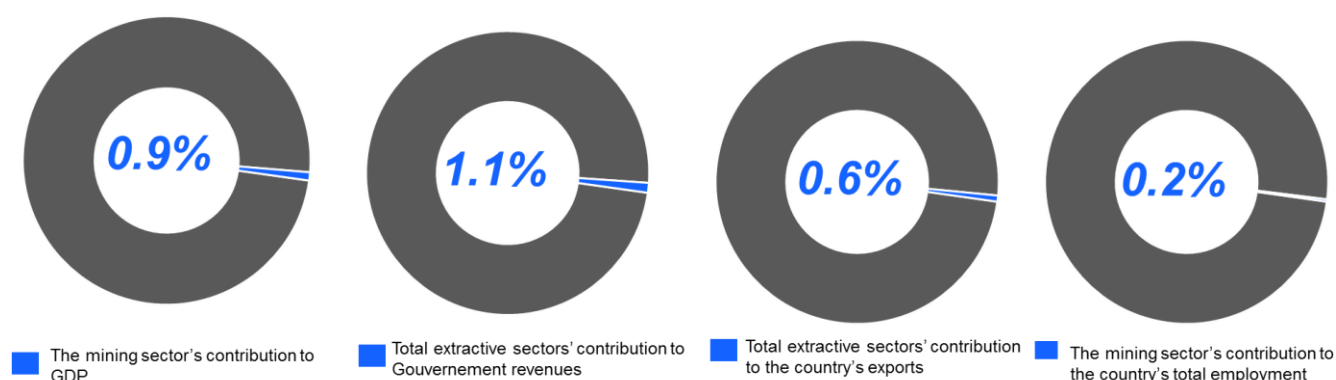
Figure 1: Structure of extractive industries revenues



#### Significance to Malawian economy

Based on the economic data presented in Sections 3.1.11, 3.2.7 and 3.3.6, the contribution of the extractive industries can be summarised as follows:

Figure 2: Macro-economic indicators for the extractive sectors (FY 2014/15)



On the basis of figures made available by the National Statistical Office (NSO) and the Department of Economic Planning and Development (DEPD), the contributions to employment and GDP figures in the forestry sector are not limited to that sector only. The contributions include employment and GDP contributions associated with the agriculture and fishing sectors as well. They account for approximately 29.2% of GDP and 64% of employment.

Some extractive companies reported their data on employment and exports within the reporting templates. This information is detailed in Section 6.4 and Section 6.5 this report.

## 1.2. Production

Mineral production data received from companies for the period covered only seven types of minerals, whilst the data from DoM provided a much larger array of minerals. The table below gives details of the production quantities and values during FY 2014/15 by type of mineral as reported by extractive companies. Wherever the companies were unable to provide such production data, we have relied on the figures made available by DoM.

Mineral	Quantity (Tonnes)	Value of the production (MWK million)	%
Rock Aggregate (**)	268,203	1,711	56%
Coal (***)	29,569	750	25%
Iron Ore (*)	3,606	9	0%
Limestone (***)	113,785	444	15%
Phosphate (**)	3,558	32	1%
Niobium, Tantalum, Zirconium, uranium, iron ore (*)	6	1	0%
Corundum, Ruby, Saphir (*)	0.31	99	3%
<b>Total</b>		<b>3,046</b>	<b>100%</b>

(\*) Source: Department of Mines' declarations

(\*\*) Source: Extractive companies' declarations

(\*\*\*) Source: Extractive companies' declarations and unilateral Declaration by Department of Mines (when extractive declaration by companies is not available).

The details of production data by company are presented in Section 6.3 of the report as declared by DoM and by extractive companies.



### 1.3. Scope of the data collection and reconciliation

#### Unilateral disclosure for Mining Sector

As agreed by MWEITI MSG, payments made by extractive companies below the materiality threshold (MT) were included in the EITI Scope through unilateral disclosure in accordance with EITI Requirement 4.1.d. The list of companies below MT are detailed in Section 6.2 of this report.

Based on the above, we have included payments of MWK 53 million and MWK 40 million with unilateral disclosure from Government Entities and mining companies respectively in the report. This unilateral disclosure represents 4% of total revenues of the mining sector. This allowed us to include 96% of total revenue of the mining sector in the reconciliation scope:

Payments from:	Revenue (MWK million)	%
<b>Mining sector total revenue</b>	<b>2,345</b>	<b>100%</b>
<b>Reconciled revenue</b>	<b>2,253</b>	<b>96%</b>
Unilateral disclosure by Government Entities of receipts from mining companies falling below MT	52	2%
Unilateral disclosure by mining companies within the reconciliation scope	40	2%
<b>Total unilateral disclosure of mining sector revenues</b>	<b>92</b>	<b>4%</b>

Source: EITI Reporting Templates

Detail on the unilateral disclosure are presented in Section 6.2 of this report.

#### Unilateral disclosure for Oil and Gas Sector

Total oil and gas revenues amounting to MWK 518 million, representing 77% of revenues were reported unilaterally. This allowed us to include only 23% of total revenues of the oil and gas sector in the reconciliation scope:

Payments from:	Revenue (MWK million)	%
<b>Oil and gas total revenues</b>	<b>674</b>	<b>100%</b>
<b>Reconciled revenue</b>	<b>156</b>	<b>23%</b>
Unilateral disclosure by Government Entities of receipts from mining companies falling below MT	0	0%
Unilateral disclosure by companies within the reconciliation scope	518	77%
<b>Total unilateral disclosure of oil and gas revenues</b>	<b>518</b>	<b>77%</b>

source: EITI Reporting Templates

Detail on the unilateral disclosure are presented in Section 6.2 of this report.

#### Unilateral disclosure for Forestry Sector

All revenues from the forestry sectors have been considered as aggregated payments of MWK 2,915 million with unilateral disclosure from Government Entities. This can be summarised as follows:

Payments from:	Revenue (MWK million)	%
<b>Forestry sector total revenue</b>	<b>2,916</b>	<b>100%</b>
Unilateral disclosure from the Department of Forestry (DoF)	1,287	44%
Unilateral disclosure from Malawi Revenue Authority (MRA)	1,629	56%
<b>Total unilateral disclosure for forestry sector revenues</b>	<b>2,916</b>	<b>100%</b>

Source: EITI Reporting Templates

Detail on the unilateral disclosure are presented in Section 6.2 of this report.

## 1.4. Completeness and Accuracy of Data

### Data submission

All extractive companies included in the reconciliation scope submitted reporting templates, except eight (8) companies listed in the table below. Receipts reported by Government Entities and relating to these companies amounted to MWK 682 million and MWK 156 million accounting for 29% and 23% of the total mining and oil and gas revenues respectively:

N°	Company	Government receipts (in MWK million)	% of total revenue of relating sector
<b>Mining sector total revenue</b>		<b>2345</b>	<b>100%</b>
1	Shayona Cement Co	579	25%
2	Kaziwiziwi Coal Mine Ltd	71	3%
3	Intra Energy Trading Ltd	13	1%
4	Premier Construction Equipments Ltd	13	1%
5	Malcoal Mining Ltd	6	0%
<b>Total payments of companies failing to submit reporting templates</b>		<b>682</b>	<b>29%</b>
<b>Oil &amp; gas sector total revenue</b>		<b>674</b>	<b>100%</b>
1	Hamra Oil in Joint Operating Agreement with Surestream Petroleum	155	23%
2	Pacific Oil Ltd	1	0%
3	SacOil Holdings Ltd	0	0%
<b>Total payments of companies failing to submit reporting templates</b>		<b>156</b>	<b>23%</b>

The relating analysis and detailed Reporting templates by reporting entity are set out in Section 5.3 (a). The data submitted by companies is not therefore comprehensive and does not ensure that material payments to be reconciled.

All Government Entities included in the reconciliation scope submitted their reporting templates.

Because of the significance of the matters discussed above, we were unable to conclude that this report covers material contributions made by extractive companies to the revenues of Malawi in the FY 2014/15.

### Data Reliability

#### Government Entities

Reporting templates from the Department of Mines and from Malawi Revenue Authority were signed by an authorised officer. All Government Entities have not been able to submit certified reporting templates.

Declarations made by Government Entities were made on the basis of their financial statements. However, these financial statements had yet to be audited by the Office of the Auditor General.

#### Extractive companies

Data certification is detailed as follows:

Sector	Total number of companies included in the reconciliation scope	Reporting templates with management signoff	Reporting templates without management signoff	Reporting templates with external auditor's certification	Reporting templates without external auditor's certification	Reporting templates with audited Financial Statements	Reporting templates without audited Financial Statements
Mining	19	7	7	1	14	2	13
%	100.00%	36.84%	36.84%	5.26%	73.68%	10.53%	68.42%
Oil & Gas	4	1	0	0	0	0	0
%	100.00%	25.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Total</b>	<b>23</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>14</b>	<b>2</b>	<b>13</b>
<b>%</b>	<b>100.00%</b>	<b>34.78%</b>	<b>30.43%</b>	<b>4.35%</b>	<b>60.87%</b>	<b>8.70%</b>	<b>56.52%</b>

The receipts reported by Government Entities in respect of companies which submitted their reporting templates not signed by management nor by an external auditor amounted to MWK 388 million representing 16.6% of the total mining revenue declared by the Government. Detailed reporting templates submitted by extractive company will be available in MWEITI Website.

Because of the significance of the matters discussed above, we were unable to conclude that the financial data submitted by reporting entities and included in this report were subject to credible, independent audit, applying international standards.

## 1.5. Reconciliation of Cash Flows

The purpose of reconciling payment flows was to identify any potential discrepancies in the declarations and to clarify them. The gaps identified initially were analysed and adjusted whenever the relevant supporting documents were made available by the reporting parties.

### Initial reporting

The net difference between payments declared by extractive companies and Government Entities, at the beginning of the reconciliation amounted to MWK 1,142 million or 19% of the total amount declared by the Government:

*In MWK million*

	Mining Sector	Oil and gas sector	Total
Department of Mines (DoM)	500	10	510
Malawi Revenue Authority (MRA)	5,337	147	5,484
<b>Total revenues of Government Entities</b>	<b>5,837</b>	<b>157</b>	<b>5,994</b>
<b>Total payments of extractive companies</b>	<b>7,041</b>	<b>95</b>	<b>7,136</b>
<b>Net unreconciled differences</b>	<b>Value</b>	<b>1,204</b>	<b>(62)</b>
	<b>%</b>	<b>21%</b>	<b>(39%)</b>
			<b>1,142</b>
			<b>19%</b>

source: EITI Reporting Templates

### Final reporting

After adjustments and reconciliation work, a net difference of MWK 810 million representing 34% of Government revenues remained unreconciled and may be summarised by Government Entity and by Sector as follows:

*In MWK million*

	Mining Sector	Oil and gas sector	Total
Department of Mines (DoM)	499	10	509
Malawi Revenue Authority (MRA)	1,754	146	1,900
<b>Total revenues of Government Entities</b>	<b>2,253</b>	<b>156</b>	<b>2,409</b>
<b>Total payments of extractive companies</b>	<b>1,599</b>	<b>-</b>	<b>1,599</b>
<b>Total unreconciled differences</b>	<b>Value</b>	<b>(654)</b>	<b>(156)</b>
	<b>%</b>	<b>(29%)</b>	<b>(100%)</b>
			<b>(810)</b>
			<b>(34%)</b>

source: EITI Reporting Templates

Details of the reconciliation exercise, unreconciled differences and adjustments made by company and by tax are set out in the Section 5 of this report and individual tax templates by company showing the reconciled amounts will be available in MWEITI Website.

## 1.6. Recommendations

We made recommendations in order to improve the EITI process in Malawi and governance of the extractive sector and revenue management. The recommendations are summarised as follows:

### Recommendations

- 1 Reliability of the data reports / lack of assurance on reported data
- 2 Reporting deadlines not met by Government Entities and Extractive Companies
- 3 Reporting templates not adequately prepared by several reporting entities
- 4 Enactment of EITI reporting regulations
- 5 Accuracy of Production data
- 6 Incomplete database for extractive industries
- 7 Licences register
- 8 Publication of statistics and information on the extractive industry
- 9 Weaknesses in the revenue administration/ Non-collection of payments
- 10 Lack of basis for charging royalties
- 11 Extractive Sector Contracts' awarding procedures
- 12 Weaknesses in the accounting records of DoM and DoF
- 13 Decentralised cadastral system of DoF

These recommendations are detailed in Section 7 of this report.



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20 April 2017

## 2. APPROACH AND METHODOLOGY

The reconciliation process relating to the EITI reporting consisted of the following steps:

- conducting a scoping study to determine the scope of the reconciliation exercise and to design the reporting templates;
- the collection of payment data from Government Entities and extractive companies, which provides the basis for the reconciliation;
- a comparison of amounts reported by Government Entities and extractive companies to determine if there are discrepancies between the two sources of information; and
- contact with Government Entities and extractive companies to resolve the discrepancies.

### 2.1. Preliminary Analysis

In accordance with our terms of reference, we carried out a Preliminary analysis and reported to MWEITI MSG on matters which should be considered in determining the scope of the 2014/15 FY EITI report, including:

- materiality threshold for receipts and payments;
- taxes and revenues to be covered;
- companies and Government Entities to be included in the report;
- reporting templates to be used; and
- assurances to be provided by reporting entities to ensure the credibility of the data made available to us.

The results of the Preliminary analysis described in Section 4 of this report were approved by MWEITI MSG.

### 2.2. Data Collection

We developed instructions, including reporting templates and reporting guidelines, requesting extractive companies and Government Entities to report all required data.

We carried out a Stakeholder Workshop in Lilongwe on 10 January 2017 to present the:

- reconciliation process;
- reconciliation scope;
- reporting templates and instructions;
- lessons learnt from the other reconciliation reports; and
- reconciliation issues.

The reporting package, including the Reporting Templates and the Instructions for its completion, was sent electronically to the stakeholders.

Extractive companies and Government Entities were required to report directly to the Independent Administrator (IA), to whom they were also requested to direct any queries about the reporting templates.

### 2.3. Reconciliation and Investigation of Discrepancies

The process of reconciling the data and investigating discrepancies was carried out between 6 and 24 January 2017. In carrying out the reconciliation, we performed the following procedures:

- figures reported by extractive companies were compared item-by-item to figures reported by Government Entities. As a result, all discrepancies identified have been listed item by item in relation to each Government Entity and extractive company;
- where data reported by extractive companies agreed with the data reported by Government Entities, the government figures were considered to be correct and no further action was undertaken; and

- Government Entities and extractive companies were asked to provide supporting documents and/or confirmation for any adjustments to the information provided on the original data collection templates.

In cases where we were unable to resolve discrepancies, we contacted the reporting entities for additional supporting documentation evidencing the payments declared. In certain cases, these differences remained unresolved. The results of the reconciliation exercise are presented in Section 5 of this report.

## 2.4. Reliability and Credibility of Data Reported

In order to comply with EITI Requirement 4.9 and to ensure the credibility of data submitted, we proposed the following approach in the preparation of the 2014/15 FY EITI Report:

- for every company the “Payment/Receipt Report” should be signed by an authorised senior official (at board level);
- for every Government Entity the “Payment/Receipt Report” must be signed by an authorised senior officer; and
- each Reporting Template must be certified by an external auditor:
  - Extractive companies: are required to obtain confirmations from a registered external auditor that the figures reported in the Reporting Templates are in accordance with instructions issued by MWEITI, are complete and are in agreement with their financial statements of the period covered by the reconciliation; and
  - Government Entities: are required to obtain confirmation from the Auditor General that the figures reported in the Reporting Templates are in accordance with instructions issued by MWEITI, are complete and are in agreement with the audited accounts of government for the FY 2014/15.
- extractive companies were encouraged to submit their audited 2015 financial statements; and
- the Auditor General is required to carry out agreed upon procedures under international standards in his certification of reporting templates provided by Government Entities.

For any changes to the information provided on the original data collection templates, supporting documents and/or confirmation from reporting entities were made available to the IA.

## 2.5. Accounting records

In accordance with Requirement 4.7 of the EITI Standard, data has been reported by company, by payment flow and by Government Entity. Reporting entities were asked to provide the relevant details along with the reporting templates for each payment flow, as well as contextual information.

The reconciliation has been carried out on a cash basis. Accordingly, payments made prior to 1 July 2014 have been excluded. The same applies to payments made after 30 June 2015.

### 2.5.1. Extractive companies

Extractive companies normally prepare their accounting records on accrual basis, i.e. the tax expense is recognised at the time it is due rather than the time when it is paid. Only amounts actually paid during the Financial Year 1 July 2014 to 30 June 2015 were reported in the Reporting Templates.

### 2.5.2. Government Entities

In respect of Government Entities, care has been taken to ensure that amounts shown on the “Payment/Receipt Report” include all receipts during the FY 2014/15, irrespective of whether the receipt was allocated in the Agency’s records against amounts due in a previous or subsequent financial year.

### 3. CONTEXTUAL INFORMATION ON THE EXTRACTIVE INDUSTRY

#### 3.1. Mining Sector

##### 3.1.1. Mining Sector Overview

The mining sector in Malawi was dominated by artisanal and small scale rock aggregate and limestone quarrying, coal mining and gemstone prospecting and mining in all the three regions of the country for a long time since independence in 1964. Limestone was used as feed stock for the production of lime and manufacture of cement for local market only and coal was also used by local factories only. Since recent years, coal is exported to Tanzania and Zambia while lime products are exported to Mozambique.

In 2008, the first modern and relatively major mining operation for uranium was opened at Kayelekera in Karonga district in the northern part of the country. The mine operated by Paladin (Africa) Ltd was officially opened in April 2009 with a production average of 1.5 thousand tonnes of uranium per year. This mine put Malawi on the world map as a mining country and considerably increased the contribution of the sector to the GDP. The company suspended the mine's activities in 2014 as a result of the prevailing low Uranium prices and the mine placed on 'care and maintenance'.

The mining sector in Malawi accounts for about 1% of the country's GDP. However, Malawi has several minerals with economic potential, such as : Phosphates (apatite) at Tundulu in Phalombe, Bauxite on Mulanje Mountain, Kaolinitic clays at Linthipe and Senzani in Dedza and Ntcheu respectively, Coal in Rumphu, Karonga and Chikwawa, Kyanite in Ntcheu, Limestones in several districts in the country, Rare Earths (including Strontianite and Monazite) associated with alkaline rocks in Balaka and Phalombe, Graphite in Salima and Lilongwe, Sulphides (Pyrite and Pyrrhotite) in Lilongwe, Titanium minerals along the Lakeshore in Salima and Nsanje, Vermiculite in Mwanza and Uranium in Karonga. Most of these minerals have been evaluated in the past by either the Geological Survey Department or private companies. Only phosphate, coal, limestone and uranium have been exploited. In addition, rock aggregate is exploited in many parts of the country for the construction industry.

Production of Rock Aggregate is significant from small to medium scale level. The sector, however; seems to suffer from illegal practices. Companies producing rock aggregate for government projects are exempt from paying royalties but several of them also engage in commercial activities against the law.

Artisanal and Small Scale Mining (ASM) in Malawi is generally carried out through labour intensive methods for limestone for lime production, clay for pottery and gemstones. Small scale mining is facilitated by Mineral Permits, Mining Claim Licences and Reserved Mineral Licences.

ASM is an important sub-sector in Malawi and its continued growth led the Malawi Government to draft an ASM policy in 2014. ASM's importance in the Malawi context lies in its contribution to local livelihood and its significant negative impact to the environment. Roughly 40,000 Malawians, 10% of whom were women, were engaged in artisanal mining in Malawi as of 2002<sup>1</sup>, that number having grown since then. Most artisanal miners are informal, it is difficult to obtain statistics on both their production and sales. In order to curb illegal marketing of gemstones, Ministry of Natural Resources, Energy and Mining (MNREM) has plans to set up a gemstone marketing centre.

The location of the major mineral deposits in Malawi can be summarised as follows:

Mineral	Location	Volume (million tonnes unless otherwise stated)	Grade
Uranium	Kayelekera, Karonga district	12,241 tonnes (*)	0.15% Uranium oxide (U <sub>3</sub> O <sub>8</sub> )
Bauxite	Mulanje district	28.8	43.9%(Aluminium oxide) Al <sub>2</sub> O <sub>3</sub>

<sup>1</sup> USAID Country Profile - Malawi Property Rights and Resource Governance (link: [https://www.land-links.org/wp-content/uploads/2016/09/USAID\\_Land\\_Tenure\\_Malawi\\_Profile.pdf](https://www.land-links.org/wp-content/uploads/2016/09/USAID_Land_Tenure_Malawi_Profile.pdf))

Mineral	Location	Volume (million tonnes unless otherwise stated)	Grade
Monazite/Strontianite	Kangankunde, Balaka district	11.0	8% Strontium (Sr), and 2% Rare Earth Oxides (REO)
Corundum	Thambani, Mwanza district	0.1	Graded A1 on alumina content
Corundum	Chimwadzulu, Ntcheu district	Unknown	75.6 gm per m <sup>3</sup>
Graphite	Katengeza, Salima district	8.0	5.8%C (75.6 gm per m3)
	Chimutu, Lilongwe,	Unknown	10.0%Carbon
Limestone	Bwanje, Ntcheu district	15	48% Calcium oxide (CaO), 1.2% Magnesium oxide (MgO)
	Chenkumbi, Balaka	-	-
	Chikowa/Livwezi, Kasungu District	10	46.1% CaO, 3.5% MgO
Heavy Mineral Sands	Chipoka, Salima district	700	5.6% Heavy Mineral Sands (HMS)
	Mangochi	680	6.0%HMS
	Halala, Machinga district	15	6.0% HMS
Vermiculite	Mwanza district	2.5	4.9% (medium+fine)
Phosphate	Tundulu, Phalombedistrict	2.0	17% (Phosphate) P <sub>2</sub> O <sub>5</sub>
Iron Sulphides	Chisepo, Dowa	34	8% Sulpher (S)
	Malingunde-Lilongwe	10	12%S
Glass sands	Mchinji district	1.6	97% Silica oxide (SiO <sub>2</sub> )
	Ngana, Karonga	15	21.2% average ash
Coal	North Rukuru,	155	32.4% average ash
	Livingstonia, Rumphi district	5	17.0% average ash
	Lufira, Karonga district	0.6	35.0% average ash
	Mwabvi , Nsanje districtt	4.70	30.0% average ash
	Lengwe, Chikwawa district	10.0	59.2% average ash
Dimension stones	Chitipa, Mzimba, Mangochi, Mchinji	Large volumes	Black, blue, pink, and green granite
Gypsum	Dowa-Lilongwe Dambos	450,000 tonnes	Up to 12%
Kaolinitic Clays	Linthipe	15.0	
	Senzani	0.5	
Gemstones	Mzimba, Nsanje, Chitipa, Chikwawa, Rumphi, Ntcheu	Unknown	Numerous pegmatites and volcanics

Source: Annual Economic Report, 2015

(\*) From Kayelekera Uranium Project Bankable Feasibility Study

(\*\*) Mineral reserve not quantified



### 3.1.2. Main Exploration and Prospecting activities

According to the country-wide airborne geophysical survey results published in 2015<sup>1</sup> Malawi has many new areas with potential of mineral prospects. This new discovery with continued exploration will help boost mining opportunities in Malawi and develop its mining industry. The following is a list of active projects in Malawi:

- Globe Metals and Mining has two projects<sup>2</sup>: The first is Kanyika Niobium Project in Mzimba district to produce Niobium and Tantalum. Globe has been negotiating a mining agreement with the Malawi Government to develop the deposit. The second is Chiziro Graphite Project in Lilongwe and Salima districts.
- Mkango Resources has been evaluating a deposit of Rare Earth Elements (REE) at Songwe Hill<sup>3</sup> in Phalombe district. The company has progressed the project to updated pre-feasibility stage;
- Sovereign Metals Limited is exploring for graphite in Central Malawi around Lilongwe, Dedza and Dowa;
- Tengani Titanium project, for rutile, ilmenite, and apatite with minor zircon deposits in Nsanje is undertaking mineral processing trials; and
- Mulanje Mountain Rare Earth Project has remained static as a result of disagreements with a group of "Concerned Citizens" in the Mulanje district who are against mining on Mulanje Mountain.

Several other projects are being considered at various stages as follows<sup>4</sup>:

- Shayona Cement Corporation is engaged in quarrying of limestone at Chikowa/Livwezi in Kasungu district for the manufacture of clinker for the production of cement. Shayona has expanded its cement works at Chikowa/Livwezi to increase product output;
- Nkhachira Coal Mining Project, under Malcoal in Karonga has been mining and selling coal as Intra Energy Trading to local industries until two years ago, when cheap coal imports from Moatize in Mozambique flooded the Malawian market, thereby making the local coal less competitive;
- The Bwanje Cement Project at Bwanje in Ntcheu is looking for financial partners;
- Kangankunde Rare Earth Project at Kangankunde in Balaka district by Lynas Corporation has stalled because of a legal dispute over the deposits between the Malawi Government and the previous exclusive prospecting licence holder; and
- Cement Products Ltd has been producing cement from imported clinker in the Mangochi district. As a next phase the company is constructing a kiln to start producing its own clinker from limestone which it will be mining in the area.

During the 2014/15 FY, the Government has negotiated a Mining Agreement with Globe Metals and Mining for developing the Kanyika Niobium project.

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<sup>1</sup> <http://www.worldbank.org/en/news/feature/2015/09/22/new-world-bank-survey-brings-hope-to-malawis-mineral-potential>

<sup>2</sup> Globe Metals and Mining Website at <http://www.globemm.com/About-Us/Company-Profile.aspx#.WFIXNhsrLIU>

<sup>3</sup> Mkango Resources Website at <http://www.mkango.ca/s/songwe.asp>

<sup>4</sup> Mining & Trade Review Issue Number 31 at <https://mininginmalawi.com/2015/11/16/malawis-top-minerals-sector-projects-of-2015-mining-trade-review-november-2015/>

### 3.1.3. Production

Mineral	2015		2014		2013		2012	
	Quantity (tonnes)	Value (MWK Million)	Quantity (tonnes)	Value (MWK Million)	Quantity (tonnes)	Value (MWK Million)	Quantity (tonnes)	Value (MWK Million)
<b>Rock Aggregate</b>	1,158,742	1,566	1,038,168	1,661	1,092,808	1,748	1,150,324	1,840
<b>Coal</b>	58,774	791	63,673	785	67,024	827	70,552	870
<b>Agricultural Lime</b>	33,158	433	20,206	197	21,269	208	22,388	219
<b>Phosphate</b>	12,400	205	11,194	16	11,783	17	12,403	18
<b>Gemstones</b>	136.0	102	110	19	116	20	122	22
<b>Uranium Concentrates</b>	0	0	1,065	13,800	1,347	49,090	1,180	33,190
<b>Total</b>		<b>3,097</b>		<b>16,479</b>		<b>51,910</b>		<b>36,159</b>

Source: AER 2014, AER 2015, AER 2016

From the above data, it appears that the total production value of all the combined minerals recorded a decrease from 2012 – 2014. This is due mainly to the decrease of Uranium production. Agricultural Lime, Phosphate and Gemstones recorded significant increases in value, while Rock aggregate despite its increase in production, saw a 6% decrease in value.

According to DoM, one of Malawi's biggest Uranium producers, Paladin Africa's Kayelekera Uranium Mine, suspended its activities in 2014 as a result of the prevailing low Uranium prices and this resulted in not only the decline of Uranium production but also a substantial decrease of revenue from Malawi's mining sector. The mine remains on "care and maintenance".

Large Scale Mining was predominantly focused on Uranium prior to FY 2014/15. Coal production is mainly in Northern Malawi. Mchenga, Kaziwiziwi and Malcoal coal mining companies are the largest producers of Coal in the country.

Production of Lime increased significantly in 2015 due to the production capacity for cement which increased in 2014 by Shayona Cement Corporation and production of agricultural and hydrated lime by Zalewa Agriculture Lime Company (ZALCO).

### 3.1.4. Legal Framework

#### Current legislation governing the Mining Sector

The Ministry of Natural Resources, Energy and Mining (MNREM) is the Government Entity responsible for the administration of the minerals sector, including granting mining licences. It has statutory oversight of the energy, minerals, and forestry sectors. The minerals sector is regulated by the Mines and Minerals Act (1981). This Act provides for the licensing and regulation of private operators. The Mines and Minerals Policy of Malawi was created in March 2013 to outline the Government's expectations with regards to the contributions of all stakeholders in the sustainable development of Malawi's mineral resources.

MNREM has also drafted an Artisanal and Small Scale Mining Policy. This policy was submitted to the Office of the President and Cabinet but it has yet to be approved. The ASM policy was developed to stimulate and guide ASM operations by administering, regulating and facilitating the growth of the sub-sector through a well-organised and efficient institutional framework. The Policy will further promote orderly and environmentally friendly artisanal and small scale mining.

We set out below key regulations of the Mines and Minerals Act:

Regulation	Description
Mines and Minerals (Claims) Regulations	Limitation of claim area, shape of claim area, possession process of claim, mode of application and renewal applications and priority, registration, posting of claim number, suspension of work, in the case of excess ground, taking forcible possession of a claim, obligations on abandonment, transfer of whole or share of claim and miscellaneous provisions regarding transfers, amalgamation of claims, survey necessities and registration, notification of grant process, obligations of non-resident holder of claim, accounts to be kept by the holder, returns to be

Regulation	Description
	lodged, titles to be produced, fees and rent.
Mines and Minerals (Disputes) Regulations	Dispute lodging procedures, powers and responsibilities of the Commissioner for Mines and Minerals, fees
Mines and Minerals (Mineral Rights) Regulations	Shape of area covered by mineral rights, dimensions of Mineral rights, demarcation of mining areas, application for approval of transfers, fees and annual charges.
Mines and Minerals (Miscellaneous Fees) Regulations	Fees for granting of permits for export minerals, issuing minerals permits and reserved mineral licences
Mines and Minerals (Non-Exclusive Prospecting Licence) Regulations	Application process for licences and their renewals, information requirement, restrictions, duties of licence holders, transferability of licences, types of licences and fees.
Mines Permits (Prescribed Minerals) Regulations	These Regulations make a list of specific prescribed minerals
Mines and Minerals (Prescribed Operations) Regulations	List of prescribed operations and manner of carrying out these operations
Mines and Minerals (Public Purposes) (Prescription) Regulations	The Regulations defines the public purposes of section 103 of the Act when it is necessary or expedient in the interests of defence, public safety, public order, public health, town and country planning, or the development or utilisation of any property for the public benefit.
Mines and Minerals (Reserved Minerals) Regulations	List of minerals reserved
Mines and Minerals (Reserved Minerals Licence) Regulations	Application process for Reserved Minerals Licences, records obligations of licensees and their rights of appeal, duration and termination of licences and consequences of termination, export of reserved minerals guidelines.
Mines and Minerals (Royalty) Regulations	Royalty demand processes and methods of calculation, returns and obligations by licensees, interpretation and royalty rates.
Mining (Safety) Regulations	Interpretation of safety regulations, their citations and applications, offences, and penalties. The regulations also cover: Health, Safety and Accidents, Surface and Underground Operations in general and in detail, Hauling and Hoisting.

Following a kick off meeting held on 10 August 2016 at the UN Conference <sup>1</sup> Centre in Addis Ababa, Malawi's MNREM hosted a three-day stakeholder consultative meeting with the support of the African Minerals Development Centre to align the Malawian mining regulations with that of the Africa Mining Vision (AMV).

An amended Mines and Minerals Act has already been drafted in accordance with the previous scoping study. One of the key objectives of the reform related to the institutional framework and coordination within the mining sector. Mandates for royalty collection have been transferred to MRA, while MNREM will continue to collect the rest of the fees.

### Reforms in the Mining Sector Legislation

Through the (Mining Governance and Growth Support Project) MGGSP, which is funded by the World Bank and the European Union, Malawi is implementing some reforms in the mining sector. The most notable ones are listed below:

- i. Review of the Minerals Legislation /Reforming Minerals Legislation:
  - o Review of the Mines and Minerals Act: The draft bill is currently being vetted by the Ministry of Justice and it is expected to be tabled before Parliament in June 2017.
  - o Development of the Mines and Minerals Regulations: The regulations have been drafted and await the passing of the Mines and Minerals Bill before they can be finalised and published in the local gazette.

<sup>1</sup>(link: <http://www.uneca.org/stories/malawi-aligns-its-mining-policy-africa-mining-vision>)

- ii. Drafting of the standard Mining Development Agreements: Mining companies wishing to hold a mining agreement will be presented with a standard Mining Agreement where the fiscal and environmental terms will be imposed, but the technical terms may be negotiated.
- iii. Modernising Minerals Licensing through development of a computerised mining cadastre system: The Department of Mines is establishing a computerised mining cadastre system for the management of all mineral rights. Amongst other things, the system will strengthen investors' property rights and security of tenure and enhance the transparency of the mineral licensing process. The system will thus maintain a database of all concession areas with their ownership status, time validity, geographical position of the mineral concession areas, fees and dues paid, and other relevant information.
- iv. Drafting of the Artisanal and Small Scale Mining Policy: An Artisanal and Small Scale Mining Policy was drafted and is yet to be submitted to Cabinet for approval.
- v. Strengthening Mineral Operation Supervision: The Department of Mines intends to develop standard procedures for mining inspections and supervision to ensure that all mining inspectors look for the same aspects at any mining operation. The exercise would involve:
  - o collecting data on occupational health, safety and environment;
  - o developing an inventory of all industrial explosives;
  - o monitoring compliance to safety standards of explosives magazines;
  - o checking mine operators' compliance to Environmental Management Plans (EMP) as well as mine plans;
  - o collecting environmental samples (water samples from mining sites) for further scientific analyses; and
  - o ensuring that radiation safety is being adhered to from the mine up to the processing plant.
- vi. Reform the Mineral Royalty and Tax Regime: The Mining fiscal regime was reviewed to ensure a coherent, standardised and globally competitive fiscal regime through the design and implementation of suitable royalty and tax regulations;
- vii. Building Mineral Revenue Transparency through the formation of a Multi Stakeholder Group (MSG) in preparation for candidacy in the Extractive Industries Transparency Initiative (EITI);
- viii. Building Capacity for Tertiary Education in Mining to increase the supply of Malawians qualified in mining-related disciplines;
- ix. The current Mines and Minerals Act of 1981 does not have such provisions for voluntary Corporate Social Responsibility (CSR) or Community Development Agreements (CDA). The new Mines and Minerals Bill has included a provision for any holder of a large-scale mining licence to sign a CDA with communities that will be affected by its mining operations in order to assist in the development and enhance the general welfare and the quality of life of the affected communities. The CDA is a mandatory requirement hence companies will be required to exercise CSR; and
- x. Generation of modern geoscience data and establishment of a modern electronic based geo data management centre as the Director of Geological Survey will be responsible of acquiring, compiling, managing, publishing and disseminating geoscience databases and information concerning the geology and mineral resources of Malawi.

### 3.1.5. Fiscal Regime

The fiscal regime specific for mining companies is set out in the Taxation Act (2006) <sup>1</sup> as well as in the Mines and Minerals Act (1981). The main taxes paid by a mining company are: Corporate tax, Dividends Tax, Royalties and Fees.

N°	Payment	Description
<b>Tax payment</b>		
1	Pay As You Earn (PAYE) <sup>1</sup>	Collected from income earned by individuals between three income tax brackets: 0%, 15%, and 30%. The first MWK 84,000 are not taxable. However, income between MWK 84,000 and MWK 100,000, are taxed at 15% while taxable income above MK100,000 are taxed at 30%.
2	Corporate Tax <sup>2</sup>	The rate of tax on taxable income from a mining project shall be 30% for companies incorporated in Malawi in accordance with paragraph (ca) of the Eleventh Schedule of the Taxation Act (2006). However, the rate is 35% for companies not incorporated in Malawi.
3	Resource Rent Tax <sup>3</sup>	Applicable to companies only when their rates of return exceed 20%, in which case a resource rent tax of 10% is applicable to the after-tax profit. Both Paladin Africa Ltd and Nyala Mines Ltd are exempt from Resource Rent Tax in accordance with the provisions of their DA.
4	Withholding Tax <sup>4</sup>	Amount withheld from any payments made from one person to another person. The nature of the payment determines the rate of tax withheld. For example, WHT of 20% is applicable on payments of royalties and 10% for rents.
5	Fringe Benefits Tax <sup>5</sup>	Fringe benefits provided by an employer (Government excluded) are subject to tax, payable by the employer at 30%, the current rate specified in the Eleventh Schedule.
6	Value Added Tax	An indirect tax imposed on goods and services at a standard rate of 16.5%. Domestic VAT is applied to goods and services produced domestically and Import VAT is applied to imported goods and services. Zero rated goods and services include medical supplies and drugs among others. MoF announced this reform in May 2016 as a way to expand the tax base and in order to create a simpler and fair tax system. Both Development Agreements (DA) give Paladin Africa Ltd and Nyala Mines Ltd the right to not pay VAT on equipment and supplies purchased.
7	Customs and Excise Tax	An International trade tax applicable to imported goods. 0%-5% for products classified as raw materials, 15% for intermediate products, and 25% for finished or final goods. With an exception of equipment for multipurpose use, all agricultural equipment is duty-free. Both DA give Paladin Africa Ltd and Nyala Mines Ltd exemption from import duties.
8	Dividend Tax	A 10% Dividend tax is applicable on any dividend distributed and payable within 14 days from distribution date to the Commissioner <sup>6</sup> .
9	Non-Residents Tax <sup>7</sup>	A 15% tax is applicable to any income payable arising from a source within Malawi and which is not attributed to a permanent establishment in Malawi.
10	Penalties <sup>8</sup>	Payable when an eligible tax payer does not observe the tax regulations or procedures applicable to them. 0% if the unpaid tax amounts to less than 10% of total taxes payable, 25% of the unpaid amount if it is between 10%-50% of total taxes payable, and 30% of the unpaid amount if it is more than 50% of total taxes payable.
<b>Non-tax payment</b>		
1	Royalty <sup>1</sup>	Rates specified in the regulations are:

<sup>1</sup> [http://www.mra.mw/assets/upload/downloads/Taxation\\_Act.pdf](http://www.mra.mw/assets/upload/downloads/Taxation_Act.pdf).

<sup>2</sup> Section 66, Taxation Act 2006.

<sup>3</sup> Eleventh Schedule, Taxation Act 2006.

<sup>4</sup> Section 102A and Fourteenth Schedule, Taxation Act 2006.

<sup>5</sup> Section 94A and 94B, Taxation Act 2006.

<sup>6</sup> Section 70A, Taxation Act 2006.

<sup>7</sup> Section 76A, Taxation Act 2006.

<sup>8</sup> Section 84E, Taxation Act 2006.

N°	Payment	Description
		- 10% on exports of rough uncut precious and semi-precious stones and 5% in any other state for precious metals, radioactive minerals and any other minerals); and - 7% on exports of unprocessed industrial minerals. Development Agreement may provide agreed rates for royalties.
2	Application fee / Licence fees <sup>2</sup>	An application for grant and renewal of a licence shall be accompanied by an application fee.
3	Dividends	A portion of the profits realised from a company's annual operations is remitted to the government.
4	Annual charge / Ground rent	The annual charge is a surface rental that should be paid by a licence holder per square kilometre of the area held under the licence. The amount of the surface rental is stated in the Mines and Mineral Regulations.
5	Concession fees	Annual fees of 4% of gross turnover of the concessionaire on product transportation by rail over the concessionaire's railway section. The payments are collected by PPPC.

### 3.1.6. Mining Rights allocation

#### (i) Mining Licences Allocation Process

There is a strict requirement that a person shall not prospect for minerals or carry on any mining operations without holding a licence or permit granted by the Minister of Natural Resources, Energy and mining or by a Commissioner for Mines and Minerals (Commissioner) appointed by the Minister.<sup>3</sup>

For the Minister to grant a licence for mineral rights, all applications are scrutinised by a Mineral Licencing Committee, formed under administrative arrangement, which is composed of professionals in mining, geology, environmental issues, land and physical planning, police and customs. The following institutions are represented:

- Ministry of Natural Resources, Energy and Mining;
- Office of Commissioner for Mines and Minerals;
- Department of Mines;
- Geological Survey Department;
- Department of Environmental Affairs;
- Malawi Revenue Authority;
- Malawi Police;
- Ministry of Lands; and
- (Any other institution that may be co-opted by the committee depending on the nature of business).

The Committee recommends to the Minister to grant mineral rights to applicants, after an assessment showing their technical and financial capabilities to undertake prospecting or mining work.

The new Mines and Minerals Bill proposes the setting up of a Mineral Resources Committee which will perform similar functions to the Mineral Licencing Committee with its decisions having a legal binding.

Additionally, the new Mines and Minerals Bill proposes a competitive tender process to allocate mineral rights over areas that have been reserved by the Geological Survey Department after undertaking detailed exploration. The terms and conditions of a competitive tender process shall include at least the following:

<sup>1</sup> Regulation 5 – Mines and Minerals (Royalty) Regulations, Mines and Minerals Act.

<sup>2</sup> Regulation 7 – Mines and Mineral (Mineral Rights) regulations and Regulation 2 – Mines and Minerals (Miscellaneous Fees) Regulations, Mines and Minerals Act.

<sup>3</sup> More information is published on the website: (Link: <http://www.mines.gov.mw/index.php/downloads>)

- (a) definition of a qualified bidder;
- (b) requirement for payment of a tender pre-qualification application fee;
- (c) description of the pre-qualification process;
- (d) requirement for payment of a bid processing fee;
- (e) requirement that any bidder shall offer at least the minimum bonus payment stated in the competitive tender invitation;
- (f) requirement that the bid shall be awarded solely on the basis of the qualified bidder pledging the highest bonus payment; and
- (g) requirement that open bidding (to which a member or members of the press shall be invited and allowed to report on the bidding results) shall be used and will be done in three (3) rounds at only one meeting of pre-qualified bidders.

The Minister of Natural Resources, Energy and Mining is responsible for ensuring that the law and regulations are administered properly.

### (ii) Procedures for awarding solid mineral contracts

The legislation allows the Minister to conclude agreements with extractive companies with direct negotiation and there are no particular tendering procedures for granting contracts. Reforms on the legislation of the mining sector are summarised in Section 3.1.4.

### (iii) Policy on disclosure of contracts and licences

Currently, the mining legislation does not set out any procedures or provisions to keep, maintain, retain or safeguard licences in a public register. However, information on licence holders and mining development agreements are publicly available in accordance to the current policy.

#### 3.1.7. Types of Licences

A number of mining rights can be granted under the Mines and Minerals Act in Malawi. An application should be submitted in written form along with the prescribed fee, to the Minister through the Commissioner.

Licence	Description	Validity period
Reconnaissance Licence <sup>1</sup>	Granted when the area is not already a prospecting, Mining, or Claim Area. The holder is given exclusive rights to carry out reconnaissance operations in that area using the techniques authorised to him. The area shall not exceed 100,000 Km <sup>2</sup> . The application should include a plan of the area, identify the minerals sought, and the financial and technical resources available.	Not exceeding 12 months, renewable for another period of 12 months.
Exclusive Prospecting Licence (EPL) <sup>2</sup>	Granted when the area is not already a Mining or Claim area and is not already subject to a reconnaissance licence. The holder is given exclusive rights to carry out prospecting operations. The application should include a plan of the Area, identify the Minerals sought, and the financial and technical resources available. The application should also be accompanied by a statement of proposed plan for the employment and training of Malawi citizens.	Not exceeding 3 years, renewable for another two periods not exceeding two years each.
Mining Licence (ML) <sup>3</sup>	The holder of an EPL can also apply for this within 2 months of his notification to the Minister of any minerals discovered and only for the land subject to the EPL. The holder has exclusive rights to carry out both prospecting and mining operations.	Not exceeding 25 years or the estimated life of the mine, renewable for a maximum of a 15-year period

<sup>1</sup> Division 2 – Reconnaissance Licence, Mines and Minerals Act.

<sup>2</sup> Division 3 – Exclusive Prospecting Licence, Mines and Minerals Act.

<sup>3</sup> Division 4 – Mining Licence, Mines and Minerals Act.

Licence	Description	Validity period
Non-exclusive Prospecting Licence (NEPL) <sup>1</sup>	Gives authorisation to the holder to enter and prospect/carry out prospecting operations in a district or part of a district as specified in the licence. The area must not be covered by a reconnaissance licence, an exclusive prospecting licence, or a mining licence.	12 months, renewable each year for another 12 months
Mining Claim Licence <sup>2</sup>	An NEPL holder can apply for a claim. A Claim gives the holder exclusive rights to enter a claim area to prospect, mine, remove from and dispose of minerals identified from that Claim.	From day of pegging until the following 31 March, renewable from the 1 <sup>st</sup> April for a 12-month period.
Mineral Permit <sup>3</sup>	Allows the holder to enter any public or customary land and mine prescribed minerals. However, mining in Forest Reserves, National Parks, Game Reserves, any protected Monuments or Relics are prohibited. Underground mining operations, use of explosives and any powered machinery for the purposes of mining are also prohibited under this licence.	Not applicable.
Reserved Minerals Licence <sup>4</sup>	Issued by the Commissioner, this licence authorises the holder to buy, possess and sell reserved minerals (defined as precious metals and precious and semi-precious stones).	1 Year, renewable each year

In accordance with the Mines and Minerals Act, the Minister may enter into an agreement on behalf of the Government with any person with respect to matters listed in Section 10 of the Act. Two Development Agreements (DA) were in force during FY 2014/15 as follows:

- Paladin (Africa) Ltd and Paladin Energy Minerals NL - 22 February 2007; and
- Nyala Mines Ltd - 18 June 2008.

A third agreement with Globe Metals and Mining was still under negotiation during the FY 2014/15.

### 3.1.8. Register of mining permits

The mining legislation lays down procedures or provisions to keep, maintain, retain and safeguard a record in a Register of every mineral right granted. Information on any entry in the Register may be obtained on payment of a prescribed fee<sup>5</sup>.

### 3.1.9. Mineral Rights awarded during the 2014/15FY

During the FY 2014/15 a total of 48 mining licences were granted, of which, 34 were time issued for the first time and 14 were renewed.

The list of mining licences awarded during the FY 2014/15 are detailed in Annex 9 of the report.

### 3.1.10. Mining Sector Contribution in the Economy

- **GDP:**

The mining and quarrying sector accounts for MWK 1,250,984 million on average for the years 2014 and 2015, and 0.92% of the average GDP at constant prices.

<sup>1</sup>Part IV – Section 73-75, Mines and Minerals Act.

<sup>2</sup>Part IV – Section 76-79, Mines and Minerals Act.

<sup>3</sup>Part V – Section 81-85, Mines and Minerals Act.

<sup>4</sup>Part VIII – Section 98-100, Mines and Minerals Act.

<sup>5</sup>Clause 63 – Mines and Minerals Act 1981



MWK Million	2014	2015	Average 2014-2015
<b>Mining Sector</b>	<b>11,467</b>	<b>11,597</b>	<b>11,532</b>
<b>GDP at constant market price</b>	<b>1,232,001</b>	<b>1,269,966</b>	<b>1,250,984</b>
<b>% mining revenues</b>	<b>0.93%</b>	<b>0.90%</b>	<b>0.92%</b>

Source: Annual Economic Report 2016

- **Employment:**

During the 2015 calendar year, there was a total of 13,131 employees in the Mining Sector.

Workforce	2013	2014	2015
Coal	637	606	706
Uranium Mine	703	300	288
Agricultural, Calcific and Hydrated Lime	1,677	1,593	1,781
Rock Aggregate production	8,573	8,144	9,016
Cement manufacturing	106	101	145
Gemstones/Mineral Specimens	124	117	201
Ornamental Stones	30	29	33
Terrazzo	57	54	67
Other Industrial Minerals	884	839	723
Exploration activities	177	168	171
<b>Total</b>	<b>12,968</b>	<b>11,951</b>	<b>13,131</b>

Source: 2015 AER

We note that the rock aggregate quarrying operations employ most of the workers because of the large number of mining licences for that sector.

In accordance with the 2016 AER a comprehensive Labour Market Survey completed in 2013 shows that the total working population is 7.8 million people of whom 5.5 million are employed. The employment ratio (to the working population) in the country is approximately 0.2%.

- **Exports:**

Data from DoM and companies, the mining industry exports valued for the FY 2014/15 can be summarised as follows:

MWK Million	2014/15 FY
<b>Mining exports (*)</b>	<b>241</b>
<b>Average total exports (**)</b>	<b>609,435</b>
<b>% mining revenue exports</b>	<b>0.04%</b>

(\*) Source: refer to Section 6.4 of this report

(\*\*) Total exports of Malawi in 2015 were estimated to be around MWK 596,820 Million<sup>1</sup> and total exports amounts to MWK 622,050<sup>2</sup> in 2014. Accordingly, the average of total exports amounts to MWK 609,435.

<sup>1</sup> Section 2.4.1.1 of Annual Economic Report 2016 (exports amount to USD 1,372 million at \$1=MK435)

<sup>2</sup> Section 2.4.1.1 of Annual Economic Report 2015 (exports amount to USD 1,430 million at \$1=MK435)

- **Domestic revenues:**

The total Government revenue collected from mining companies is summarised as follows.

MWK Million	2014/15 FY
Total mining revenues (*)	2,345
Domestic Revenue <sup>1</sup>	530,697
% mining revenues	0.44%

(\*) Source: EITI reporting templates (refer to Section 6.1 of this report)

## 3.2. Oil and Gas Sector

### 3.2.1. Overview of the oil and gas sub-sector in Malawi

Exploration for oil and gas in Malawi dates back to the 1980s when Duke University conducted a ship-borne seismic survey over Lake Malawi under a research permit granted by the Government of Malawi. The research work was sponsored by over ten international oil companies including Shell Exploration B.V., Mobil, and Placid. The results of this research work indicated that there were thick sedimentary rocks in some parts of the lakebed with potential hydrocarbon accumulation. This was followed by shallow scientific drilling on the lakebed by the American Syracuse University in 2004 in order to collect drilled core samples for research purposes. Although the primary objective of the research work was to study the drilled core samples to understand the past climate and geological evolution of the rift valley system containing the Lake Malawi, the research was of great interest to Malawi as the results of the work increased the knowledge of the geology and hydrocarbon potential of the lakebed.

The oil discoveries in lakes in Chad, Sudan, Kenya and Uganda, which form part of the East African Rift System, aroused interest by oil companies to explore oil and gas in Lake Malawi which is also located within the East African Rift System. In 2009, the Malawi Government demarcated six blocks over the whole country to grant exploration licences. In 2011, the Malawi Government granted two exploration licences over Blocks 2 and 3 to the British company Surestream Petroleum Co. This was followed by another licence over Block 1 that was granted to SacOil Holdings Ltd (SacOil) of South Africa in 2012. In 2013, the Malawi Government granted two licences over Blocks 4 and 5 to the Emirati company RakGas LLC and a licence over Block 6 to Pacific Oil Ltd.

All Petroleum prospecting licences were granted for a period of four years with the option of two additional three-year extension periods.

In 2013, Surestream Petroleum Co. entered into an agreement with Hamra Oil Holdings Ltd whereby the former farmed out 51% of its participating interest in its prospecting licences for Blocks 2 and 3. In 2015, Surestream Petroleum Co farmed out an additional 29% to Hamra Oil Holdings Ltd. Hamra currently has an 80% interest in the contracts while Surestream shareholding remains at 20%.

All exploration activities were suspended in November 2014 in order to review the process of awarding licences and the agreements in place, and whether all the relevant laws of the country had been complied with or not. The suspension was lifted in February 2016 and licenced companies were notified that they could resume all exploration activities without including the suspension period from the licenced period.

### 3.2.2. Legal framework and institutional framework

The Malawian upstream oil and gas sector is regulated by the Petroleum Exploration and Production Act (1983) (PEPA) and the Environmental Management Act of 1996. PEPA recognises

<sup>1</sup> Annual Economic Report 2015.

the Minister of Natural Resources, Energy and Mining and the Commissioner as authorities regulating the petroleum sector.

The Commissioner is appointed by the Minister and the latter is the sole and final licensing authority for petroleum operations in Malawi. However, in exercising his functions under PEPA, the Minister of Natural Resources, Energy and Mining shall always act subject to the general or special directions of the President.

PEPA differentiates between exploration licences and production licences in terms of eligibility for licencees. In accordance with Section 10 of the PEPA, the Minister of Natural Resources, Energy and Mining on behalf of the Republic may, with the consent of the President, enter into an agreement with any person or body corporate with respect to granting a licence.

We set out below key regulations of the PEPA:

Regulation	Description
Petroleum (Application) Regulations	The regulations present pre-requirements for applicants to petroleum exploration licence and to petroleum production licence and for their renewals.
Petroleum (Constitution of Blocks) Regulations	The regulation states that the Minister shall cause to prepare a reference map showing the geographical area of the country divided into blocks. The regulations refer to the 6 Blocks already set for exploration activities.
Petroleum (General Provisions) Regulations	The regulations give more guidance on Section 26 of the PEPA and define protocol on survey of wells that be requested by the Commissioner.
Petroleum (Prescribed Fees and Annual Charges) Regulations	The regulations detail: - in the First Schedule the application fees and renewal of exploration and production licences; - in the Second Schedule the annual charge; and - in the Third Schedule the training fees.
Petroleum (Records, Reports and Accounts) Regulations	The regulations detail administrative and reporting requirements of the licence holder as well as the duties on termination of the licence.
Petroleum (Registration and Transfer of Licences) Regulations	The regulations set the licence transferability requirements and the right of the Minister to ask for any additional information.

Malawi is considering reviewing the Petroleum Exploration and Production Act. The process started with drafting a Petroleum Policy with assistance from the Commonwealth Secretariat (COMSEC).

### 3.2.3. Fiscal Regime

The fiscal regime specific for petroleum companies is set out in the Taxation Act (2006)<sup>1</sup> as there are no specific laws for the fiscal regime in the Oil and Gas sub-sector. Non-tax payments are set out in the Petroleum Exploration and Production Act (1983), while other payments may be included in the PSA. Similarly, to Section 3.1.5 of this report all non-tax payments are paid by oil and gas companies to the Department of Mines and all tax revenues are collected by Malawi Revenue Authority (MRA).

No.	Taxes	Description
1	Royalty	A petroleum producer engaged in the exploitation or extraction of petroleum deposits of Malawi is required to pay royalties. The law does not however provide any guidance on the amount of royalty nor whether it is on the basis of production amounts or selling price. Royalties may be paid in kind <sup>2</sup> at the discretion of the Minister.
2	Annual charge / Ground Rent	The annual charge is a surface rental that should be paid by the petroleum company per square kilometre of the area remaining at the beginning of each year from the date the licence was granted as part of the delimited area. The

<sup>1</sup> [http://www.mra.mw/assets/upload/downloads/Taxation\\_Act.pdf](http://www.mra.mw/assets/upload/downloads/Taxation_Act.pdf)

<sup>2</sup> Section 46 of Petroleum Exploration and Production Act (1983)

N o.	Taxes	Description
		amount of the surface rental is stated in the Second Schedule of the Petroleum (Prescribed Fees and Annual Charges) Regulations.
3	Signature bonuses	These are bonuses or fees paid by companies to the Government of Malawi for the granting or renewal of the prospecting licence.
4	Application fee / Licence fees	An application for a licence shall be accompanied by an application fee of MWK 250,000 for a petroleum exploration licence or MWK 500,000 for a petroleum production licence. Application fees of MWK 500,000 for renewal of the licence and MWK 150,000 for the assignment of petroleum exploration licence, while a fee of MWK 150,000 is payable for the assignment of petroleum production licence.
5	Training fees	The amount of training fees is stated in the Third Schedule of the Petroleum (Prescribed Fees and Annual Charges) Regulations. It is payable annually and by block.
6	Social contribution	A mandatory social contribution shall be payable annually <sup>1</sup> at a minimum of MWK 7,000,000 and maximum of MWK 21,000,000 per block for exploration and for production respectively.

Part XI of the Taxation Act (2006) namely 'Collection and Recovery of Tax' refers to PAYE and to withholding taxes on payments to residents and non-residents. Oil and Gas entities are still liable to pay common law taxes such as Corporate Tax, Resource Rent Tax, Withholding Tax, Fringe Benefit Tax, Value Added Tax, Non-resident Tax, Penalties, Customs and Excise Tax as detailed in Sub-Section 3.1.5 of this report.

### 3.2.4. Types of rights

#### (i) Types of licences

There are of two types of petroleum rights under the Petroleum Exploration and Production Act (1983): petroleum exploration licences and petroleum production licences.

- the Petroleum Exploration Licence confers a company the right to carry out petroleum exploration activities in a particular area for up to four years after a preparation period which does not exceed one year<sup>2</sup>; and
- the Petroleum Production Licence authorises a company to carry out development and production activities in a particular area for up to twenty-five years after a preparation period which does not exceed one year<sup>3</sup>. The Minister may grant an extension in accordance with Section 32 of the Petroleum Exploration and Production Act (1983).

#### (ii) Types of contracts

The Act gives power to the Minister to enter into any agreement with any oil company with respect to conditions to be included in the exploration or production licence but with the consent of the President. The legal framework does not provide any agreement model or guidance on the fees<sup>2</sup>. The Malawi Government has therefore drafted a Production Sharing Agreement as the basis for which all oil companies will operate. This is considered necessary as there are no specific laws for the fiscal regime in the Oil and Gas sector currently.

In May 2014, the Minister of Natural Resources, Energy and Mining signed petroleum Production Sharing Agreements (PSA) with RakGas LLC and Pacific Oil before the PSAs were approved by the Ministry of Justice.

<sup>1</sup>Third Schedule of the Petroleum (Prescribed Fees and Annual Charges) Regulations.

<sup>2</sup>Section 21 of the Petroleum Exploration and Production Act (1983)

<sup>3</sup>Section 34 of the Petroleum Exploration and Production Act (1983)

### 3.2.5. Procedures for the award of rights

#### (i) Licences allocation process

Section 11 of PEPA provides that licence applications have to be made in accordance with the Petroleum Regulations (1984) as amended by subsequent Regulations (2009). Applications shall be submitted to the Minister and the Commissioner for Petroleum Exploration and Production.

In accordance with Regulation 2 of the Petroleum (Application) Regulations, applications for a petroleum exploration licence should include the names and nationalities of the applicants, the names and places of incorporation where applicants are companies, names and nationalities of the directors and if it has a share capital, the name of any shareholder of more than 5% of the issued share capital, as well as a statement giving particulars of the works to be carried out and the minimum expenditure involved.

The Minister may consider an application of an exploration licence in respect of one or two blocks at most where he considers it to be appropriate to do so. An application for the renewal of a petroleum exploration licence shall be made ninety days before the expiry date of the exploration licence.

The list of particulars required for persons or corporations applying for petroleum production licences are set out in Sub-regulation 1 of the Petroleum (Application) Regulation 4 and these are similar to those for exploration licences but additionally, the applicant should include his financial status, technical competence and experience; the period for which the production licence is being sought for, identify the composition of the petroleum which is intended to produce; a comprehensive report of the petroleum deposit and any other information required as listed in the sub-regulation.

The Minister may exempt the applicant from a petroleum production licence from any of the requirements listed in the Sub-regulation 1 of the Petroleum (Application) Regulation 4 where he considers appropriate at his own discretion. An application for the renewal of a petroleum production licence shall be made twelve months before the expiry date of the exploration licence.

Similar to the solid minerals licensing process, when applications for petroleum licences are received, they are scrutinised by the Mineral Licencing Committee. Besides the institutions that form the Mineral Licencing Committee (as listed in Section 3.1.6 (i) above), other institutions are also invited to participate. These include:

- Ministry of Irrigation & Water Development;
- Ministry of Lands, Housing and Urban Development;
- Department of Energy Affairs; and
- Department of Economic Planning and Development.

The Committee recommends to the Minister to grant licences to applicants who are assessed to have the technical and financial capability to undertake petroleum prospecting.

Besides the required information to be included in the applications for both exploration and production licences, the legal framework does not seem to provide any information on any technical or financial criteria to be applied for the application assessment and does not specify any submission modalities such as the address where the application should be submitted or the administrative procedures to be followed for submission.

#### (ii) Procedures for the award of Oil & Gas contracts

Before the Minister can enter into any agreement with any company that has been granted a licence, the Minister has to seek consent of the President and the general procedure required for awarding the Production Sharing Agreement (PSA) includes 5 major steps:

- drafting the Production Sharing Agreement with the retained company without necessarily going through any bidding process;

- the draft agreement should be vetted by the Ministry of Justice in terms of contents and harmonisation with other existing laws, then approved to be signed by the relevant Minister; and
- the Minister should obtain the consent of the President through Cabinet, then eventually signs the agreement with the company.

The former Minister of Natural Resources, Energy and Mining signed two petroleum contracts with RakGas LLC for block 4 and block 5 in May 2014 and another petroleum contract with Pacific Oil for block 6 without these contracts being vetted nor approved by the Ministry of Justice. There is also no indication whether the Minister sought the consent of the President as required by law.

The Government froze all prospecting operations for oil and gas in order to review whether the licences were granted and the agreements executed in accordance with all the relevant legislations.

### **(iii) Policy on disclosure of contracts and licences**

Currently, the mining legislation does not set out any procedures or provisions to keep, maintain, retain or safeguard licences in a public register. However, information on licence holders and production sharing agreements are publicly available. A Petroleum Sharing Agreement model is meant to be posted on the website when MNREM's website will be operational.

### **(iv) Transferability of rights**

The Petroleum (Registration and Transfer of Licences) Regulations sets out state ownership of oil and gas and provides for the transfer rights. The transfer of licences requires clearance of the Malawi Revenue Authority from any tax liabilities and prior written consent of the Minister.

## **3.2.6. Oil & Gas Sector Contribution in the Economy**

There were no exploitation activities in the oil and gas sector in Malawi during the FY 2014/15, hence explaining the limited contribution to the economy in terms of GDP and employment.

Total revenue from oil and gas sector amounting to MWK 674 million<sup>1</sup> contributes to 0.13% of Domestic Revenue.

## **3.3. Forestry Sector**

### **3.3.1. Forestry Sector Overview**

Malawi has a diversity of natural resources including fertile soils, water resources, and flora and fauna. Total surface area of Malawi is about 118,480 km<sup>2</sup>. Surface area of approximately 31% of total land is suitable for rain-fed agriculture, 32% is marginal, and 37% is unsuitable for rain-fed agriculture<sup>2</sup>.

There are currently twenty fuelwood/poles and timber plantations that are managed by the Department of Forestry throughout the country with a total area of 90,000 hectares. As a result of inadequate investment, most of these plantations have been degraded. In accordance with the Department of Forestry, forest plantation management has been poor and characterised by low planting levels, destruction by fires and overharvesting.

In one of the less urbanised countries in the sub-saharian region, forests and woodlands represented the third largest land-use category, occupying 21% of the total surface area, far behind agriculture land (intensive and extensive), which occupied 70% of the country in 2008, up from 62% in 1991. In accordance to National Land Use Statistics, the forest coverage remained approximately the same at 20.4% in 2010.

<sup>1</sup> Referring to Section 6.1 of this report.

<sup>2</sup> National Climate Change Investment Plan 2013–2018, Environmental Affairs Department, Ministry of Environment and Climate Change Management.

Malawi area by land-use type (1991 and 2008)

Land use category	1991		2008	
	Area (thousand ha)	%	Area (thousand ha)	%
Intensive agriculture	3,091	33%	3,721	40%
Extensive agriculture	2,669	29%	2,852	30%
Forest, Woodland & Plantation	2,657	28%	1,988	21%
Grassland	766	8%	614	7%
Miscellaneous	216	2%	224	2%
<b>Total</b>	<b>9,399</b>	<b>100%</b>	<b>9,399</b>	<b>100%</b>

Source: Malawi Biomass Energy Strategy study 2009

The forestry sector is crucial in supporting livelihoods, infrastructure development and energy in Malawi. However, there is a general lack of up to date statistics and data. Forest, woodland and plantations area decreased between 1991 and 2008 as only some plantations were replanted to meet the rate of depletion which is compounded by illegal logging.

As shown in the table below, the Central region has the smallest forest land in terms of surface area across the country, narrowly followed by the Southern region.

	Land Area (thousand ha)	% of forest land <sup>1</sup>	Forestry Area (thousand ha)
<b>Northern Region</b>	2,720	32%	868
<b>Central Region</b>	3,560	15%	523
<b>Southern Region</b>	3,119	19%	597
<b>Total</b>	<b>9,399</b>	<b>21%</b>	<b>1,988</b>

Source: Malawi Biomass Energy Strategy study 2009

Malawi is heavily dependent on biomass fuels, defined as firewood, charcoal, crop residues and animal dung. The National Energy Policy (2003) estimated that biomass accounted for 93% of total energy consumption in 2000 and new research conducted under the 2009 Malawi BEST study suggested that the contribution of biomass was still 88.5% in 2008. As a result, forestry resources are degrading at a fast rate - 2.6% per annum, mostly due to the agricultural expansion driven by population growth but also because of forest degradation for fuel wood (firewood and charcoal)<sup>2</sup>.

It is also worth mentioning that Malawi used to have the largest man-made forest in Southern Africa originally called Chikangawa Forestry. The forest has been developing as a forestry reserve since the 1940s until independence in 1964 when the Viphya Plantations project started in view of producing inputs to pulp and paper production. Exotic soft woods have been planted in a number of areas such as Luwawa, Chikangawa, Champhoyo and Lusangazi. Since then, over 53,000 hectares of trees had been planted across the area up until 1988.

20,000 hectares of this forestry is under a sixty-year concession agreement with Raiply Malawi Ltd since 2009. The company agreement covers Chikangawa, Champhoyo and Kalungulu of Viphya Plantation. These areas include not only mainly pine species but also areas of cypress, cedar, eucalyptus and other species.

The remaining 33,000 hectares of Viphya Plantations were managed by government to avail to Malawian cooperatives' loggers to log forests in a sustainable manner. For instance, Timber Millers Cooperatives Union (TMCU) have been authorised to manage 10,000 hectares under an agreement since December 2011.

### 3.3.2. Legal Framework

The National Forest Policy (1996) which was revised in 2016 sets out the policy framework for the forestry sector and the Forestry Act (1997) develops a legal framework for enforcing the policy. The major goal of the policy is for the conservation, protection and management of trees and forests for the sustainable development of the country.

<sup>1</sup> Malawi Biomass Energy Strategy (BEST) Study 2009

<sup>2</sup> Economic Valuation of Sustainable Natural Resource Use in Malawi, January 2011

The Forestry Act, assented in May 1997, enacts many of the policy recommendations discussed in the National Forest Policy. It created a Forestry Administration, a Forest Management Board, Forest Reserves/Protected Areas, Customary Land Forests, afforestation and forest protection procedures, utilisation practices and a Forest Development and Management Fund.

Although the National Forest Policy strategy aimed to harmonise the Forestry Act (FA) with the National Park Act (1992), stakeholders consider that the FA was developed without sufficient consultation and neglected environmental issues.

The Forestry rule was amended in December 2010 following government notice number 23 for Forestry Act (Cap.63:01), section 86, issued by the Minister of Natural Resources, Energy and Environment.

And under the Land Act regulation, agricultural lessees are required to put at least 10% of their land to reforestation.

There are strong connections of the legal framework governing the forestry sector with other sectorial policies such as:

- the National Environmental Policy (2004) which coordinates natural resources and environmental policy instruments in the country;
- the National Land Policy (2002) which promotes equitable access and tenure security to land and facilitates the attainment of social harmony and public awareness to ensure environmentally sustainable land use practices;
- the National Decentralisation Policy (1998) which promotes popular participation in governance through local governments;
- the Water Policy (2005) which promotes effective participation of the forestry in water resources management;
- the National Parks and Wildlife Policy (2000) which promotes conservation of wildlife including forestry and biodiversity;
- the Land Resources Management Policy (2000) which promotes natural generation and conservation in order to achieve suitable land utilisation; and
- the Energy Policy (2003) which promotes the use of alternative sources of energy to reduce pressure on wood biomass.

### 3.3.3. Fiscal Regime

The main payment flows received by the Department of Forestry for the corresponding sector are summarised as follows.

No.	Taxes	Description
1	Royalty	Forestry Rules Second schedule, section 1. Indigenous forests. Price depends on species <sup>1</sup> . Specific rates for royalties may be provided in accordance with specific agreements signed with companies as detailed in Section 3.3.5 of this report.
2	Sales of firewood	Forestry Rules Second schedule, section 4 Fuel wood: Sales of Fuel wood from the plantation
4	Rest-house fees	These are paid for using guesthouses' lodges' facilities in accordance to the Forestry Rules (2010).
5	Application fee / Licence fees	An application for a licence shall be accompanied by an application fee. Licence fees are also payable in accordance with the Third schedule, Section 3 of the Forestry Rules (2010).
6	Sales	Several revenues are collected by the Department of Forestry with the sales of logs, Firewood, boarded off items, research produce items, Farm Produce, Forest Seeds,

<sup>1</sup> (link: <http://www.malawitradeportal.gov.mw/index.php?r=site/display&id=152>)



The Department of Forestry reported receiving other payment flows such as concession fees. Concessions and logging agreements that have been made available by the Department of Forestry do not include any concession fees.

Part XI of the Taxation Act (2006) namely 'Collection and Recovery of Tax' refers to PAYE and to withholding taxes on payments to residents and non-residents. Entities operating in the forestry sector are still liable to pay common law taxes, including: Corporate Tax, Resource Rent Tax, Withholding Tax, Fringe Benefit Tax, Value Added Tax, Non-resident Tax, Penalties, Customs and Excise Tax as detailed in Sub-Section 3.1.5 of this report.

### 3.3.4. Forestry Rights Allocation process

#### (i) Allocation procedures of licences and permits

As a result, the FA grants to the Director of Forestry the power to:

- issue a permit for exports or imports or re-exports or commercial processing of wood or forest produce, section 42 and section 82 of the Forestry Act (1997); and
- issue a licence for utilisation of indigenous timber from private land, section 83 of the Forestry Act (1997).

There seems to be no clear mechanisms for accountability in licensing procedures, and no guidance is provided in current legislations. In accordance with the Department of Forestry, the Chief Licensing Officer (CLO) is responsible for the licences under the Forest Reserves and the following administrative procedures have to be followed in order to obtain Export Licences and permits.

Export Licence Allocating Process	
1. Preliminary	Any applicant for the licence shall meet the Chief Licensing Officer for an explanation regarding the procedures to be followed and documents to be submitted such as: - certificate from MRA with Tax Payer Identification Number (TPIN); - business registration certificate; - contract agreement or order from buyer outside Malawi; - bank account details; and - a letter from the seller providing evidence of the source of the forestry product being exported. The seller should be a licenced operator or member of a cooperative) to hold an export licence. The Chief Licensing Officer subsequently directs the client to the Forestry Licensing System's Office (FLSO) to submit his application.
2. Application	The applicant's details are recorded in the Forestry Rights Administration Support (FRAS). The application fee is paid at the Accounts Office and the receipt of payment is taken to the Forestry Licensing System's Office (FLSO) to be recorded in the FRAS and the receipt scanned. The completed application form is printed, signed by the applicant and sent to the Chief Licensing Officer (CLO) to initiate the approval process.
3. Approval	The Chief Licensing Officer (CLO) forwards the application to the Director of Forestry and makes a recommendation whether the application should be approved or not. The Director sends all approved and rejected applications back to the CLO, and on to the Forestry Licensing System's Office (FLSO) to be entered and approved in FRAS.
4. Payments	The application's approval and rejection is notified to the applicant who takes the approved application to the Accounts Office for payment of the annual operational fees. The Accounts Officer attaches the General Receipt to the application which is taken to the FLSO.
5. Licensing	The Licence is printed by the Forestry Licencing Systems Office, sent to the Director of Forestry for signature, after which, it is dispatched to the licensee.

Export Permit Allocating Process	
1. Preliminary	Any applicant shall meet the Chief Licensing Officer to understand the procedures in place and documents required: - the relevant Export Licence; - CD1 form; - a Phytosanitary Certificate of the forest produce to be exported; - the payment of fees of MWK 5,000 per consignment truck of 45m <sup>3</sup> for a maximum of 21 days. The Chief Licensing Officer refers the Exporter to the Forestry Licensing System's Office (FLSO) to submit the application for a permit.

2. Application	The exporter provides the Forestry Licencing Systems Office (FLSO) with details of his Export Licence and additional information for each consignment, before he is granted a permit number.
3. Payments	The exporter pays for each permit to be issued at the Accounts Office and the applicant provides staff with the permit numbers. The Accounts Office records the permit numbers upon receipt. The exporter then takes the receipt to the Forestry Licensing System's Office (FLSO) where the receipt is being scanned.
4. Issuance	The Forestry Licencing Systems Office (FLSO) prints all the permits and the client receives the final signed permits.

## (ii) Awarding Procedures of Contract

Besides the different licences and permits granted by the Department of Forestry, it is also possible, under section 36 of FA, that the Minister authorises the Director of Forestry to enter into a forest plantation agreement with any non-governmental organisation or community who may wish to plant trees in forest reserves, public land, customary land and private land.”

The FA grants specific responsibilities and roles to the Director of Forestry such as initiating and facilitating co-management agreements, in accordance with section 25 of FA, and/or village forest areas, as per section 30 of FA. The legal framework does not include any insights or guidance on the terms of the forest agreements subject to negotiation and there are no model contracts that the Director of Forestry may follow.

Before 2016, there were no bidding processes for awarding forestry agreements and the authorities allocated forest lands to companies after direct negotiations. However, while the law is silent about the award procedures, forestry agreements have increasingly been awarded through tender rounds since 2016. A bidding process and evaluation procedure is being implemented for the award of contracts.

Stages	Procedure
Request for Proposals and site visits	<p>The Ministry invites bidders to submit technical and financial proposals within specified period of time, generally three months.</p> <p>The request for proposals includes the instructions and the criteria for evaluation. The bidders are also encouraged to visit the project sites in order to assess the site conditions, water and other utilities, climatic conditions and any other matters considered relevant before submitting their bids.</p> <p>A pre-bid conference for interested parties is convened and during which interested bidders can seek clarifications and make suggestions in writing for consideration by the Ministry.</p>
Proposal	<p>Interested candidates submit proposals or letters to the Ministry of Natural Resources, Energy and Mining with all previous activities recorded.</p> <p>The following documents shall be included in the technical bid envelope:</p> <ul style="list-style-type: none"> <li>- technical capacity details of the bidder including experience;</li> <li>- a concept report with financial and investment plan for the project;</li> <li>- financial capacity details of the bidder including information on its equity and net cash accruals;</li> <li>- power of attorney for signing the bid;</li> <li>- copy of the memorandum and article of association;</li> <li>- copy of the latest audited financial statements;</li> </ul> <p>The financial bid shall include the financial offer in a format provided by the request for proposals.</p>
Evaluation	<p>The technical criteria below are published in the request for proposals along with their corresponding scores for the evaluation of technical proposals. These may include:</p> <ul style="list-style-type: none"> <li>- number of year experience in managing forest plantation;</li> <li>- proven experience in value addition technologies with regards to</li> </ul>

Stages	Procedure
	<p>forestry products;</p> <ul style="list-style-type: none"> <li>- proven familiarity with eco-tourism development and management; and</li> <li>- the minimum net worth of the bidder.</li> </ul> <p>The shortlisted bidders are informed so that their financial offer can be opened in their presence. The financial bids are evaluated based on the following criteria:</p> <ul style="list-style-type: none"> <li>- the fixed annual concession fee;</li> <li>- the minimum investment levels in the project in the first years specified in the request for proposals; and</li> <li>- the level of involvement of local communities.</li> </ul> <p>The selection method should be specified in the request for proposal and generally follows the quality and cost based selection which gives a score to the points of the technical proposals of the shortlisted bidders and to their corresponding financial proposals. The calculation method of the score to be awarded to each bid are specified in the request for proposals.</p>
Draft agreement	The bidder with the highest combined technical and financial score will be invited for negotiation through a Letter of Award (LoA). The Ministry shall then draft the forestry agreement and other relevant information including all relevant information about financial requirements (royalties, annual concession fees...) bank guarantee and minimum expenditure.
Signature of the contract	After agreeing a draft contract, both parties sign the agreement, which take immediate effect.

### 3.3.5. Types of Rights

#### (i) Specific rights for using natural resources

According to section 82 of FA, "No person shall engage in commercial processing of any wood or forest produce without a permit from the Director of Forestry".

Section 83 of the FA also states that "No indigenous wood shall be moved from any private land to any place outside the private land without a permit issued by the Director of Forestry. Any revenue realised from the removal of the indigenous wood from leasehold land shall all accrue to the Villager Natural Resources Management Committee of the area..."

Right	Description	Validity period
Export Licence	<p>Each import licence is issued for the importation of one type of forest produce.</p> <p>It is issued only when the applicant provided supporting documentation which verifies that the forest produce has been extracted from sustainable sources as stipulated in the Forestry Act (1997).</p> <p>The applicant should provide a valid registration certificate and TPIN of the company. Export licences shall be issued to individuals, cooperatives and companies who have been allowed to harvest or to operate in forestry. Interested exporters without operational licences from the Department of Forestry may also be allowed to export using the quotas of the licensed individuals, cooperatives and companies from which they are collecting the timber, subject to holding an export permit.</p> <p>The application and licence fees are payable at the Department of Forestry headquarters in Lilongwe.</p> <p>Documents relating to export of timber, timber products and non-timber forestry products shall be produced in quintuplicate and copies of the documents shall be retained by the Department of Forestry, MRA, the Reserve Bank of Malawi, Malawi Savings Bank and the exporter.</p>	Valid up to 30 June of the financial year where the right was issued
Export permit	<p>Export licence holders are required to apply for an Export Permit for each consignment. The registered exporter shall provide invoices showing particulars of importer, and of exporter, bank details of exporter, country of destination, quantity and export value of forestry products to be exported.</p> <p>Export permits shall only be issued upon meeting the required phytosanitary</p>	Valid for a period of 21 days from the date of issue

Right	Description	Validity period
	standards and the exporter are required to meet all administrative costs of inspection. They are issued only on Mondays, seven days from the application date. Interested exporters who do not operate in the government plantations may be issued with export permits using an export licence of licensee's subject to their written consent and the exported product will be part of the licensees' quota.	
Licence to Collect Logs in Forest Reserves	The licence authorises its holder to collect logs in a forest reserve. The licensee shall not go over the allocated area. The ownership of the licence, site or validity cannot be transferred. The terms and conditions of the licence might be changed within the licence period, only licenced and bought trees can be collected. The licensee is not allowed to hunt any animal, to alter boundary marks or any forest produce, or to camp outside the licence area. The licensee will pay any damage caused by him, his employees or clients. The licence may be terminated for both parties by giving a period time written notice. The fees for the trees shall be paid upfront and on cash basis and shall be revised by the Issuing Officer whenever necessary	The number of months to be determined specifically to each licence
Conveyance Certificate	Conveyance licence authorises the holder to move freely forest produce such as (planks, poles, logs, wood carvings, timber, etc....) out of the jurisdiction's area, particularly through checkpoints or roadblocks. The District Forest Officer issues a certificate under the Director of forestry's supervision to that effect. A District Forest Officer can request assistance from the organisation (owner of the forestry produce) to verify the source and ownership of the wood products within its jurisdiction.	-
Licence to Prospect Minerals in a Forest Reserve	The licence authorises its holder to prospect minerals only in the licensed area in a forest reserve. The licensee is not allowed to hunt any animals, to alter boundary marks or any forest produce, or to camp outside the licensed area. The licensee shall always be responsible for fire prevention and control. They shall be liable to pay one and a half times the value of damaged property in licensed areas put in place all hygienic facilities in the licensed area. Prospect Minerals Licence holders are required to pay the residential fees calculated per square metre and a fixed rate fee for operating in it. This licence is only transferable with the written approval of the Licensing Officer. The Licensing Officer can terminate the licensee's contract with one month notice, and the licensees shall give three months' notice if it intends to stop its operations in a forest reserve.	The licence is subject to renewal every year
Licence to Extract Quarry Stones in a Forest Reserve	The licence authorises its holder to extract quarry stones in a forest reserve. The licensee is not allowed to hunt any animals, to alter boundary marks or any forest produce, or to camp outside the licence area. The licensee is responsible of any damaged causes by employees, clients or himself. The licensee shall pay to Government one and a half times the value of the damaged property within three months from the date of damage. The licence might be terminated by either party by the authority giving one month notice and/or the licensee giving three months' notice.	The Licence is subject to renewal annually
Licence to Operate a Quarry Plant in a Forest Reserve	The licence authorises its holder to operate a quarry plant in a forest reserve. The licensee is not allowed to hunt any animals, alter boundary marks or remove forest produce, or to camp outside the licence area. The licensee is responsible of any damages causes by employees, clients or himself. The licence may be terminated by either party, the authority gives one month and the licensee three months' notice. The licensee shall pay to Government one and a half times the value of the damaged property within three months from the date of any damage. Non-compliance with the conditions of the licence could lead to the cancellation of the licence with immediate effect or persecution in a court law.	The Licence is subject to renewal annually.

## (ii) Forestry Agreements

In addition to the licences and permits and as far as concessions are concerned, the FA does not mention any details, and it is quite difficult to find any sources of information or any guidance in the legislation about the terms to be included in such agreements. However, in accordance with the

Department of Forestry, the forestry agreements detailed in Annex 2 of this report are active during the FY 2014/15.

Besides these forestry agreements listed, the Department of Forestry is also part of co-management agreements signed with local communities throughout several districts in the country where forest reserves exist. These co-management agreements are supported by co-management plan, generally for a period of 3 to 5 years. According to the Department of Forestry, there were 129 co-management agreements up to the end of the FY 2014/15.

### (iii) Other rights issued by the Department of Forestry

In addition to the rights listed above, the Department of Forestry has the following rights in place, which do not necessarily relate to the timber logging activities. These are summarised in Annex 10 of this report:

#### 3.3.6. Forestry Sector Contribution in the Economy

- **Gross Domestic Product:**

According to the 2016 Annual Economic Report, the combined sectors of agriculture, forestry and fisheries account for MWK 1,250,984 million on average over the calendar years 2014 and 2015, and 29% of the average GDP at the constant price.

MWK Million	2014	2015	Average 2014-2015
Agriculture, forestry and fishing Sectors	368,910	362,869	365,890
GDP at constant market price	1,232,001	1,269,966	1,250,984
% forestry revenues	29.94%	28.57%	29.25%

Source: Annual Economic Report 2016

- **Domestic Revenue:**

The forestry sector's contribution to the domestic revenue is summarised in the table below:

MWK Million	FY 14/15
Revenues of Forestry sector	2,915*
Domestic Revenue	530,697 <sup>1</sup>
% forestry revenues	0.55%

(\*) Source: Total revenue of the Department of Forestry adding MRA receipts from RaiPLY Malawi Ltd and Vizara Plantations

The total revenue of the Department of Forestry does not include tax revenues collected by other government entities. At the time of preparation of this report, the information was not available.

- **Exports:**

The figures from the Department of Forestry indicate that forestry products exported during 2014/15 FY (as at 5 April 2015) amounted to MWK 3,405 million as detailed below:

Forest Product	Quantity	Million USD	Million MWK <sup>2</sup>
Pine timber (m3)	26,320	3.8	1,645

<sup>1</sup> Annual Economic Report 2015.

<sup>2</sup> USD 1=MWK435

Forest Product	Quantity	Million USD	Million MWK <sup>2</sup>
Shutter ply boards (sheets)	64,090	1.7	746
MDF Block boards (sheets)	41,143	1.0	440
Kiln dried timber	1,745	0.4	187
Rubber timber (m3)	547.69	0.3	118
Laminated boards (sheets)	17,304	0.2	101
Wood and Lumber (sheets)	25,000	0.2	72
Block boards (sheets)	3,460	0.1	39
Colombo roots (kg)	21,000	0.1	28
Plywood	4,615	0.1	28
<b>Total</b>		<b>7.8</b>	<b>3,404</b>

Source: Department of Forestry - Exports for 2014/15 FY (as at 5 April 2015)

Total exports of Malawi in 2015 were estimated to be around MWK 596,820 Million and total exports amounts to MWK 622,050 in 2014. Accordingly, the average of total exports amounts to MWK 609,435. The percentage of forestry product exports ranges around 0.5% of total national exports during FY 2014/15<sup>1</sup>.

- **Employment**

The Labour Market Survey completed in 2013 stipulates that the working population comprises 7.8 million individuals of whom 5.5 million are employed. The survey indicates that around 64% of people employed are engaged in agriculture, forestry and fishing sectors.

### 3.4. Transportation revenues

The km 138 rail line constructed by Mota Engil and financed by the Brazilian mining company Vale has been completed.<sup>2</sup> The rail line goes from Kachaso in Chikwawa passing through Mwanza and Neno Districts to join the existing railway network at Nkaya junction in Balaka District. The Moataz railway is expected to be used for coal transportation after FY 2014/15. There were no revenues collected from transportation in the reporting period of this report.

The Public Private Partnership Commission was created by an Act of Parliament and is guided by a policy. The institution is the government's sole authority to develop and receive revenues from large public private partnerships in the country including the rail line.

### 3.5. Collection and Distribution of the Extractive Revenues

#### 3.5.1. Budget Process<sup>3</sup>

The Public Financial Management (PFM) Act of 2003, coupled with the introduction of the Medium-Term Expenditure Framework (MTEF), introduced in the budget for the first time in the 1994/95 FY and has significantly enhanced the national budget process.

Currently, Malawi uses a cash system which is based on the principle that no cash is to be released to line ministries and for other budget heads unless sufficient funds are available in the Treasury's main bank accounts, in this case account number 1 at the Reserve Bank of Malawi (RBM), to cover government expenditure. The Ministry of Finance (MoF) can decide which activities are to be funded among those initially approved by Parliament in the budget.

It is the responsibility of the Minister of Finance to present before the National Assembly a statement of the estimated receipts and the expenditure of the government in respect of each financial year.

<sup>1</sup> Supposing a steady flow of exports during 2014 and 2015

<sup>2</sup> Annual Economic Report 2015

<sup>3</sup> Source: Government of Malawi Budget Framework paper FY15/16 (link: [www.mfdp.gov.lr](http://www.mfdp.gov.lr)).

The key budget documents are as follows:

- i. Economic report: This report provides details of the world economy outlook and the economic performance of Malawi in the preceding year.
- ii. Financial Statements: This provides a broad summary of the budget for both revenue and expenditure according by sector of the economy.
- iii. Output Base: This presents more details on the budget. It outlines a ministry's objectives, achievements, challenges for the previous period as well as the activities to be undertaken with related costs and outputs.
- iv. Detailed Estimates: provide details of all expenditure for all the votes up to the sub-item level. This forms the basis of accounting in Government.

The budgeting process includes reviewing proposals on major issues and initiatives, establishing programme goals, objectives and their related costs as well as prioritising the submitted/developed proposals.

### 3.5.2. Revenues Collection

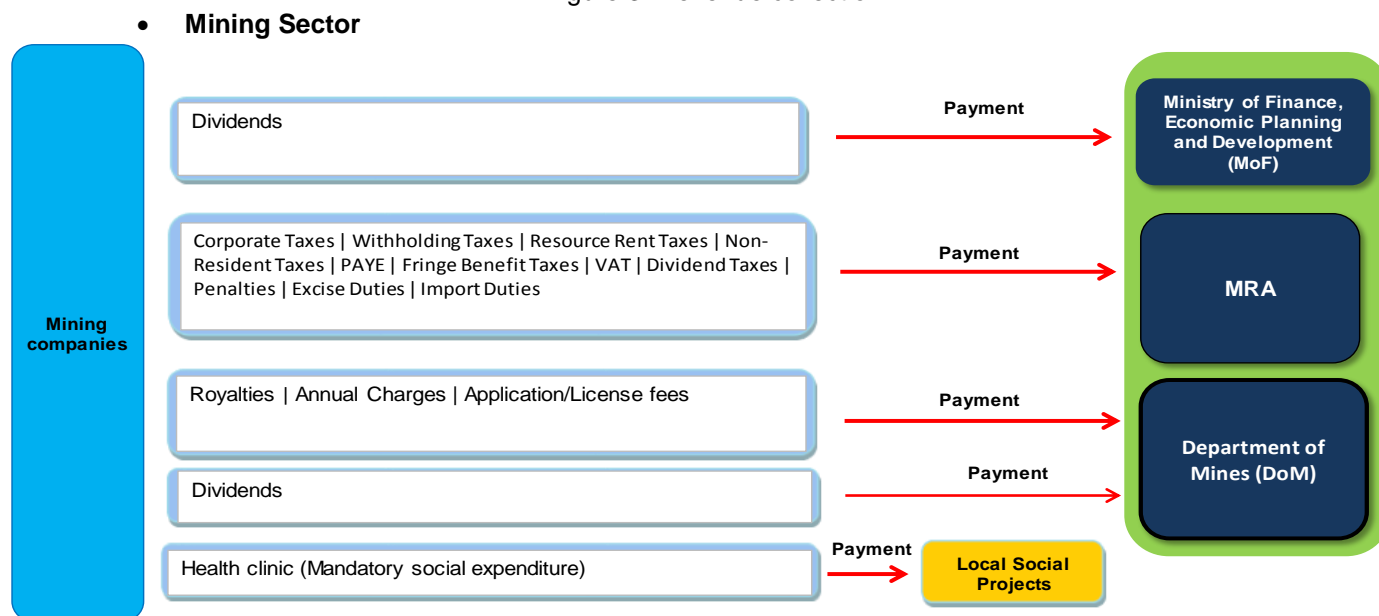
The National Budget is the Government's plan on how to collect and spend money to deliver services to the citizens of Malawi. The budget begins on 1 July and ends the following year on 30 June. This is referred to as the Fiscal Year.

Revenue comes from different sources, such as taxes and borrowings from other countries. According to sections 172-173 of the Constitution of Malawi, "All revenues or other funds raised or received for the purposes of the Government shall, subject to this Constitution and any Act of Parliament, be paid into and form one fund, to be known as the Consolidated Fund.

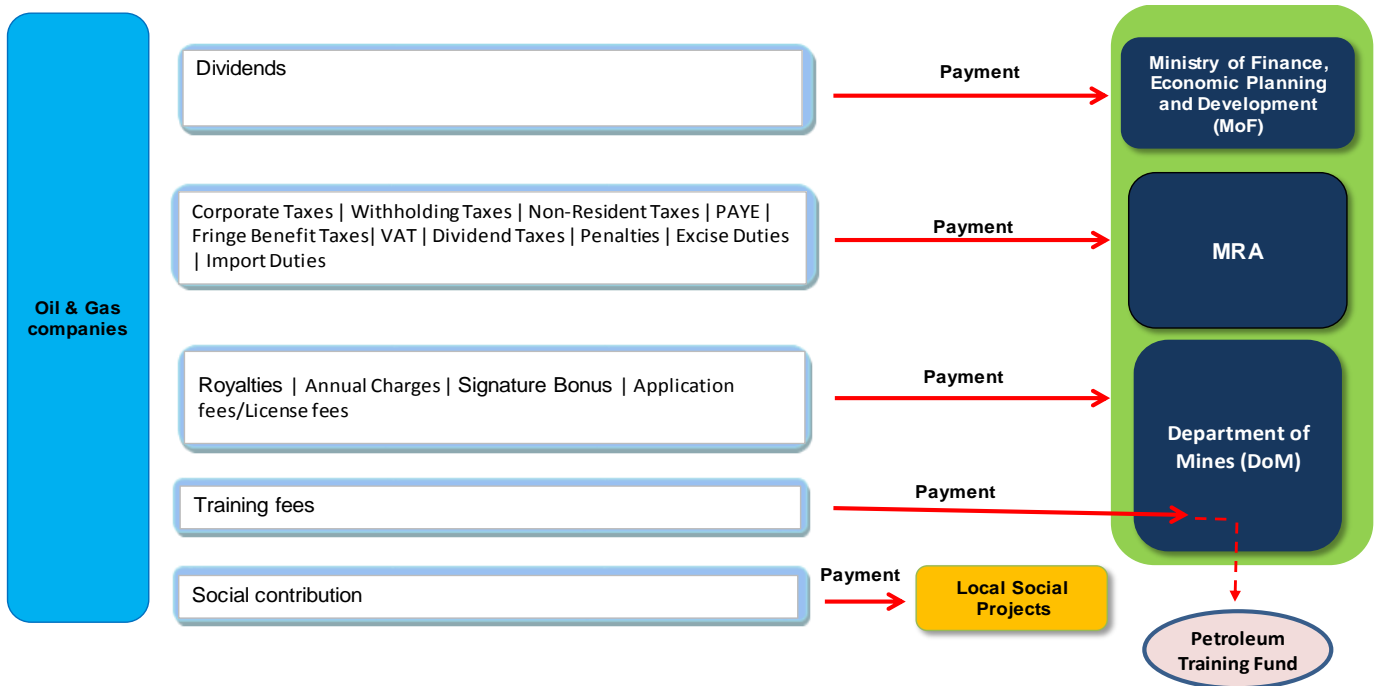
No funds shall be withdrawn from the Consolidated Fund except in the manner prescribed by the National Assembly."

The extractive revenue collections framework can be represented diagrammatically as follows:

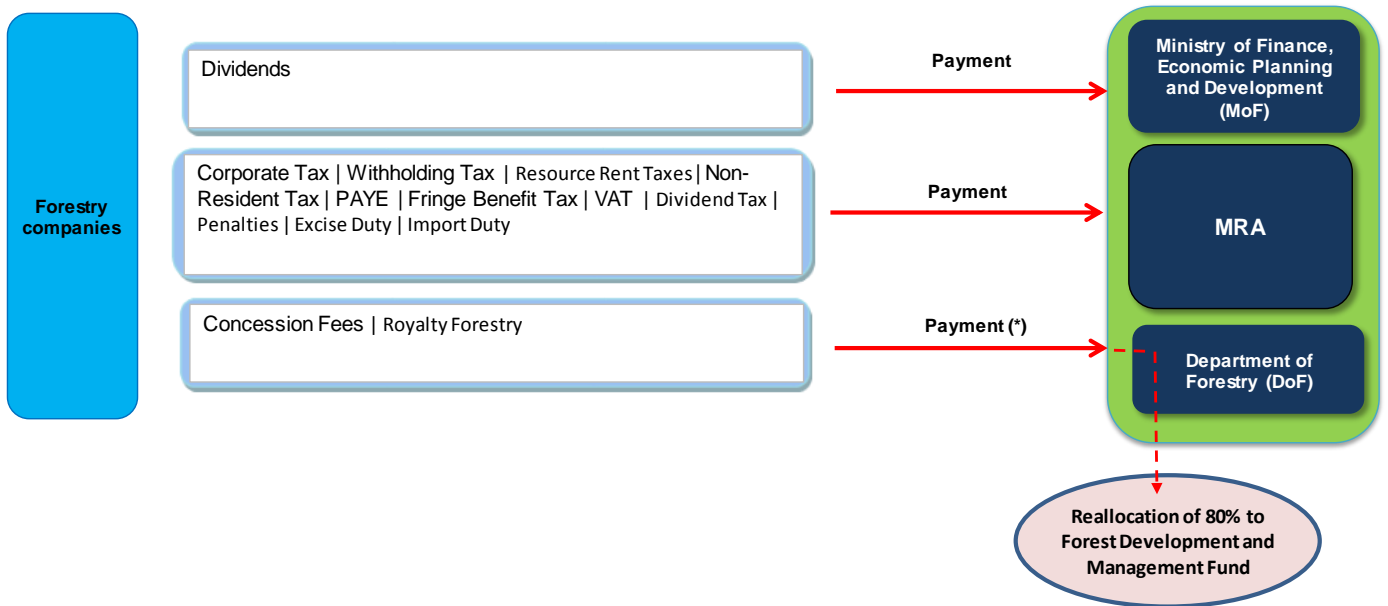
Figure 3: Revenue collection



• **Oil and Gas Sector**



• **Forestry Sector:**



• **Transportation**



Upon adoption of the new Mines and Minerals Act, the collection of royalties will fall under the MRA while the Department of Mines/MNREM will collect only the annual charges and licence fees.



### 3.5.3. Revenue allocation and expenditure

- **Budget allocation**

All revenues raised are deposited into the Malawi Government Account Number 1 at the Reserve Bank of Malawi which forms the Consolidated Fund as stipulated in sections 172-173 of the Constitution of Malawi. Government revenues are available for appropriation by the legislation for general government spending. The government is responsible of raising levy or imposing revenue by or for the purposes of the government or any local government authority.

We also note that there is no provision within the legislation in Malawi governing any Sub-National Transfers and there are no Sub-National payments made by the extractive companies to local government at the Sub-National level.

- **Petroleum Training Fund**

The Petroleum Training Fund is a separate bank account different from Account number 1 and is managed by the MNREM and aims to fund capacity building activities in the oil and gas. The training fees from oil and gas companies are directly transferred to the Petroleum Training Fund account.

- **Forest Development and Management Fund**

FDMF became operational in the 2011/12 FY<sup>1</sup>. Its aim is to support and increase the conservation and management of forest resources and forest land in Malawi. For the fiscal year 2014/15, the Department of Forestry was allocated MWK 900 million. The major expenditure for FDMF in the year under review were:

- tree Planting and Management;
- contract work in government plantations for various silvicultural operations;
- law enforcement; and
- training of Forestry Assistants at Malawi College of Forestry and Wildlife.

The Forest Development and Management Fund account is credited by the Government's budget based on the request of the Department of Forestry. According to the Department of Forestry, total revenues collected by the department during the previous year 2013/14 amounted to MWK 1,160,127,876, and 80% thereof represents MWK 928,102,301.

- **Local Development Fund**

LDF is currently funded from four sources earmarked to support various interventions within the four LDF Financing Windows from different donors and Government's annual commitments, of MWK 3.2 billion.<sup>2</sup>

LDF's mission is to ensure sufficient, harmonised and decentralised development funding for Local Authorities and the achievement of improved development outcomes at local and community levels.

## 3.6. Beneficial ownership

In accordance with the EITI Standard, Requirement 2.5.f. a beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity. Malawi does not currently have a publicly available register of the beneficial owners of the corporate entities which bid for, operate or invest in the extractive sector.

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<sup>1</sup> Annual Economic Report 2015

<sup>2</sup> (Link: <http://www.ldf.gov.mw/about-ldf/>)

Furthermore, the closest legislation in force during FY 2014/15 with regards to beneficial ownership can be found in the Petroleum Exploration and Production Act 1983 and the Malawi Mines and Minerals Act 1981. Sections 79 and 16, of these respective Acts state that the application for the grant of petroleum exploration licence, “shall give in respect to the person... making the application, in case of body corporate, if the body corporate has a share capital, the name of any person who is the beneficial owner of more than five percent of the issued share capital.”

Although both Acts mentioned above used the term “beneficial owner” in the context of being a legal shareholder rather than the natural person who ultimately controls the corporate entity as defined in the EITI Standard. This can give rise to ambiguity.

However, a Financial Crimes Act (2017) came into force on 17 February 2017 to bridge this legal gap, thus providing a clear definition of beneficial ownership as follows:” Beneficial owner means a natural person who ultimately owns or controls a customer or a person on whose behalf, a transaction is conducted and includes a natural person who exercises ultimate effective control over a legal person or arrangement”.

According to EITI Requirement 2.5 extractive companies selected in the reconciliation scope, unless publicly listed or are wholly owned subsidiaries and are required to disclose information about their beneficial owners. The data collected is detailed in Section 6.6 of this report.

The MSG has also published a roadmap<sup>1</sup> on how it intends to disclose the beneficial owners of the companies operating in the extractive industries.

### 3.7. State Participation in the Extractive Sector

The Constitution of Malawi stipulates that “all lands and territories of Malawi are vested in the Republic”. The Registered Land Act defines ‘land’ and “land covered with water, all things growing on land and buildings and other things permanently affixed to land”. All minerals in land in Malawi are vested in the President on behalf of the people of Malawi in accordance to Mines and Minerals Act (1981)<sup>2</sup>. Similarly, property of petroleum in land in the country is vested in the Life President on behalf of the people of Malawi in accordance with the Petroleum Exploration and Production Act (1983).<sup>3</sup>

As detailed in Section 6.6 of this report, the Government is entitled (in accordance with the respective Development Agreements) to acquire without cost a participation interest of:

- 15% of the equity of Paladin Africa Ltd on the Kayelekera uranium mine;
- 10% in Nyala Mines holding licence of mining corundum, ruby and sapphire; and
- 10% of Pacific Oil Ltd holding an exploration licence of bloc 6.

In exchange for the shareholding in these companies, the Malawi Government gave tax rebates to both companies. For instance, Paladin’s corporate tax was reduced from 30% to 27.5%, while royalties were reduced from 5% to 1.5% for the first three years and to 3% thereafter. Similarly, Nyala Mines has been exempt from paying Resource Rent Tax and VAT on capital purchases

During our preliminary analysis, we noted the unavailability of the details of shares owned by the Government (direct and indirect) in extractive companies for the FY 2014/15. As a result, this information could not be included in this Inception report.

Apart from the above participations, we did not come across any other government shareholdings in extractive companies operating in Malawi and there are no State-Owned Enterprises operating in the extractive sector.

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<sup>1</sup> (Link: [https://eiti.org/sites/default/files/documents/malawi\\_beneficial\\_ownership\\_disclosure\\_roadmap.pdf](https://eiti.org/sites/default/files/documents/malawi_beneficial_ownership_disclosure_roadmap.pdf))

<sup>2</sup> Section 1 of Mines and Minerals Act (1981)

<sup>3</sup> Section 2 of Petroleum Exploration and Production Act (1983)

### 3.8. Audit and Assurance Practices in Malawi

#### Extractive Companies

In Malawi, there is no legal obligation for companies to appoint an external auditor for the audit of their financial statements.

However, according to the Companies Act, Chapter 46:03 section 182 “The directors of every company shall, at a date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year at intervals of not more than fifteen months, cause to be prepared and sent to every member of the company and to every holder of debentures of the company a copy of each of the report by the auditors in accordance with section 190:’

It would therefore appear that only listed companies have to comply with this obligation. We may conclude that the same obligation applies to extractive companies when they are listed.

#### Government Agencies

Government Agencies are audited by the Auditor General (AG) who heads the National Audit Office (NAO).

In June 2003, an Act was voted to update the public finance, procurement of goods and services and auditing laws in Malawi: The Public Audit Act (PAA).

According to Section 4 of PAA 2003 “The Auditor General shall be responsible for carrying out the duties and responsibilities conferred upon him under the Constitution, this Act (PPA 2003), or any other written law, and shall be responsible for the National Audit Office”.

At this point a discrepancy between PAA 2003 and the Constitution may hinder the independence of the Auditor General, Section 184 paragraph 2 of the Constitution stipulates that the Auditor General shall submit reports through the Minister of Finance instead of reporting directly to the National Assembly. PAA, however, states in its Section 15 paragraph 1 that the Auditor General should forward his report to the President and to the Speaker of the National Assembly.

As for the Public Accounts Committee (PAC), Part IV Section 19-1 PAA 2003 stipulates that “the function of the Committee is to examine and report to the National Assembly on the financial statements of the Government generally; and in particular to examine and report on the financial statements of the Government in the light of the outputs proposed and the performance criteria in the relation to estimates, together with each statement and report of the Auditor General presented to the National Assembly.”

PAC is a committee of Members of Parliament; whose responsibilities are to ensure along with the AG and NAO that public expenditure is put to good use.

### 3.9. Public information

The right of access to information is explicitly stated in the country’s Constitution<sup>1</sup> (1995) as follows: “Subject to any Act of Parliament, every person shall have the right of access to all information held by the State or any of its organs at any level of Government in so far as such information is required for the exercise of his rights.”

The Access To Information Act (2016) would be applied to “information in the custody or under the control of any public body, relevant private body or other listed information holders” regardless of whether the information came into existence before the Act.

Details on the policy on disclosure of petroleum contracts and licences are detailed in Section 3.1.6 (iii) and Section 3.2.5 (v) of the report.

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1 (link: <http://www.wipo.int/wipolex/en/details.jsp?id=13999>)

## 4. DETERMINATION OF THE RECONCILIATION SCOPE

Our work included a general understanding of the extractive industry in Malawi. We also consulted with Government Entities in order to collect relevant information on the size of the extractive sectors in Malawi, its contribution to the economy and to government revenues, as a part of the process to define the scope for the reconciliation for the financial year ending 30 June 2015.

### 4.1. Revenue flows

#### 4.1.1. Direct payments

During the inception phase, we consulted Government Entities which received payment flows from the extractive sectors. The information collected from MRA, DoM and MoF for total receipts for the 2014/15 FY as follows:

Ref.	Type of payment/Revenue	Receiving Government Entity
<b>Department of Mines (DoM)</b>		
1.1	Royalties paid	DoM
1.2	Licence Fees / Application fees paid	DoM
1.3	Annual Charges / Ground rent	DoM
1.4	Signature Bonus	DoM
1.5	Dividend paid to Government (Government as being shareholder)	DoM
1.6	Penalties	DoM
1.7	Other material payments to Mining Authorities	DoM
<b>Malawi Revenue Authority (MRA)</b>		
2.1	Corporate tax	MRA
2.2	Resource Rent Tax	MRA
2.3	Non-resident tax	MRA
2.4	Pay As You Earn 'PAYE'	MRA
2.5	Withholding tax on payments	MRA
2.6	Fringe Benefits Tax	MRA
2.7	Dividend Tax	MRA
2.8	Value Added Tax (VAT)	MRA
2.9	Customs duty / Excise Tax	MRA
2.10	Penalties	MRA
2.11	Other material payments to MRA	MRA
<b>Ministry of Finance, Economic Planning and Development (MoF)</b>		
3.1	Dividends paid to Government	MoF
3.2	Other material payments to MoF	MoF

In total the MSG decided to include **20 revenue streams** in the reconciliation scope.

#### 4.1.2. Social payments

These consist of all contributions made by extractive companies to promote local development and to finance social projects in line with EITI Requirement 6.1. This Requirement encourages the multi-stakeholder groups to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the recognition that these payments may be reported even though it is not possible to reconcile them.

These contributions can be voluntary or non-voluntary (mandatory) and can be made in cash or in kind, depending on individual contracts. This category includes, inter alia infrastructures in health, education, road and market gardening projects related to the promotion of agriculture as well as grants provided to the population.

Accordingly, MSG decided to include social payments made during the 2014/15 FY in the EITI scope through unilateral disclosure by extractive companies.

#### 4.1.3. Amount due by extractive companies

Amounts due by extractive companies relate to differences between taxes actually paid and taxes payable, pursuant to contract agreement provisions between the Government and extractive companies.

MSG decided to include the engagements relating to agreements with Government in the FY 2014/15 reconciliation scope.

## 4.2. Extractive companies

### 4.2.1. Mining Companies

MSG decided to include companies paying taxes of more than **MWK 5,000,000** in the 2014/15 FY. On this basis, **nineteen (19) mining companies** were included as follows:

N°	Name of company	N°	Name of company
1	Mota-Engil Minerals & Mining	11	Kaziwiziwi Coal Mine Ltd
2	Paladin Africa Ltd	12	Globe Metals & Mining Ltd
3	Shayona Cement Co	13	Sovereign Services Ltd
4	Lafarge Cement Co	14	Malcoal Mining Ltd
5	Cement Product (MW) Ltd	15	Zunguziwa Quarry Ltd
6	Terrastone Construction Ltd	16	Lancaster Explorations Ltd
7	Cilcon Ltd	17	Intra Energy Trading Limited
8	Mchenga Coal Mines Ltd	18	Premier Construction Equipments Ltd
9	Optichem Malawi (2000) Ltd	19	Nyala Mines Ltd
10	Zalewa Agriculture Lime Company		

For extractive companies operating in the mining sector, which made payments below the materiality threshold, MSG decided disclosure unilaterally by Government Entities of the combined revenue streams from the companies listed in Section 6.2 of this report in accordance with EITI Requirement 4.1.d.

This unilateral disclosure from Government Entities was also applied to small scale miners. However, the small-scale mining cadastre made available during the inception stage gives details of licences issued only after the 2014/15 FY.

### 4.2.2. Oil and Gas Companies

Given the limited number of companies in the Oil & Gas sector, MSG decided to include all exploration companies without applying a materiality threshold.

On this basis, four (4) Oil & Gas companies were included in the reconciliation scope for the EITI Report 2014/15. These companies are presented as follows:

No.	Company
1	Hamra Oil in Joint Operating Agreement with Surestream Petroleum
2	Pacific Oil Limited
3	RAKGAS MB45
4	SacOil Holdings Limited

### 4.2.3. Forestry Companies

MSG decided that the forestry sector should not be part of the reconciliation scope of the first EITI report of Malawi and that unilateral disclosure by the Department of Forestry would be included in the first EITI report.

### 4.2.4. Transportation companies

No payments were made during the FY 2014/15 given that the rail line did not start operating until 2016. Therefore, there are no transportation payments in the reconciliation scope of the first EITI report of Malawi.

## 4.3. Government Entities

The Government Entities selected to report for the 2014/15 FY EITI Report were:

N°	Government Entity
1	Malawi Revenue Authority (MRA)
2	Department of Mines (DoM)
3	Ministry of Finance, Economic Planning and Development (MoF)

We did not identify any payments received by PPC and RBM. Although neither of these Government Entities were required to submit templates for the reconciliation for 2014/15 FY exercise, they remain part of the general reporting process to answer to potential queries and provide contextual information on the sectors they regulate.

## 5. RECONCILIATION RESULTS

We present below detailed results of our reconciliation exercise, as well as differences noted between amounts paid by extractive companies and received by Government Entities. We have highlighted the amounts initially reported and the adjustments made following our reconciliation work, as well as the final amounts and unreconciled differences.

### 5.1. Payment Reconciliation between extractive Companies and Government Entities

#### 5.1.1. Reconciliation by Extractive Company

The table below summarises the differences between the payments reported by extractive companies and receipts reported by Government Entities. It includes consolidated figures based on the reporting templates prepared by each extractive company and Government Entity, adjustments made by us following our reconciliation work and the residual, unreconciled differences. Details of the adjustment treatment are presented in Section 5.2 of this report and in order to keep the report size reasonable, detailed reporting templates for each company will be available in MWEITI Website.

Amounts in MWK

No.	Company	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) = (a - b)	Extractive company (d)	Government (e)	Difference (f) = (c-d)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
1	Hamra Oil in Joint Operating Agreement with Surestream Petroleum	-	154,940,177	(154,940,177)	-	-	-	-	154,940,177	(154,940,177)
2	Pacific Oil Ltd	-	1,490,532	(1,490,532)	-	-	-	-	1,490,532	(1,490,532)
3	RAKGAS MB45	94,505,715	-	94,505,715	(94,505,715)	-	(94,505,715)	-	-	-
4	SacOil Holdings Ltd	-	-	-	-	-	-	-	-	-
5	Mota-Engil Engenharia	20,896,637	2,043,158,782	(2,022,262,145)	(17,468,846)	(2,032,942,109)	2,015,473,263	3,427,791	10,216,673	(6,788,882)
6	Paladin Africa Ltd	1,053,219,629	1,008,643,044	44,576,585	630,000	45,410,085	(44,780,085)	1,053,849,629	1,054,053,129	(203,500)
7	Shayona Cement Co	-	578,641,260	(578,641,260)	-	-	-	-	578,641,260	(578,641,260)
8	Lafarge Cement Malawi Ltd	3,133,147,688	563,602,274	2,569,545,415	(3,132,597,688)	(563,492,774)	(2,569,104,915)	550,000	109,500	440,500
9	Cement Product Ltd	1,890,740,857	475,850,548	1,414,890,309	(1,889,240,857)	(472,700,548)	(1,416,540,309)	1,500,000	3,150,000	(1,650,000)
10	Terrastone Construction Ltd	388,359,536	511,271,481	(122,911,945)	(241,252,037)	(334,668,339)	93,416,302	147,107,499	176,603,142	(29,495,643)
11	Cilcon Ltd	7,143,952	192,776,413	(185,632,461)	1,785,362	(176,545,464)	178,330,826	8,929,314	16,230,949	(7,301,635)
12	Mchenga Coal Mines Ltd	82,116,361	90,977,743	(8,861,382)	-	-	-	82,116,361	90,977,743	(8,861,382)
13	Optichem (2000) Ltd	148,154,358	71,188,695	76,965,663	(143,947,665)	(69,284,671)	(74,662,994)	4,206,693	1,904,024	2,302,669
14	Zalewa Agriculture Lime Company	101,109,842	58,050,436	43,059,406	(17,735,726)	20,996,623	(38,732,349)	83,374,116	79,047,059	4,327,057
15	Kaziwiziwi Coal Mine Ltd	-	70,853,360	(70,853,360)	-	-	-	-	70,853,360	(70,853,360)

No.	Company	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) = (a - b)	Extractive company (d)	Government (e)	Difference (f) = (c-d)	Extractive company (g) = (a+d)	Government (h) = (b+e)	Difference (i) = (g-h)
16	Globe Metals & Mining Africa Ltd	42,116,896	39,781,109	2,335,787	(1,636,075)	-	(1,636,075)	40,480,821	39,781,109	699,712
17	Sovereign Services Ltd	60,645,151	49,322,716	11,322,435	26,500	(7,500)	34,000	60,671,651	49,315,216	11,356,435
18	Malcoal Mining Ltd	-	6,464,681	(6,464,681)	-	-	-	-	6,464,681	(6,464,681)
19	Zunguziwa Quarry Ltd	75,504,764	19,443,991	56,060,773	-	-	-	75,504,764	19,443,991	56,060,773
20	Lancaster Explorations Ltd	28,225,381	21,011,533	7,213,848	-	-	-	28,225,381	21,011,533	7,213,848
21	Intra Energy Trading Ltd	-	12,951,419	(12,951,419)	-	-	-	-	12,951,419	(12,951,419)
22	Premier Construction Equipments Ltd	-	12,802,215	(12,802,215)	-	-	-	-	12,802,215	(12,802,215)
23	Nyala Mines Ltd	9,430,397	9,471,143	(40,746)	-	-	-	9,430,397	9,471,143	(40,746)
<b>Total</b>		<b>7,135,317,164</b>	<b>5,992,693,552</b>	<b>1,142,623,613</b>	<b>(5,535,942,747)</b>	<b>(3,583,234,697)</b>	<b>(1,952,708,051)</b>	<b>1,599,374,417</b>	<b>2,409,458,855</b>	<b>(810,084,438)</b>

Source: EITI Reporting Templates



## 5.1.2. Reconciliation by revenue stream

The table below shows the total Basic Payments reported by extractive companies and Government entities, taking into account all adjustments:

Amounts in MWK

N°	Description of Payment	Templates originally lodged			Adjustments			Final amounts		
		Extractive company (a)	Government (b)	Difference (c) = (a) - (b)	Extractive company (d)	Government (e)	Difference (f) = (d) - (e)	Extractive company (g)	Government (h)	Difference (i) = (g) - (h)
<b>1-</b>	<b>Department of Mines (DoM)</b>	<b>563,943,597</b>	<b>510,231,485</b>	<b>53,712,112</b>	<b>(98,672,318)</b>	<b>(1,177,500)</b>	<b>(97,494,818)</b>	<b>465,271,279</b>	<b>509,053,985</b>	<b>(43,782,706)</b>
1.1	Royalties paid	393,267,778	434,735,290	(41,467,512)	(3,320,331)	(14,343,500)	11,023,169	389,947,447	420,391,790	(30,444,343)
1.2	Licence Fees / Application fees paid	82,174,072	1,835,750	80,338,322	(80,964,072)	(5,000)	(80,959,072)	1,210,000	1,830,750	(620,750)
1.3	Annual Charges / Ground rent	88,438,247	73,660,445	14,777,802	(14,387,915)	13,171,000	(27,558,915)	74,050,332	86,831,445	(12,781,113)
1.4	Signature Bonus	-	-	-	-	-	-	-	-	-
1.5	Dividend paid to Government	-	-	-	-	-	-	-	-	-
1.6	Penalties	-	-	-	-	-	-	-	-	-
1.7	Other payments to Mining authority	63,500	-	63,500	-	-	-	63,500	-	63,500
<b>2-</b>	<b>Malawi Revenue Authority (MRA)</b>	<b>6,571,373,567</b>	<b>5,482,630,317</b>	<b>1,088,743,250</b>	<b>(5,437,270,429)</b>	<b>(3,582,225,447)</b>	<b>(1,855,044,982)</b>	<b>1,134,103,138</b>	<b>1,900,404,870</b>	<b>(766,301,732)</b>
2.1	Corporate tax paid	935,977,038	163,943,646	772,033,392	(911,035,096)	(142,674,872)	(768,360,224)	24,941,942	21,268,774	3,673,168
2.2	Resource Rent Tax	-	-	-	-	-	-	-	-	-
2.3	Non-resident tax	310,325,716	216,379,589	93,946,128	(272,840,029)	(40,107,689)	(232,732,341)	37,485,687	176,271,900	(138,786,213)
2.4	Pay As You Earn "PAYE"	959,504,090	2,617,375,765	(1,657,871,675)	(229,275,042)	(1,763,185,662)	1,533,910,620	730,229,048	854,190,103	(123,961,055)
2.5	Withholding tax on payments	227,808,567	1,110,038,498	(882,229,931)	(136,386,111)	(957,997,977)	821,611,866	91,422,456	152,040,521	(60,618,065)
2.6	Fringe Benefits Tax	78,800,284	74,471,640	4,328,644	(67,080,782)	(50,773,552)	(16,307,230)	11,719,502	23,698,088	(11,978,586)
2.7	Dividend Tax	135,239,760	-	135,239,760	(135,239,760)	-	(135,239,760)	-	-	-
2.8	Value Added Tax (VAT)	3,365,644,930	1,201,165,319	2,164,479,611	(3,161,385,036)	(578,092,883)	(2,583,292,153)	204,259,894	623,072,436	(418,812,542)
2.9	Customs duty / Excise Tax	558,073,182	1,638,847	556,434,335	(551,987,801)	(1,638,847)	(550,348,954)	6,085,381	-	6,085,381
2.10	Penalties	-	-	-	-	-	-	-	-	-
2.11	Other payments to MRA	-	97,448,763	(97,448,763)	27,959,228	(47,585,715)	75,544,943	27,959,228	49,863,048	(21,903,820)
	<b>Total payments</b>	<b>7,135,317,164</b>	<b>5,992,693,552</b>	<b>1,142,623,613</b>	<b>(5,535,942,747)</b>	<b>(3,583,234,697)</b>	<b>(1,952,708,051)</b>	<b>1,599,374,417</b>	<b>2,409,458,855</b>	<b>(810,084,438)</b>

Source: EITI Reporting Templates

Unadjusted residual differences are detailed in Section 5.4 of the present report.

## 5.2. Adjustments

### 5.2.1. Extractive companies' adjustments

The adjustments were carried out on the basis of confirmations from extractive companies and Government Entities and were supported by adequate evidence wherever deemed appropriate. The adjustments made are detailed as follows:

Adjustments to extractive company payments	Total Amount (in MWK)
Taxes related to activity other than mining (a)	(5,418,925,924)
Tax payments falling outside the period covered (b)	(127,452,189)
Taxes paid not reported (c)	10,446,366
Amounts reported incorrectly	(11,000)
<b>Total adjustments to originally reported amounts</b>	<b>(5,535,942,747)</b>

#### (a) Taxes related to activities other than mining

These are payments reported, but which related to activities other than extractive as per the reporting templates. We set out in the table below details of the adjustments made to company payments on the basis of their percentages of non-mining activities:

Company	Taxes related to activities other than mining (in MWK)	% Other than extractive activities
Lafarge Cement Malawi Ltd	(3,132,597,688)	100.00%
Cement Products Ltd	(1,889,240,857)	100.00%
Terrastone Construction Ltd	(237,522,467)	76.00%
Optichem (2000) Ltd	(143,968,950)	98.00%
Mota-Engil Engenharia	(14,512,367)	99.97%
Cilcon Ltd	(1,083,595)	95.00%
<b>Total</b>	<b>(5,418,925,924)</b>	

The same adjustment was applied to unilateral disclosures of social contributions by companies as detailed in Section 6.1.1 of this report.

#### (b) Tax payments falling outside the period covered by the EITI Report

These are payments reported, but which fall outside the reconciliation period, i.e. before 1 July 2014 or after 30 June 2015. We set out in the table below details of the adjustments made to company payments:

Company	Tax payments falling outside the period covered (in MWK)
RAKGAS MB45 (1)	(94,505,715)
Zalewa Agriculture Lime Company (2)	(17,724,726)
Terrastone Construction Ltd (3)	(10,629,194)
Mota-Engil Engenharia	(2,956,479)
Globe Metals & Mining Africa Ltd	(1,636,075)
<b>Total</b>	<b>(127,452,189)</b>

(1) RAKGAS MB45 reported the following payments which were outside the reporting period in its original reporting templates:

Tax	Amount (in MWK)
1.2 licence Fees / Application fees paid	(80,191,800)
1.3 Annual Charges / Ground rent	(14,313,915)
<b>Total adjustments</b>	<b>(94,505,715)</b>

- (2) Zalewa Agriculture Lime Company (ZALCO) reported the following payments in its original reporting templates:

Tax	Amount (in MWK)
1.1 Royalties paid	(228,870)
1.2 licence Fees / Application fees paid	288,000
1.3 Annual Charges / Ground rent	(63,000)
2.1 Corporate tax paid	(40,235,902)
2.4 Pay As You Earn 'PAYE'	(251,202)
2.5 Withholding tax on payments	(258,917)
2.6 Fringe Benefits Tax	(777,608)
2.8 Value Added Tax (VAT)	(4,156,455)
2.11 Other payments to MRA	27,959,228
<b>Total adjustments</b>	<b>(17,724,726)</b>

- (3) Terrastone Construction Ltd reported the following payments in its original reporting templates:

Tax	Amount (in MWK)
1.1 Royalties paid	(10,629,194)
<b>Total adjustments</b>	<b>(10,629,194)</b>

### (c) Taxes paid not reported

These are payment flows reported by Government Entities but not reported by Extractive companies. Adjustments were made on the basis of flag receipts or confirmations made available by the companies. We set out in the table below a summary of the adjustments made to company payments:

Company	Tax paid not reported (in MWK)
Terrastone Construction Ltd (1)	6,899,624
Cilcon Ltd (2)	2,868,957
Paladin Africa Ltd	630,000
Optichem (2000) Ltd	21,285
Sovereign Services Ltd	26,500
<b>Total adjustments</b>	<b>10,446,366</b>

- (1) Terrastone Construction Ltd did not report the following payments in its original reporting templates:

Tax	Amount (in MWK)
1.1 Royalties paid	6,511,198
1.2 licence Fees / Application fees paid	6,000
2.3 Non-resident tax	382,426
<b>Total adjustments</b>	<b>6,899,624</b>

- (2) Cilcon Ltd did not report the following payments in its original reporting templates:

Tax	Amount (in MWK)
1.1 Royalties paid	2,768,957
1.2 licence Fees / Application fees paid	100,000
<b>Total adjustments</b>	<b>2,868,957</b>

### 5.2.2. Adjustments to Government Entity templates

The adjustments were carried out on the basis of confirmations received from extractive companies or from Government Entities and supported by flag receipts wherever deemed appropriate. These adjustments are detailed as follows:

Adjustments to Government payments	Total Amount (in MWK)
Taxes related to activities other than extractive (a)	(3,648,463,905)
Taxes received not reported (b)	66,406,708
Amounts reported incorrectly (c)	(1,177,500)
<b>Total added/deducted to amounts originally reported</b>	<b>(3,583,234,697)</b>

#### (a) Taxes related to activities other than extractive

These relate to instances where companies reported that some of their activities are other than extractive. Therefore, all payments which are not specific to the extractive industries have been adjusted:

Revenue stream	Government Entity	Amount (in MWK)
Pay As You Earn 'PAYE'	MRA	(1,763,185,662)
Withholding tax on payments	MRA	(965,560,427)
Value Added Tax (VAT)	MRA	(578,092,883)
Corporate taxes paid	MRA	(142,674,872)
Non-resident tax	MRA	(77,034,194)
Other payments to MRA	MRA	(67,585,715)
Fringe Benefits Tax	MRA	(52,691,305)
Customs duty / Excise Tax	MRA	(1,638,847)
<b>Total</b>		<b>(3,648,463,905)</b>

#### (b) Taxes received not reported

These are payment flows reported by extractive companies but which were not reported by Government Entities. We set out in the table below a summary of the adjustments made to the Government Entities' initial reporting:

Revenue stream	Government Entity	Amount (in MWK)
Non-resident tax (1)	MRA	36,926,505
Other payments to MRA (2)	MRA	20,000,000
Withholding tax on payments (3)	MRA	7,562,450
Fringe Benefits Tax (4)	MRA	1,917,753
<b>Total</b>		<b>66,406,708</b>

After examining details of revenues sent by Government Entities, we noted that the amounts originally recorded in the reporting templates were incorrect. Several taxes were under-reported. We therefore made adjustments to reported payments based on confirmations from the companies and/or reviewed of the supporting documents:

- (1) Non-resident tax received from Paladin Africa Ltd during the reporting period was not reported in the original reporting templates of MRA.
- (2) Payments of Provisional Tax from Zalewa Agriculture Lime Company (ZALCO) during the reporting period was not reported in the original templates of MRA.
- (3) Withholding taxes received from the following companies during the reporting period were not declared by MRA in its reporting templates:

Company	Amount (in MWK)
Paladin Africa Ltd	7,070,173
Zalewa Agriculture Lime Company	492,277
<b>Total adjustments</b>	<b>7,562,450</b>

- (4) Fringe Benefits Tax received from the following companies during the reporting period were not declared by MRA in its reporting templates:

Company	Amount (in MWK)
Paladin Africa Ltd	1,413,407
Zalewa Agriculture Lime Company	504,346
<b>Total adjustments</b>	<b>1,917,753</b>

### (c) Amounts reported incorrectly

These are amounts which were incorrectly reported by Government Entities. We found that the most significant differences related to DoM. We set out in the table below a summary of the adjustments made to Government Entities' initial reporting:

Revenue stream	Government Entity	Amount (in MWK)
Royalties paid	DoM	(1,172,500)
Licence Fees / Application fees paid	DoM	(5,000)
<b>Total</b>		<b>(1,177,500)</b>

## 5.3. Unreconciled discrepancies

Following our adjustments, the total unreconciled discrepancies amounted to MWK (810,084,438) representing 33.62% of total payments reported by Government Entities. This is the sum of positive differences of MWK 73,503,145 and negative differences amounting to MWK (883,587,583). These unreconciled differences can be analysed as follows:

	Differences (in MWK)
Reporting templates not submitted by extractive companies (a)	(838,143,644)
Missing extractive company details by receipt number (b)	48,670,059
Missing Government Entity details by receipt number (c)	(3,978,278)
Taxes not reported by extractive companies (d)	(37,942,319)
Taxes not reported by Government Entities (e)	24,833,086
Details of expenditure without supporting documents (f)	(3,522,342)
Immaterial differences	(1,000)
<b>Total</b>	<b>(810,084,438)</b>

### (a) Reporting templates not submitted by extractive companies

This unreconciled difference is a result of eight (8) companies failing to submit their reporting templates. The payment flows reported by Government Entities in respect of these companies amounted to MWK (838,143,644) representing 35% of the total extractive sector revenue. Details of these differences by company are set out in the table below:

Company	Amount (in MWK)
Hamra Oil in Joint Operating Agreement with Surestream Petroleum	(154,940,177)
Pacific Oil Ltd	(1,490,532)
Shayona Cement Co	(578,641,260)
Kaziwiziwi Coal Mine Ltd	(70,853,360)
Malcoal Mining Ltd	(6,464,681)
Intra Energy Trading Ltd	(12,951,419)
Premier Construction Equipments Ltd	(12,802,215)
SacOil Holdings Ltd	0
<b>Total</b>	<b>(838,143,644)</b>

No feedback received from the following companies:

- Hamra Oil in Joint Operating Agreement with Surestream Petroleum;
- Pacific Oil Ltd; and
- Kaziwiziwi Coal Mine Ltd

Shayona Cement Co, Malcoal Mining Ltd and Intra Energy Trading Ltd were not able to send any reporting templates due to time constraints in accordance to their respective feedbacks. Premier Construction Equipments Ltd which held an active mining licence during FY 2014/15 refused to submit a reporting template claiming that it was not engaged in any extractive activities, without providing evidence.

### (b) Missing extractive company details by receipt number

These differences relate to payments declared by MRA. In the majority of these cases, MRA declared amounts which were lower than payments reported by companies. The companies were unable to provide flag receipts supporting these payments. Details of these differences by company and by tax payments are set out in the table below:

Revenue stream	Terrastone Construction Ltd (in MWK)	Globe Metals & Mining Africa Ltd (in MWK)	Zunguziwa Quarry Ltd (in MWK)	Total (in MWK)
Royalties paid	-	-	(759,891)	(759,891)
Licence Fees / Application fees paid	-	27,500	(11,000)	16,500
Annual Charges / Ground rent	1,182,000	(3,221,002)	416,389	(1,622,613)
Corporate tax paid	12,167,627	-	-	12,167,627
Pay As You Earn "PAYE"	(31,230,499)	1,932,413	1,288,636	(28,009,450)
Withholding tax on payments	(10,546,030)	2,041,161	6,663,485	(1,841,384)
Fringe Benefits Tax	(588,028)	(18,000)	-	(606,028)
Value Added Tax (VAT)	20,862,144	-	48,463,154	69,325,298
<b>Total</b>	<b>(8,152,786)</b>	<b>762,072</b>	<b>56,060,773</b>	<b>48,670,059</b>

### (c) Missing Government Entity details by receipt number

These differences relate to payments declared by the companies. In the majority of these cases, companies declared amounts which were lower than payments reported by MRA. However, MRA

was unable to provide the flag receipts supporting these payments. Details of these differences by company and by tax payments are set out in the table below:

Revenue stream	Mchenga Coal Mines Ltd (in MWK)	Optichem (2000) Ltd (in MWK)	Zalewa Agriculture Lime Company (in MWK)	Total (in MWK)
Corporate tax paid		466,481	-	466,481
Pay As You Earn 'PAYE'		103,458	-	103,458
Withholding tax on payments		180,930	-	180,930
Fringe Benefits Tax		58,427	-	58,427
Value Added Tax (VAT)	(5,882,157)	-	1,094,583	(4,787,574)
<b>Total</b>	<b>(5,882,157)</b>	<b>809,296</b>	<b>1,094,583</b>	<b>(3,978,278)</b>

#### (d) Taxes not reported by extractive companies

These differences relate mainly to taxes reported by DoM and MRA. In most cases, we were unable to confirm from the companies the existence of those payments, given the lack of the receipt number of payments of custom duties, withholding taxes, excise tax and other material payments on imports declared by DoM and MRA. We present the breakdown of unreconciled differences by company in the table below:

Company	Amount (in MWK)
Mota-Engil Engenharia	(6,793,237)
Paladin Africa Ltd	(202,500)
Lafarge Cement Malawi Ltd	(9,500)
Cement Products Ltd	(1,650,000)
Terrastone Construction Ltd	(21,342,857)
Cilcon Ltd	(7,301,635)
Mchenga Coal Mines Ltd	(5,000)
Zalewa Agriculture Lime Company	(571,230)
Globe Metals & Mining Africa Ltd	(62,360)
Nyala Mines Ltd	(4,000)
<b>Total</b>	<b>(37,942,319)</b>

We present in the table below a breakdown of unreconciled differences by tax payment:

Revenue Stream	Amount (in MWK)
<b>1- Department of Mines (DoM)</b>	<b>(6,255,177)</b>
Royalties paid	(4,001,927)
Licence Fees / Application fees paid	(401,750)
Annual Charges / Ground rent	(1,851,500)
<b>2- Malawi Revenue Authority (MRA)</b>	<b>(31,687,142)</b>
Pay As You Earn "PAYE"	(4,950,523)
Withholding tax on payments	(506,055)
Fringe Benefits Tax	(206,896)
Value Added Tax (VAT)	(4,119,848)
Other payments to MRA	(21,903,820)
<b>Total</b>	<b>(37,942,319)</b>

**(e) Taxes not reported by Government Entities**

These differences relate mainly to Pay As You Earn 'PAYE' and Withholding taxes on payments reported by companies and not confirmed by MRA. We present in the table below a breakdown of unreconciled differences by tax:

Revenue Stream	Amount (in MWK)
<b>1- Department of Mines (DoM)</b>	<b>1,292,000</b>
Licence Fees / Application fees paid	78,500
Annual Charges / Ground rent	1,150,000
Other payments to Mining authority	63,500
<b>2- Malawi Revenue Authority (MRA)</b>	<b>23,541,086</b>
Corporate tax	-
Non-resident tax	467,400
Pay As You Earn "PAYE"	13,232,405
Withholding tax on payments	2,913,630
Fringe Benefits Tax	837,915
Dividends Tax	-
Value Added Tax (VAT)	4,355
Custom duties / Excise Tax	6,085,381
<b>Total</b>	<b>24,833,086</b>

**(f) Details of expenditure without supporting documents**

These differences relate to unreconciled amounts between details provided by MRA and Companies. These differences are due to Pay As You Earn "PAYE" received by MRA and not detailed by receipt number.



We set out in the table below details of the unreconciled differences by company:

Amounts in MWK

No.	Company	Unreconciled difference	Reasons for differences					Detail of expenditure could not be used	Non-material difference
			Reporting template not submitted by the extractive company	Missing extractive company detail per receipt number	Missing Government Entity detail per receipt number	Tax not reported by the extractive company	Tax not reported by the Government Entity		
1	Hamra Oil in Joint Operating Agreement with Surestream Petroleum	(154,940,177)	(154,940,177)	-	-	-	-	-	-
2	Pacific Oil Ltd	(1,490,532)	(1,490,532)	-	-	-	-	-	-
3	Mota-Engil Engenharia	(6,788,882)	-	-	-	(6,793,237)	4,355	-	-
4	Paladin Africa Ltd	(203,500)	-	-	-	(202,500)	-	-	(1,000)
5	Shayona Cement Co	(578,641,260)	(578,641,260)	-	-	-	-	-	-
6	Lafarge Cement Malawi Ltd	440,500	-	-	-	(9,500)	450,000	-	-
7	Cement Products Ltd	(1,650,000)	-	-	-	(1,650,000)	-	-	-
8	Terrastone Construction Ltd	(29,495,643)	-	(8,152,786)	-	(21,342,857)	-	-	-
9	Cilcon Ltd	(7,301,635)	-	-	-	(7,301,635)	-	-	-
10	Mchenga Coal Mines Ltd	(8,861,382)	-	-	(5,882,157)	(5,000)	-	(2,974,225)	-
11	Optichem (2000) Ltd	2,302,669	-	-	809,296	-	1,493,373	-	-
12	Zalewa Agriculture Lime Company	4,327,057	-	-	1,094,583	(571,230)	3,901,632	(97,928)	-
13	Kaziwiziwi Coal Mine Ltd	(70,853,360)	(70,853,360)	-	-	-	-	-	-
14	Globe Metals & Mining Africa Ltd	699,712	-	762,072	-	(62,360)	-	-	-
15	Sovereign Services Ltd	11,356,435	-	-	-	-	11,356,435	-	-
16	Malcoal Mining Ltd	(6,464,681)	(6,464,681)	-	-	-	-	-	-
17	Zunguziwa Quarry Ltd	56,060,773	-	56,060,773	-	-	-	-	-
18	Lancaster Explorations Ltd	7,213,848	-	-	-	-	7,213,848	-	-
19	Intra Energy Trading Ltd	(12,951,419)	(12,951,419)	-	-	-	-	-	-
20	Premier Construction Equipments Ltd	(12,802,215)	(12,802,215)	-	-	-	-	-	-
21	Nyala Mines Ltd	(40,746)	-	-	-	(4,000)	413,443	(450,189)	-
	<b>Total</b>	<b>(810,084,438)</b>	<b>(838,143,644)</b>	<b>48,670,059</b>	<b>(3,978,278)</b>	<b>(37,942,319)</b>	<b>24,833,086</b>	<b>(3,522,342)</b>	<b>(1,000)</b>

We set out in the table below details of unreconciled amounts by type of payment:

Amounts in MWK

No.	Revenue Stream	Unreconciled difference	Reasons for differences						
			Reporting template not submitted by the extractive company	Missing extractive company detail per receipt number	Missing Government Entity detail per receipt number	Tax not reported by the extractive company	Tax not reported by the Government Entity	Detail of expenditure could not be used	Non-material difference
<b>1-</b>	<b>Department of Mines (DoM)</b>	<b>(43,782,706)</b>	<b>(36,452,525)</b>	<b>(2,366,004)</b>	-	<b>(6,255,177)</b>	<b>1,292,000</b>	-	<b>(1,000)</b>
1.1	Royalties paid	(30,444,343)	(25,681,525)	(759,891)	-	(4,001,927)	-	-	(1,000)
1.2	Licence Fees / Application fees paid	(620,750)	(314,000)	16,500	-	(401,750)	78,500	-	-
1.3	Annual Charges / Ground rent	(12,781,113)	(10,457,000)	(1,622,613)	-	(1,851,500)	1,150,000	-	-
1.4	Other payments to Mining authority	63,500	-	-	-	-	63,500	-	-
<b>2-</b>	<b>Malawi Revenue Authority (MRA)</b>	<b>(766,301,732)</b>	<b>(801,691,119)</b>	<b>51,036,063</b>	<b>(3,978,278)</b>	<b>(31,687,142)</b>	<b>23,541,086</b>	<b>(3,522,342)</b>	-
2.1	Corporate tax paid	3,673,168	(8,960,940)	12,167,627	466,481	-	-	-	-
2.2	Non-resident tax	(138,786,213)	(139,253,613)	-	-	-	467,400	-	-
2.3	Pay As You Earn "PAYE"	(123,961,055)	(100,912,531)	(28,009,450)	103,458	(4,950,523)	13,232,405	(3,424,414)	-
2.4	Withholding tax on payments	(60,618,065)	(61,267,258)	(1,841,384)	180,930	(506,055)	2,913,630	(97,928)	-
2.5	Fringe Benefits Tax	(11,978,586)	(12,062,004)	(606,028)	58,427	(206,896)	837,915	-	-
2.6	Value Added Tax (VAT)	(418,812,542)	(479,234,773)	69,325,298	(4,787,574)	(4,119,848)	4,355	-	-
2.7	Customs duty / Excise Tax	6,085,381	-	-	-	-	6,085,381	-	-
2.8	Other payments to MRA	(21,903,820)	-	-	-	(21,903,820)	-	-	-
	<b>Total</b>	<b>(810,084,438)</b>	<b>(838,143,644)</b>	<b>48,670,059</b>	<b>(3,978,278)</b>	<b>(37,942,319)</b>	<b>24,833,086</b>	<b>(3,522,342)</b>	<b>(1,000)</b>

## 6. ANALYSIS OF REPORTED DATA

### 6.1. Analysis of Government revenues

This section summarises the total revenues reconciled, unilateral disclosure of revenues by company and unilateral disclosure of revenues by Government Entities.

Government Agency	Reconciled figures (a)	Unilateral disclosure (b)	Reported revenue (c) = (a)+(b)	Total revenue by Sector		
				Oil & Gas Sector	Mining Sector	Forestry Sector
Malawi Revenue Authority (MRA)	1,900,404,870	1,638,760,946	<b>3,539,165,816</b>	146,211,709	1,764,695,034	1,628,259,073
Department of Forestry (DoF)	-	1,286,783,000	<b>1,286,783,000</b>	-	-	1,286,783,000
Department of Mines (DoM)	509,053,985	41,655,474	<b>550,709,459</b>	10,219,000	540,490,459	-
Social Contribution (SC)	-	557,578,999	<b>557,578,999</b>	517,815,680	39,763,319	-
<b>Total</b>	<b>2,409,458,855</b>	<b>3,524,778,418</b>	<b>5,934,237,273</b>	<b>674,246,389</b>	<b>2,344,948,812</b>	<b>2,915,042,073</b>

Source: EITI Reporting Templates

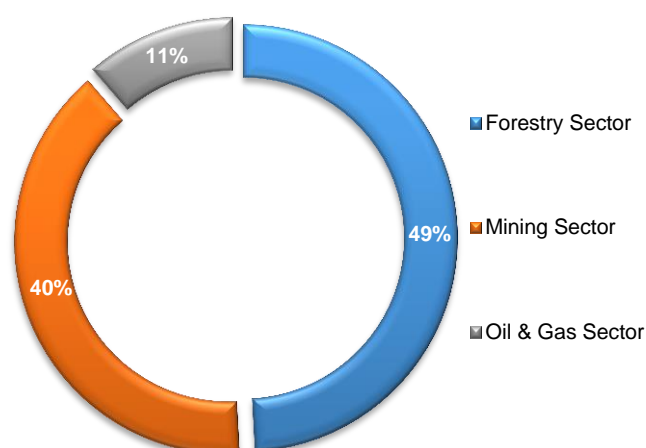
#### 6.1.1. Analyses of payments by sector's contribution

The analysis of Government revenues by sector contribution indicates that the **forestry sector** contributed 49% to the total extractive sector revenue during the FY 2014/15. The table below presents the contribution of each sector:

Sector	Reported revenue (MWK)	% of total payment
Forestry	2,915,042,073	49%
Mining	2,344,948,812	40%
Oil & Gas	674,246,389	11%
<b>Total extractive sector revenue</b>	<b>5,934,237,273</b>	<b>100%</b>

Source: EITI Reporting Templates

Figure 4: Contribution by Sector



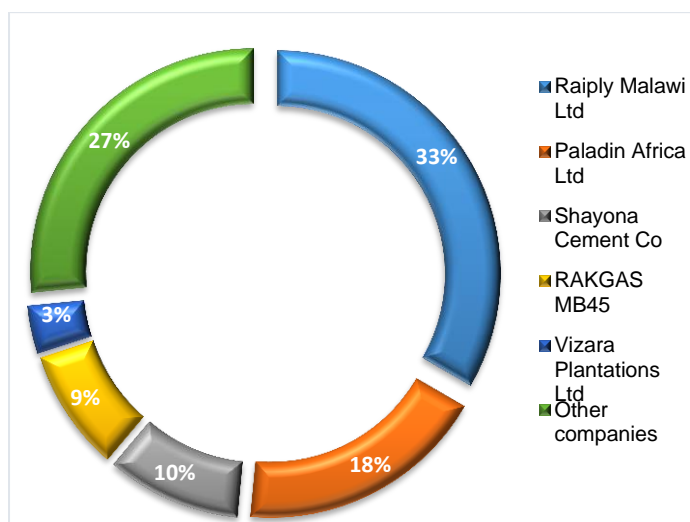
### 6.1.2. Analyses of payments by companies' contribution

The analysis of Government revenues by company indicates that 5 companies contributed approximately to 73% of the total extractive sector revenue during the FY 2014/15. Raiply Malawi Ltd and Paladin Africa Ltd account for almost 33% and 18% of the country's extractive revenues respectively.

Figure 5: Top five companies' contribution

Company	Reported revenue (MWK)	% of total payment
Raiply Malawi Ltd	1,979,792,406	33%
Paladin Africa Ltd	1,076,969,273	18%
Shayona Cement Co	578,641,260	10%
RAKGAS MB45	517,815,680	9%
Vizara Plantations Ltd	205,913,256	3%
Other companies	1,575,105,398	27%
<b>Total extractive sector revenue</b>	<b>5,934,237,273</b>	<b>100%</b>

Source: EITI Reporting Templates



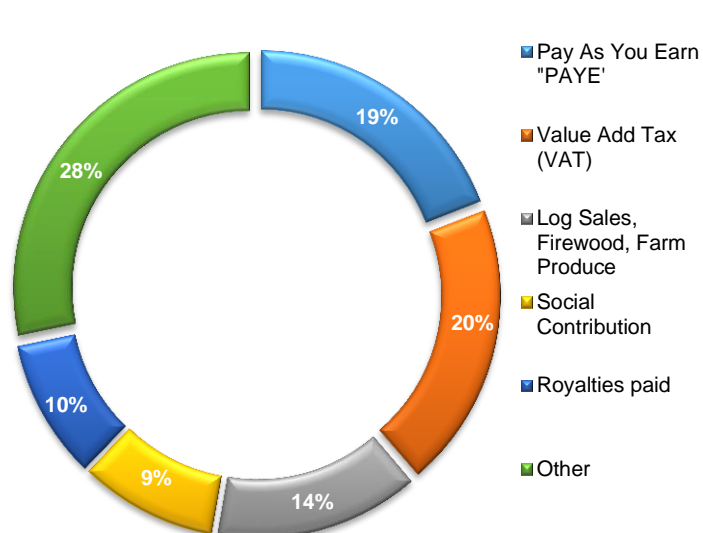
### 6.1.3. Analysis by payment stream

The analysis of payment flows by contribution shows that the top five taxes represent 72% of the total extractive sector revenue during the FY 2014/15. We also note that Pay As You Earn 'PAYE' accounts for 19% and VAT accounts for 20% of extractive revenue.

Figure 6: Top five payment flows

Payment stream	Reported revenue (MWK)	% of total payment
Pay As You Earn 'PAYE'	1,131,588,036	19%
Value Added Tax (VAT)	1,165,832,377	20%
Log Sales, Firewood, Farm Produce	835,786,000	14%
Social Contribution	557,578,999	9%
Royalties paid	566,141,790	10%
Other	1,677,310,072	28%
<b>Total extractive sector revenue</b>	<b>5,934,237,273</b>	<b>100%</b>

Source: EITI Reporting Templates

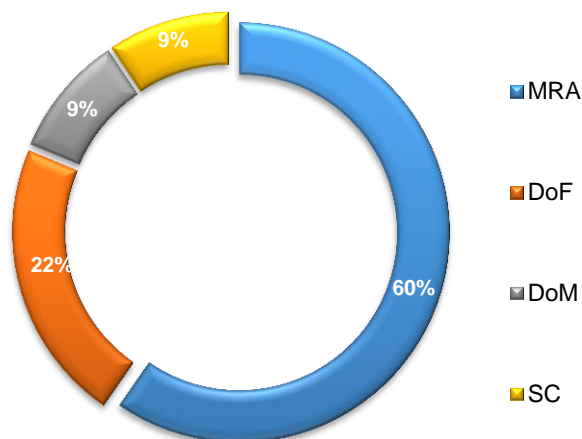


#### 6.1.4. Analysis of revenues by Government Entity

During the financial year 2014/15, MRA collected the largest amount of taxes, followed by the Department of Forestry as shown in the table below:

Figure 7: Government Entities' contribution

Government Entity	Reported revenue (MWK)	% of total payment
MRA	3,539,165,816	60%
DoF	1,286,783,000	22%
DoM	550,709,459	9%
SC	557,578,999	9%
<b>Total extractive sector revenue</b>	<b>5,934,237,273</b>	<b>100%</b>



Source: EITI Reporting Templates

## 6.2. Unilateral disclosure of revenue streams

Government Entities have unilaterally disclosed revenue streams collected from companies but not included within the reconciliation scope in accordance with EITI Requirement 4.1.d. Extractive companies have also unilaterally disclosed social contributions paid to third parties in accordance with EITI Requirement 6.1.a.

These unilateral disclosures are summarised as follows:

Government Agency	Declared Government revenue (a)	Reconciled figures (b)	Unilateral disclosure (c) = (a)-(b)	Unilateral disclosure by Sector		
				Oil & Gas Sector	Mining Sector	Forestry Sector
Malawi Revenue Authority (MRA)	3,539,165,816	1,900,404,870	<b>1,638,760,946</b>	-	10,501,873	1,628,259,073
Department of Forestry (DoF)	1,286,783,000	-	<b>1,286,783,000</b>	-	-	1,286,783,000
Department of Mines (DoM)	550,709,459	509,053,985	<b>41,655,474</b>	-	41,655,474	-
Social Contribution (SC)	557,578,999	-	<b>557,578,999</b>	517,815,680	39,763,319	-
<b>Total</b>	<b>5,934,237,273</b>	<b>2,409,458,855</b>	<b>3,524,778,418</b>	<b>517,815,680</b>	<b>91,920,666</b>	<b>2,915,042,073</b>

Source: EITI Reporting Templates

## 6.2.1. Unilateral disclosure by Government Entities

### Mining Sector

Unilateral disclosures by the Department of Mines and MRA covering the mining sector amount to MWK 10,501,873 and MWK 41,655,474 (total MWK 52,157,347) which represents 2.22% of total mining sector's revenue. Details of payments by Government Entity and by company are set out in Annex 7 of this report.

### Forestry Sector

Unilateral disclosure by the Department of Forestry and by MRA are detailed as follows:

Government Entity	Type of tax	Amount (in MWK)
MRA	Pay As You Earn 'PAYE'	277,397,933
MRA	Value Added Tax (VAT)	542,759,941
MRA	Withholding tax on payments	47,871,856
MRA	Fringe Benefits Tax	25,513,915
MRA	Provision	227,074,029
MRA	Financial	321,272,855
MRA	Non-resident tax	154,776,675
MRA	Dividend Tax	31,591,870
<b>Total MRA (a)</b>		<b>1,628,259,073</b>
DoF	Log Sales, Firewood, Farm Produce	835,786,000
DoF	Concessions	235,750,000
DoF	Royalties on Forestry Produce	145,750,000
DoF	Licence Fees	56,000,000
DoF	Resthouse fees, Accommodation, Rent Government Houses and Hall hire	4,000,000
DoF	Receipts on Certificates	3,650,000
DoF	Phytosanitary Certificates	2,000,000
DoF	Mis.Fees	1,557,500
DoF	Forest Seed Sales	1,500,000
DoF	Sale of Tender Documents	500,000
DoF	Sales of Boarded off items	289,500
<b>Total DoF (b)</b>		<b>1,286,783,000</b>
<b>Total forestry sector (c) = (a) + (b)</b>		<b>2,915,042,073</b>

Source: Department of Forestry and Malawi Revenue Authority

## 6.2.2. Social payments

Social payments consist of all contributions made by extractive companies to promote local development and to finance social projects in line with EITI Requirement 6.1. This Requirement encourages multi stakeholder groups to apply a high standard of transparency to social payments and transfers, the parties involved in the transactions and the materiality of these payments and transfers to other benefit streams, including the recognition that these payments may be reported even though it is not possible to reconcile them.

Social contribution to oil and gas sector amounts to MWK 517,815,680 accounting for 76.85% of total oil and gas sector revenue. Social contribution of the mining sector amounts to MWK 557,578,999 accounting for 1.71% of total mining sector revenue. All reported social payments are summarised as follows:

in MWK

Company	Figures as reported by companies	Adjustments (*)	Total social contributions	Type
RAKGAS MB45	531,815,680	(14,000,000)	517,815,680	Voluntary social contribution
<b>Total social contribution for Oil &amp; Gas sector</b>	<b>531,815,680</b>	<b>(14,000,000)</b>	<b>517,815,680</b>	-
Paladin Africa Ltd	22,916,144	-	22,916,144	Voluntary social contribution
Lafarge Cement Malawi Ltd	1,857,179	(1,857,179)	-	-
Zalewa Agriculture Lime Company	381,965	-	381,965	Training fees
Lancaster Explorations Ltd	11,322,022	-	11,322,022	Voluntary social contribution
Nyala Mines Ltd	5,143,188	-	5,143,188	Mandatory social contribution (**)
<b>Total social contribution for Mining Sector</b>	<b>41,620,498</b>	<b>(1,857,179)</b>	<b>39,763,319</b>	-
<b>Total</b>	<b>573,436,178</b>	<b>(15,857,179)</b>	<b>557,578,999</b>	-

Source: EITI Reporting Templates

(\*) Payments declared by companies do not relate to extractive activities as detailed in Section 5.2.2(a) of this report.

(\*\*) The reporting entity did not declare the relating reference to the law or the contract.

### 6.3. Analysis of production data

Extractive Companies were requested to disclose total production volumes and the value of production by commodity in accordance with EITI Requirement 3.2. These production data as declared by DoM have been taken into account when company data were not available. Details of production are detailed below:

Companies	Solid Minerals Types	Quantity (Tonnes)	Value of the production (MWK)	Source
Mota-Engil Engenharia	Aggregate	14,833	88,244,760	(*)
Shayona Cement Co	Limestone	90,097	390,155	(**)
	Iron Ore	3,606	9,315,288	
Terrastone Construction Ltd	Rock Aggregate	223,709	1,375,679,560	(**)
Cilcon Ltd	Rock Aggregate	26,949	195,376,625	(*)
Mchenga Coal Mines Ltd	Coal	21,191	620,172,420	(*)
Optichem (2000) Ltd	Phosphate Rocks	3,558	32,389,909	(*)
Zalewa Agriculture Lime Company	Limestone	23,688	443,940,493	(*)
Kaziwiziwi Coal Mine Ltd	Coal	8,378	129,391,842	(**)
Globe Metals & Mining Africa Ltd	Niobium, Tantalum, Zirconium, uranium, iron ore...	6.028	1,434,500	(***)
Zunguziwa Quarry Ltd	Quarry Stone	2,713	51,105,474	(*)
Nyala Mines Ltd	Corundum	0.31	99,360,000	(**)
<b>Total</b>			<b>3,046,801,026</b>	

Source: EITI Reporting Templates

(\*) From the companies

(\*\*) From DoM

(\*\*\*) DoM reported that these values are for samples only

### 6.4. Analysis of export data

In order to ensure the most comprehensive exports data possible of the mining sector, export data reported by reporting companies or by DoM (if the information was not provided by the companies). These are detailed below:

Company	Solid Minerals Types	Quantity (Tonnes)	FOB Value (MWK)	Source
Mota-Engil Engenharia	Rock Aggregate	20.987	18,950,000	(**)
Shayona Cement Co	Limestone & Iron ore	0.075	30,000	(**)
Mchenga Coal Mines Ltd	Duff Coal/Coal dust	6437.68	113,192,948	(*)
Optichem (2000) Ltd	Apatatite, Phosphate	0.1	90,000	(**)
Zalewa Agriculture Lime Company	Limestone	3510	46,830,000	(*)
Globe Metals & Mining Africa Ltd	Niobium, Tantalum, Zirconium, uranium, iron ore...	6.029	1,434,500	(***)
Sovereign Services Ltd	Graphite, Kaolinitic clays, heavy minerals sand, base metals	7.985	1,780,000	(***)
Malcoal Mining Ltd	Coal	300	8,652,000	(**)
Nyala Mines Ltd	Corundum	0.432	49,680,000	(*)
<b>Total extractive sector</b>			<b>240,639,448</b>	

Source: EITI Reporting

(\*) From the companies

(\*\*) From DoM

(\*\*\*) DoM reported that these values are for samples only

Details of exports data declared by reporting entities are presented in Annex 5.

## 6.5. Employment

Extractive Companies were requested to report data on employment in the reporting templates. Several companies did not report the number of staff operating, therefore the total employment reported would not be comprehensive of total employment in the mining sector.

Details of employment figures reported by company are set out in the Annex 1.

## 6.6. Beneficial ownership

Extractive companies were requested to report the beneficial ownership in the reporting templates. A beneficial owner in the context of the extractive sector means persons who directly or indirectly ultimately own or control the corporate entity. Details of beneficial ownership by company are set out in Annex 4 of the report.

## 6.7. Infrastructure provisions and barter agreement

Reporting entities did not report any infrastructure provisions nor any barter agreements.



## 6.8. Public Interest

The table below shows the Government shareholdings in extractive companies:

Extractive Company /Joint Venture	% shareholding 01/07/2014	% shareholding 30/06/2015	In case of change in the % shareholding (including Free equity)				Commitments attached to the equity stake	
			Nature of the transaction	Value of the transaction in (MWK)	Terms of transaction (cash payments or loan)	Beneficiary of the transaction (counterparty)	State if there is responsibility to cover the project expenses ?	Main terms to their equity stake
Pacific Oil Ltd		10%	Free Carried Interest	Non So Far	0	Government	No Expenses from State Company so far, only upon commencement of production	Free Carried Interest
Paladin Africa Ltd	NA	NA	NA	NA	NA	NA	NA	NA
Nyala Mines Ltd	NA	NA	NA	NA	NA	NA	NA	NA

Source: EITI Reporting Templates of the Department of Mines  
NA: Not Available

## 7. RECOMMENDATIONS

We present below additional measures to be implemented in order to improve the EITI process in Malawi and governance of the extractives sector and revenue management.

### 7.1. Reliability of the data reports / lack of assurance on reported data

EITI Requirement 4.9 requires an assessment of whether the payments and revenues are subject to credible, independent audit, applying international auditing standards. As part of procedures set to ensure the reliability of the data reported to us in the reconciliation process detailed in Section 2.4 of the report, we requested reporting entities to provide signed copies of their reporting templates, certified by an external auditor for extractive companies and by the Auditor General for Government Entities, along with a copy of their latest audited financial statements. These requirements have been clearly set out during the training workshop as well as in the instructions which were sent to the reporting entities along with the reporting templates. We note that:

- only seven (7) companies failed to submit reporting templates signed by an authorised officer. These are namely Mota-Engil Engenharia, Terrastone Construction Ltd, Mchenga Coal Mines Ltd, Optichem (2000) Ltd, Globe Metals & Mining Africa Ltd, Sovereign Services Ltd and Zunguziwa Quarry Ltd; and
- fourteen (14) companies failed to submit reporting templates certified by an external auditor as detailed in Annex 8;
- none of the Government Entities submitted reporting templates certified by the Auditor General;
- MoF did not submit reporting templates signed by an authorised officer.

*This is a very important part of the reconciliation process that has not been complied with, which can be viewed as lack of transparency. Accordingly, we recommend for the future that the instructions for next year's reporting emphasize the importance of complying with this process, failing which, the government could take action against defaulting reporting entities.*

### 7.2. Reporting deadlines not met by Government Entities and Extractive Companies

Despite chasing up reporting entities by e-mail and by telephone as well as visits effected by the MWEITI Secretariat staff, neither Government Entities nor extractive companies submitted their reporting templates by the stipulated deadline.

Furthermore, we note the lack of feedback from reporting entities to comment and explain the reconciliation differences.

We list out below instances of significant delays we came across in addition to cases where reporting entities failed to submit reporting templates altogether as detailed in Annex 8:

#### Extractive companies

- reporting templates were sent to twenty (23) extractives companies;
- fifteen (15) reporting templates were received at the end of the exercise (65%);
- eight (8) reporting templates were received after the deadline (23%);
- eight (8) companies failed to submit their reporting templates to date (23%);
- significant delays occurred in getting feedback and obtaining comments from most of the reporting companies for the reconciliation of discrepancies; and
- some extractive companies did not reply to our queries for additional details requested.

#### Government Entities:

- reporting templates were sent to 3 Government Entities;

- all reporting templates were received but after the deadline due to time and capacity constraints (100%); and
- DoM and MRA have not been able to respond to our queries on discrepancies identified with companies' confirmation and on the list of receipts detail for some companies due to lack of capacity and system's shortfalls as presented in Section 7.3 of this report.

As a result, the deliverables encountered significant delays and resulted in material unreconciled differences between amounts reported by extractive companies and Government Entities.

*We recommend that emphasis should be laid on the importance of the collaboration of reporting entities following the submission of reporting templates. Both Extractive Companies and Government Entities make time for working alongside the Independent Administrator in a bid to resolve differences whenever these arise.*

*We also recommend that the EITI Secretariat raises awareness of reporting entities regarding the importance of the reconciliation process. MWEITI MSG should undertake more effective outreach activities with companies, by communicating with them not only through their website and letters, but also by informing stakeholders of the government's progress in implementing EITI in Malawi and disseminating the EITI Report to a wider audience.*

*We also recommend for the future that the timing of the reconciliation exercise should be better planned in order to avoid tight and pressured deadlines. This is likely to promote better cooperation from reporting entities and they would provide better support to the Independent Administrator.*

### **7.3. Reporting templates not adequately prepared by several reporting entities**

Reporting templates from extractive companies and Government Entities were not adequately prepared. We set out below several weaknesses noted during the EITI reconciliation process:

- companies and Government Entities must report detailed payment flows by receipt number, as this information is vital for reconciliation work. However, in several cases:
  - ✓ companies reported figures aggregated tax figures and did not provide the required level of breakdown by receipt number or tax type as presented in Section 5.3 (b) of the report;
  - ✓ details of payment flows reported by MRA did not include the relevant receipt numbers for significant revenues associated with each of the payments as detailed in Section 5.3 (c) of the report; and
  - ✓ several companies did not report payments by receipt number as requested in the instructions, but referred to cheque numbers or other payment references instead;
- MRA did not report significant revenues received from extractive companies in its initial reporting templates as detailed in Section 5.2.2 (b) of this report. The lack of reported payments was mainly due to:
  - ✓ payments received on MRA's system but the relevant receipt could not be traced;
  - ✓ receipts may be issued manually but the system had yet to be updated; or
  - ✓ receipts may have been simply unavailable.
- DoM reported incorrect amounts of revenues received as detailed in Section 5.2.2 (c) of the report.
- declarations made by DoM on the State's participation in extractive companies were incomplete and several details have not been reported as presented in Section 6.8 of this report;
- several reporting templates submitted by companies did not include information on
  - ✓ comprehensive details on the beneficial owners as detailed in Annex 4;
  - ✓ export details such as detailed in Annex 5; and
  - ✓ production details such as detailed in Annex 6.

These shortcomings led to material unreconciled differences in the report despite deploying more resources in an attempt to try and look for this information.

*We recommend that for future exercises extractive companies, MRA and DoM devote ample time towards the preparation of their respective reporting templates by adhering strictly to the instructions set out by the Independent Administrator and following the supporting schedules carefully.*

*This can be achieved only by all reporting entities being made aware of the importance of the EITI data they are providing and that due care and attention is paid during the preparation of these reporting templates.*

*Furthermore, we strongly recommend that training should be provided to reporting entities on beneficial ownership and on the EITI reporting requirements. During this training, the reporting templates are to be presented to all reporting entities and instructions and guidance notes should always be provided for the preparation of the payment and contextual information reports.*

#### **7.4. Enactment of EITI reporting regulations**

We understand that there is no existing legislation in the Extractive Sector that makes EITI reporting obligations mandatory. This is one of the main reasons which led to delays and/or failure to submit EITI reporting templates by some extractive companies.

*We recommend a review of the mining regulations by introducing EITI reporting provisions such as:*

- reporting obligations for extractive companies and government entities alike, while specifying the level of disaggregation of the data to be submitted;*
- a time frame set for updating and publishing forms and instructions and selection of the reporting entities and submission of declarations and completion of all reconciliation work; and*
- sanctions which could be imposed against companies or Government Entities in the event of non-compliance or false declaration.*

*We also recommend to expedite development of the new PEPA policy and Act in order to enhance the oil and gas exploration activities management.*

#### **7.5. Accuracy of Production data**

EITI Requirement 3.2 imposes the disclosure of production data for the fiscal year covered by the EITI Report, including total production volumes and the value of production by commodity. In order to maintain accurate and comprehensive records of production, DoM must produce reliable data for the EITI process, for assessing the companies' liabilities in terms of royalties on production and monitoring their payments subsequently, as well as the development of the extractive activities in the country. However, we note that the minerals' production data base held by DoM do not include all production volumes that were produced during the reconciliation period. Comparison with the data collected from companies in the scope has revealed significant gaps in the production volumes held by DoM. Quantities reported by DoM are in most of the cases lower than those reported by companies as detailed in Annex 6.

We understand that the production data provided by the Department of Mines was based on monthly self-declarations submitted from the extractive companies. The Department of Mines does not have its own procedures and systems to collect and control production data reported by mining companies. As a result, data on the mining production is unreliable.

*In addition to declarations submitted, we recommend that the Department of Mines:*

- develops procedures to ensure the completeness of the production data reported by companies and implements a computerised system to monitor, and update these data on a monthly basis. This would improve DoM's ability to reconcile royalties and other non-tax payments with production data and investigate any discrepancies; and*
- provides the MWEITI MSG with a comparison of the production volumes declared by extractive companies with the measurements made by the Department of Mines throughout the year.*

## 7.6. Incomplete database for extractive industries

We note that to date the MWEITI Secretariat does not have a comprehensive database of all extractive companies operating in the mining sector. In some cases, making contact with extractive companies can be difficult as no contact details (e.g. name of contact person, phone number, email address) are available or the contact details are wrong. We understand that this is due to the lack of communication between Government Entities and extractive companies operating in the mining sector. In some cases making contact with extractive companies can be difficult as no contact details were available. There were no integrated system nor any sharing information system between MRA and DoM with regards to the companies holding a licence:

- contact details of several licence holders were not up to date or unavailable in the cadastre maintained by DoM;
- several licence holders are not registered with MRA, and therefore MRA does not have a complete list of the registered mining entities; and
- several licence holder names were written wrongly in DoM's records and this may lead to errors identifying the Taxpayer Identification Number (TPIN) of the registered companies in the MRA system. This may result in potential mistakes during the reconciliation exercise while allocating the revenue collected by MRA to the right licence holder;

Additionally, the Department of Forestry and the Department of Mines did not appoint designated focal points to deal with the EITI process. We also found that most of the government officials had not even been briefed with regards to the EITI process ahead of our intervention, and as such they were not aware of the exercise being carried out, or their roles in the EITI process.

Besides, the website of the Department of Mines does not seem to have been updated since March 2014 as it is still referring the former Minister and former Principal Secretary.

*We recommend that each extractive company and Government Entity included in the reconciliation scope should appoint designated focal points to ensure the smooth running of EITI exercise and the reporting entities should communicate the MWEITI Secretariat of the name and contact details of their focal person. These focal persons would be responsible for providing all relevant information for the EITI process and should get in touch with all relevant services in their respective entities to ensure the availability of prompt and reliable data to the Independent Administrator.*

*We recommend that a thorough review of the databases of both MRA and DoM is undertaken to ensure that they capture all existing licence holders and all relevant details from each licence. We recommend therefore that, in the first instance, the MWEITI Secretariat creates its database following the current reconciliation exercise. The Secretariat should then liaise with the Government Entities to ensure it obtains adequate information regularly and updates its database accordingly. To this end, we believe it is vital that any new entrants to the mining sector are registered with the MWEITI Secretariat as part of the process before or at the same time as they obtain their operating licence.*

## 7.7. Licences register

The EITI Standard requires implementing countries to maintain a publicly available register or cadastre system with the following up to date and comprehensive information regarding each of the licences pertaining to companies covered in the EITI Report:

- i. Name(s) of licence holder(s);
- ii. Coordinates of the licensed area;
- iii. Date of application, date of award and duration of the licence; and
- iv. In the case of production licences, the commodity being produced.

We note the following weaknesses in the cadastre made available to us:

- companies' TPINs were not mentioned in the register in order to identify the companies. The only means of identification was the company names, which were sometimes misspelt

or completely different from the actual name of the licensee (i.e. the licence of Sovereign Services Ltd was recorded under the name of MC Court Mining Pty Ltd);

- information on the licensed area detailing the coordinates and surface in the licences' register do not include any coordinate defining the surface and perimeter of each licence;
- the register is not published on the website of the Department of Mines;
- all small scale licences included in the small scale register provided by DoM were issued as from September 2015 (i.e. after the 2014/15 FY). The list of small scale licences which have been active during 2014/15 FY are therefore still unavailable;
- the large-scale register provided by DoM does not include licences that have been active during 2014/15 FY and that ended before October 2016; and
- application dates are missing for several licences.

The completeness of the licences registry system is extremely important to ensure the completeness of the EITI scope and to allow DoM to fulfil its licensing authority duties and ensure an effective oversight of the extractive industries.

Furthermore, we noted that the status of the licences as recorded in the register of licences is not up to date and does not reflect the actual status. Several licensees holding active mining licences are not necessarily undertaking any mining activities such as the following:

- Bwanje Cement Products has been granted a mining licence since 2010. The licence is recorded as being active and the company has yet to start production of limestone. We understand that the company has financial difficulties and is still looking for a partner to start mining;
- Mota-Engil Engenharia is reported to hold an active licence ML0205/13 to operate in Bunda, Lilongwe. This licence however was not included in the cadastre;
- Lafarge Cement Co holds an active mining licence since 2012. The company, however, did not report any mining licence in its reporting templates. Lafarge currently imports klinker and does not conduct any quarrying activities while still holding an active licence according to DoM's records. We are also not aware of any expected project for any plant to be built; and
- Rocksizer Mining Contractor Ltd is a company that stopped operating since several years but the cadastre still shows it as being an active mining licence holder.

This lack of real-time information prevents the mineral deposits from being exploited by other investors who have the required technical and financial capacities to undertake the mining activities over that mineral in that specific area.

*We recommend that in the first place a thorough review is undertaken to ensure, which captures all existing licences and all relevant details from each licence. We recommend that inactive licences should be removed from the register of licences. DoM should conduct a thorough review of the cadastre and follow up with companies on the status of each licence. Once the register of licences is comprehensive, DoM need to ensure that the cadastre is kept up to date and that all new information on licences is systematically recorded therein.*

*The register of licences should include the integration of TPIN of current licence holders or any other identification number rather than using mere company names. Only TPIN would enable an efficient way of tracking tax collections, which would facilitate the corroboration of data from one database to the other as well as communications between two government entities.*

## 7.8. Publication of statistics and information on the extractive industry

The EITI Standard stipulates the disclosure of contextual information of the activities and regulations in the extractive industries, including the disclosure of:

- an overview of the extractive industries in terms of reserves, regions, current structure and size, significant exploration activities (Requirement 3.1);
- contribution to the economy, with regards to employment and export levels (Requirement 6.3);
- government revenues generated by the extractive industries and funds earmarked for specific programmes / geographic regions and sub-national transfers (Requirement 4.6 and Requirement 5); and
- public information on licence allocations, register of licensees, beneficial owners, contract terms (Requirement 2).

Currently, a comprehensive database of contextual information and statistics per Malawian financial year is yet to be completed at the level of the MWEITI Secretariat. The contextual information in this report is referenced to different sources dispersed across publicly as well as information not publicly available. Certain analysis was limited due to unavailability of statistical data on the sector per financial year such as employment, exports and GDP contribution.

Much statistical data on Malawi are published in the Annual Economic Report (AER) prepared by MoF in collaboration with the National Statistical Office. Most of the data in the AER is, however, based on the calendar year while the EITI is based on a 2014/15 FY, which does not allow a comparative analysis.

Certain analysis was limited due to unavailability of statistical data in the sector such as employment which was based on an outdated study (conducted before 2013), exports and GDP contribution based on calendar year as detailed in Section 3.1.11 of this report.

This issue is even more complex in the Forestry sector, which is included in the agriculture, forestry and fishing sectors as detailed in Section 3.3.6 of this report, and not a separate sector as requested by the MWEITI MSG. Consequently, the Forestry GDP is merged with that of Agriculture. As a result, we were unable to provide disaggregated figures in this report with regards to the Forestry sector.

*In order to improve the accuracy, reliability and accessibility of contextual information, we recommend that the MWEITI Secretariat in conjunction with DoM, DoF and MRA gather and update (at least annually) contextual information including: the industry potential, the contribution to the economy, the strategy for the sector, relevant events and facts, current regulations and upcoming changes, amongst others.*

*In order to comply with Requirement 6.3 (a), we recommend that the Forestry sector is segregated in the Annual Economic Report or any workbook the MWEITI Secretariat considers as a reference and that statistical data compiled on GDP and for the Government accounts be structured on a monthly or quarterly basis to be presented by financial year running from July N to June N+1.*

*In order to comply with Requirement 6.3 (b), the Department of Forestry should be in a position to provide comprehensive information on the exports for the entire financial year period rather than compiling it at the end of March of each year as detailed in Section 3.3.6.*

*As such, the Forestry sector should compile its own statistics, such as contribution to GDP, employment, exports and revenues. This will contribute towards improving visibility in the sector and would lead to compliance with the EITI Secretariat's expectations.*

*In order to improve the accuracy, reliability and accessibility of contextual information, we recommend that the MWEITI Secretariat in conjunction with MNREM, MoF and MRA gathers and updates (at least annually) contextual information including: the industry potential, the contribution to the economy, the strategy for the sector, relevant events and facts, current regulations and upcoming changes, amongst others.*

## 7.9. Weaknesses in the revenue administration/ Non-collection of payments

DoM is the authority responsible for monitoring and collecting non-tax payments such as royalties and ground rent. We make the following observations with regards to the period under review:

- it is expected that all companies holding exploration or mining licences or a reconnaissance licence systematically pay ground rent. However, several licensees did not pay any ground rent nor royalties during 2014/15 FY despite holding active licences such as Bwanje Cement Products; Crown Minerals Ltd, Dantansie Mining Company Ltd, Blackfire Explorations Ltd, Ashgill Australia Pty Ltd, DDY General Dealers and FSK Civil Engineering;
- Nyala Mines Ltd is supposed to pay royalties of 2.5% of sales once the corundum has been cut, polished and sold by Columbia Gem House Inc.<sup>1</sup>. DoM did not collect any sales' royalties while the Malawian company reported to have exported up to 432 Kg of Corundum during the 2014/15 FY. On the other hand DoM does not also seem to have the required resources to carry out an audit in order to estimate the sales' royalties due;
- Mota Engil Ltd pays royalties on only one licence while the company has over eight (8) mining licences. We understand that the company is exempt from paying royalties on non-commercial licences used for Governmental infrastructure projects. The register of licences does not allow recognition of non-commercial licences from the other licences. At the same time, DoM has no means of ensuring which quarried products are being sold for commercial purposes from those being sold for Government projects' use. This weakness could present an opportunity loss in revenue.

This situation indicates a general lack of control and inadequate monitoring of the activities of mining licence holders throughout the country. We also note that there are no procedures in place currently to check outstanding amounts. These shortcomings only result in lost revenues to the Government, and can lead to tax evasion. Rigorous monitoring systems and coordination between the various authorities is essential to ensure an effective enforcement system.

Additionally, the forestry legislation allows the Director of Forestry to waive in whole or in part any fees or royalties due under the law for a specified period, subject to the general or special instructions of the Minister.<sup>2</sup>

Such power vested in the Director of Forestry, compounded by the lack of a centralised Forestry cadastre lead to a lack of traceability, transparency and accountability, which would only result in revenue losses to the State.

*We recommend that DoM follows up systematically all amounts due from companies to ensure that all fees are collected on a timely basis. DoM should also improve its tax administration and collection capacity to effectively discharge its duties and maximise tax collection. We suggest the following approach:*

- *perform a desk review of all ground rent payments outstanding;*
- *enquire about non-payment of royalties on active licences – these should be fully documented in the mining cadastre;*
- *perform spot checks at the mining sites of the key mining companies in order to review the level of activity and assess the genuineness of the declarations made by these companies as well as the payments made; and*
- *perform annual audits of amounts declared.*

*We strongly advise a revision of the Forestry Act in order to ensure that any fee waiver should go through a committee comprising representatives, with no direct connection at all with the Forestry sector (e.g. representatives from the following institutions: Reserve Bank, FIU, AG Office, MSG and*

<sup>1</sup> Based in United States of America

<sup>2</sup> Section 49 of the Forestry Act (1997)



possibly one or two members of Parliament). The reasons for the waiver should be fully documented, discussed in the presence of the committee, minuted and a decision taken on the basis of votes.

## **7.10. Lack of basis for charging royalties**

We note that current legislations do not specify the basis for charging royalties on production amounts basis or on the selling price basis.

Section 78 (u) of Petroleum Exploration and Production Act (1983) and Section 128 (2.g) of the Mines and Mineral Act (1981) stipulate that royalties may be paid in kind at the discretion of the Minister of Natural Resources, Energy and Mines. The legal framework does not provide any guidelines to the Minister of Natural Resources, Energy and Mines for determining royalties payable.

*We recommend that both the Petroleum Exploration and Production Act (1983) and the Mines and Mineral Act are amended in order to stipulate the precise basis for charging royalties along with recommended rates in order to avoid any disputes.*

## **7.11. Extractive Sector Contracts' awarding procedures**

EITI Requirement 2.2 requires the disclosure of the list of applicants and the bid criteria when contracts have been awarded through tendering process. Any non-trivial deviations from the applicable legal and regulatory framework governing licence transfers and awards should be disclosed. The multi-stakeholder group may include commentary on the efficiency and effectiveness of licensing procedures.

Government can enter into an agreement with any private operator in the mining, forestry or oil and gas sectors. In addition to the information required to be included in the applications for contracts for forestry land management or for solid minerals and petroleum productions. The legal framework that was in effect during FY 2014/15, does not seem to include any technical or financial criteria to be used for the assessment of the application for contracts.

Additionally, there are no requirements to award contracts through any tendering process or to advertise requests for proposals when awarding contracts. The Minister of Natural Resources, Energy and Mining or the Director of Forestry have the power to enter into forestry, mining or petroleum agreements and can grant a licence without resorting to competitive bidding nor to directives of the council of Ministers, by direct negotiation.

The legislation defines the rules of arrangement between the Government and petroleum companies without providing the conditions and minimum requirements of the agreement. The Act does not regulate the contents of petroleum agreements and this critical aspect is left to the sole discretion of the Minister of Natural Resources, Energy and Mining or to the Director of Forestry Department. The legal framework does not provide any indicative Model Agreement to be followed by the Minister of Natural Resources, Energy and Mining or by the Director of Forestry when negotiating the terms of the contract.

*We recommend that the legislation governing the extractive industries is amended in order to ensure that the Minister is provided with adequate guidance in exerting the powers conferred upon him/her in all transparency, while at the same time ensuring that his/her decisions do not become questionable. To that end, the legislation should clearly state the steps to be followed by the Minister before granting a licence to a particular company.*

*We also recommend that the legal framework is revised in order to provide Model Agreements for Production Sharing Agreements, Forestry Management Agreements and for solid mineral development agreements as a guidance and which should also detail the technical and financial criteria to be applied for awarding contracts.*

## 7.12. Weaknesses in the accounting records of DoM and DoF

During the reconciliation process, we noted that government systems are not always set up in such a way that it is easy for government to capture information required for EITI reporting to be made on a timely basis. We note that the Department of Mines and the Department of Forestry reported over 5,900 and 11,300 receipts respectively and both departments keep manual records of the revenues.

As a result, there were weaknesses on the list of revenues made available to us as follows:

- non-tax revenue payers are not identified by a unique identification number. Several payments are supposed to have been made by the same taxpayer, but the name was written differently. This could be a source of mistakes in the payments allocation to each taxpayer;
- several payments have been reported without identifying the name of the taxpayer, resulting in payments being reported without being disaggregated by the paying entity. DoF reported total revenue of MWK 1,286,783,000 but could not provide details of taxpayer's names for payments amounting to MWK 342,419,653. Similarly, DoM did not provide taxpayers' names for payments amounting to MWK 471,548; and
- several payments have been reported in the Department of Mines' cashbook as being received from unlicensed entities such as Allied Procurement; Abraham Mbewe; African Commodity Traders: Ali Diab; Ali Jones Changamule; Alice Mvula; Ananiya .B. Chimlaza. This may lead to data relating to total revenues from the mining sector to be incorrect by either including non-related revenues or by excluding entities which do not hold licences.

*Good accounting practice is crucial to ensure providing data that it is timely and reliable and to meet the EITI reporting requirements. Accounting records need to be updated on a daily basis and reconciled with the bank accounts. Any discrepancies arising from bank reconciliations should be fully investigated and resolved in a timely manner.*

*Cashbooks should include an identification number such as TPIN or other rather than using names for identifying payers. This would lead to an efficient tracking of non-tax collection and ensure sharing of information and synergy between different tax authorities.*

*We recommend that the Government Entities involved, in particular DoM and DoF should review their systems for recording and reporting information on receipts from extractive companies, so that information can be reported reliably, completely and in a straightforward manner.*

## 7.13. Decentralised cadastral system of DoF

The Department of Forestry implemented a Forestry Cadastre System (FCAS) during the two years (2013-15). FCAS was designed and implemented in order that all forestry rights applications are scanned, approved, issued and managed electronically within the licensing system. The system is also supposed to manage the payments recording and financial reporting.

Government staff at the zone offices have been trained to use, and manage FCAS and that support has been provided to further hands-on experience within the Department of Forestry. However, we understand that only export licences and permits are currently issued using FCAS at the central level office of the Department of Forestry.

As a result, licences, certificates, agreements, permits and rights are still being issued by several Offices of DoF manually instead of using FCAS. Had these offices used FCAS, this would have allowed them in real time amongst the different services and the data would be up to date in real time both at the Central and zonal offices.

*We recommend that DoF adopts the use of the computerised system in order to manage the sector more efficiently.*

## ANNEXES

## Annex 1: Employment figures in the reconciled companies

Companies	Average number of direct domestic employees (Local)	Average number of direct foreign employees (Expatriates)	TOTAL
Hamra Oil in Joint Operating Agreement with Surestream Petroleum	NC	NC	NC
Pacific Oil Ltd	NC	NC	NC
RAKGAS MB45	NC	NC	NC
SacOil Holdings Ltd	NC	NC	NC
Mota-Engil Engenharia	145	4	149
Paladin Africa Ltd	231	27	258
Shayona Cement Co	NC	NC	NC
Lafarge Cement Malawi Ltd	95	2	97
Cement Products Ltd	255	8	263
Terrastone Construction Ltd	138	4	142
Cilcon Ltd	42	0	42
Mchenga Coal Mines Ltd	300	2	302
Optichem (2000) Ltd	NC	NC	NC
Zalewa Agriculture Lime Company	100	0	100
Kaziwiziwi Coal Mine Ltd	NC	NC	NC
Globe Metals & Mining Africa Ltd	16	2	18
Sovereign Services Ltd	30	1	31
Malcoal Mining Ltd	NC	NC	NC
Zunguziwa Quarry Ltd	100	1	101
Lancaster Explorations Ltd	17	0	17
Intra Energy Trading Ltd	NC	NC	NC
Premier Construction Equipments Ltd	NC	NC	NC
Nyala Mines Ltd	57	3	60
<b>Total reported</b>	<b>1,526</b>	<b>54</b>	<b>1,580</b>

NC: Not communicated

## Annex 2: Forestry agreements

Title of the Agreement	Beneficiary	Major terms	Area	period
Forest Plantation Agreement (FPA)	Citrefine plantation Ltd (CPL)	<ul style="list-style-type: none"> <li>- The beneficiary has the right to establish a Eucalyptus Citriodora Plantation as per the agreed Management Plan at Kawandama area on the Viphya Plateau, harvest its leaves and distil the essential oil from it.</li> <li>- CPL shall pay royalties or fees for the operations that they run in the forest licences fees, export and import permits, residential, residential fees and others. FPA however does not specify the amount of royalties to be paid.</li> </ul>	The total land area involved in the planting of Eucalyptus citriodora is 1000 hectares of the total granted.	55 years' since April 2009, subject to renewal
Agreement	Total Landcare (TLC) an NGO incorporated under the Trustees Incorporation Act (Cap 5:03 of the Laws of Malawi) registered with the NGO Board (registration Number NGO/R/05/03)	<ul style="list-style-type: none"> <li>- TLC may plant, manage, harvest and undertake any other operations as may be prescribed in the management plan.</li> <li>- TLC is entitled to fell, cut or log timber at an initial price of USD 10 per cubic metre for the first year from the date of signing the Agreement, to be reviewed annually by the Department of Forestry.</li> </ul>	The area allocated to TLC covers 2,589.17 hectares demarcated by compartments in the Luwawa Station of the Viphya Forestry Plantations	40 years from July 2011 and can be extended by mutual consent
Logging Agreement	A.K.L Timber Processing and Export (AKL) - a company incorporated in the Republic of Malawi having its registered office at Plot Number 2/258, P.O. Box 960, Lilongwe	<ul style="list-style-type: none"> <li>- The Logging Area has covering all silvicultural operations together with a programme of controlled harvesting for the initial contractual period and for subsequent renewal periods in order to provide sustained inputs into the mill to meet production capacities of lumber, blackboard and plywood of at least 45,000 cubic metres per annum of logs.</li> <li>- AKL shall provide any technical and financial assistance to the Government necessary to develop a Working Plan for the logging area.</li> <li>- Any areas clear-felled shall be completely replanted by A.K.L within one year.</li> <li>- The volume on the invoice shall be calculated from the Tariff Table calculated at the rate of USD 7 per cubic metre during the first five years from the commencement date and the rate shall be reviewed annually thereafter. Half of the royalty is due on all standing volume in the agreed compartment to be harvested and the second half is due at the completion of the harvesting.</li> </ul>	An area of 6,000 hectares of softwood plantations established between the years 1950 and 1988 shall be demarcated by compartments and area from stock maps in the plantations in Luwavva.	15 years from November 2008. It may be renewed for subsequent periods of 15 years each.
Logging Concession Agreement	Raiply Malawi Ltd (Raiply)	<ul style="list-style-type: none"> <li>- Raiply has exclusive rights to fell, extract and convert within the Concession Area standing trees for the purposes of conversion to sawn timber, blackboard, plywood and any other wood products, processing and processes as may be decided upon by Raiply in agreement with the Government.</li> <li>- A total royalty of US\$5 per cubic metre is</li> </ul>	An area of 20,000 hectares of softwood plantations established since -year 1950. This area is demarcated by compartments	60 years starting from January 2009

Title of the Agreement	Beneficiary	Major terms	Area	period
Forest Management Agreement	Timber Miller Cooperatives Union (TMCU) which is a Union registered by the Ministry Industry and Trade in the Republic of Malawi having its registered office at P.O. Box 14, Mzuzu	<ul style="list-style-type: none"> <li>- The Forest Management area covers all silvicultural operations with a programme of controlled harvesting to provide sustained inputs into the mill to meet production capacities of lumber, blackboard, plywood and chipwood of at least 200,000 cubic metres per annum of logs.</li> <li>- Any areas clear-felled shall be completely replanted by TMCU within one year.</li> <li>- The royalties are to be paid at the rate of USD 10 per cubic metre during the first five years from the commencement date and the rate shall be reviewed annually thereafter.</li> </ul>	<p>and areas from stock maps in the plantations in the Chikangawa, Champhoyo and Kalungulu of Viphya Plantations.</p> <p>An area of 10,000 hectares of softwood plantations established between the years 1950 and 1988 shall be demarcated by compartments and area from stock maps in the plantations in Lusangazi, Aazamba and Nthungwa</p>	15 years starting from December 2011

### Annex 3: Extractive companies profile

N o.	Company	TPIN	Founding date	Nature of operation/Business	% Other than extractive activity	% Extractive activity	Capital (ETB)	Company Address
1	Hamra Oil in Joint Operating Agreement with Surestream Petroleum	20210564	NC	NC	NC	NC	NC	NC
2	Pacific Oil Ltd	20210720	NC	NC	NC	NC	NC	NC
3	RAKGAS MB45	20211835	16/07/2014	Oil and Gaz exploration	0%	100%	NIL	PO BOX 31799 Lilongwe 3
4	SacOil Holdings Ltd	Not registered	NC	NC	NC	NC	NC	NC
5	Mota-Engil Engenharia	20206901	09/10/2013	Extractive (Quarry) and construction	100%	0%	NC	Nasra House 1st Floor – City Centre PO Box 31379 – Lilongwe 3
6	Paladin Africa Ltd	20170867	01/08/2000	Uranium Mining	0%	100%	1,040	Ernst & Young Villa, Pacific Villas, Area 14, Lilongwe
7	Shayona Cement Co	20150059	NC	NC	NC	NC	NC	NC
8	Lafarge Cement Malawi Ltd	20108793	10/01/2008	Manufacture and sale of cement	100%	0%	15,786,274	Plot NY 318, Makata Heavy Industrial Area, PO Box 523, Blantyre
9	Cement Products Ltd	20190063	15/04/2004	Current Grinding	100%	0%	10,000,000	P.O.Box 241, BT
10	Terrastone Construction Ltd	20112570	20/01/1983	Extractive (Quarry) and construction	76%	24%	5,500,000	P. O. BOX 995
11	Cilcon Ltd	20102901	20/08/2004	Quarry stones Civil Construction	95%	5%	100,000	P. O. BOX 454 Blantyre
12	Mchenga Coal Mines Ltd	20136744	20/07/1992	Coal Mining	0%	100%	10,000,000	P. O Box 404, Mzuzu
13	Optichem (2000) Ltd	20157873	04/04/2000	Mining, Manufacturing and distribution of fertilizers	98%	2%	6,000,000	P.O BOX 30055, CHICHIRI
14	Zalewa Agriculture Lime Company	30407812	04/02/1998	Quarrying Limestone and Manufacture of Lime Products	0%	100%	NC	P.O. BOX 1669, BLANTYRE
15	Kaziwiziwi Coal Mine Ltd	20167690	NC	NC	NC	NC	NC	NC
16	Globe Metals & Mining Africa Ltd	20188208	NC	NC	NC	NC	NC	NC
17	Sovereign Services Ltd	20202123	03/12/2012	Mineral exploration	0%	100%	22,052,610	Savjani & Co Offices Hannover House, Independence Drive, P.O Box 2790, Blantyre
18	Malcoal Mining Ltd	20200870	NC	NC	NC	NC	NC	NC
19	Zunguziwa Quarry Ltd	20184925	18/02/2009	Extractive (Quarry)	0%	100%	5,000,000	5th Floor, Amverton Tower Chole Road,

N o.	Company	TPIN	Foundin g date	Nature of operation/Busi ness	% Other than extracti ve activity	% Extracti ve activity	Capital (ETB)	Company Address
								Masaki P.O. Box 23059 Dar es Salaam, Tanzania
20	Lancaster Explorations Ltd	20195493	19/05/20 11	Exploration	0%	100%	50 000	P O Box 97 Zomba
21	Intra Energy Trading Ltd	20200862	NC	NC	NC	NC	NC	NC
22	Premier Construction Equipments Ltd	20175528	NC	NC	NC	NC	NC	NC
23	Nyala Mines Ltd	20180197	04/09/20 06	Exploration & Mining	0%	100%	5,000,00 0	Mwenelupe mbe, Mhango & Co., Development House, Henderson Street - Blantyre

Source: EITI Reporting Templates by companies

NC : Not Communicated



## Annex 4: Legal ownership

N°	Companies	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange	Owner (if the company's shares are not quoted)
1	Hamra Oil in Joint Operating Agreement with Surestream Petroleum	NC	NC	NC	NC	NC	NC	NC
2	Pacific Oil Ltd	NC	NC	NC	NC	NC	NC	NC
3	RAKGAS MB45	1	RAK Gas MB45 Ltd (Cayman Registered)	100.00%	Government of Ras Al Khaimah	NA	NA	NA
4	SacOil Holdings Ltd	NC	NC	NC	NC	NC	NC	NC
5	Mota-Engil Engenharia	NC	NC	NC	NC	NC	NC	NC
		1	Malawi Government	15.00%	Malawian	N/A	N/A	N/A
6	Paladin Africa Ltd	2	Paladin Energy Minerals NL	84.90%	Australian	No	N/A	Paladin Energy Ltd, which is listed on both Australian Securities Exchange & Toronto Stock Exchange
		3	PEM Malawi Pty Ltd	0.10%	Australian	No	N/A	Paladin Energy Minerals NL
7	Shayona Cement Co	NC	NC	NC	NC	NC	NC	NC
8	Lafarge Cement Malawi Ltd	NC	NC	NC	NC	NC	NC	NC
9	Cement Product Ltd	NC	NC	NC	NC	NC	NC	NC
10	Terrastone Construction Ltd	NC	NC	NC	NC	NC	NC	NC
11	Cilcon Ltd	NC	NC	NC	NC	NC	NC	NC
12	Mchenga Coal Mines Ltd	1	Linx Investments	40.00%	Malawian	NC	NC	NC
		2	R.Gaffar Transport Ltd	60.00%	Malawian	NC	NC	NC
13	Optichem (2000) Ltd	NC	NC	NC	NC	NC	NC	NC
14	Zalewa Agriculture Lime Company	1	ZALCO	100.00%	Malawian	No	N/A	Martin Charles Saunders
15	Kaziwiziwi Coal Mine Ltd	NC	NC	NC	NC	NC	NC	NC
16	Globe Metals & Mining Africa Ltd	1	GMMML	100.00%	Australia	Yes	NC	NC
17	Sovereign Services Ltd	1	Sovereign Metals Limited	100.00%	Australian	Yes	ASX	N/A
18	Malcoal Mining Ltd	NC	NC	NC	NC	NC	NC	NC
19	Zunguziwa Quarry Ltd	1	Samtel Global Technologies limited	50.00%	FOREIGN COMPANY	No	N/A	NC
		2	N M Krishnan	10.00%	Indian	N/A	N/A	N/A

N°	Companies	N°	Name/Entity	Level of ownership	Nationality of the owner	Stock exchange quotations (yes/no)	Stock exchange	Owner (if the company's shares are not quoted)
		3	Flemings B Kapunda	10.00%	Malawian	N/A	N/A	N/A
		4	Jayakrishnan Nedunghat	10.00%	Indian	N/A	N/A	N/A
		5	Mathukutty George	10.00%	Indian	N/A	N/A	N/A
		6	GR Nair	10.00%	Indian	N/A	N/A	N/A
20	Lancaster Explorations Ltd	1	Mkango Resources	100.00%	Canadian / UK listed	Yes	TSXV & AIM	N/A
21	Intra Energy Trading Ltd	NC	NC	NC	NC	NC	NC	NC
22	Premier Construction Equipments Ltd	NC	NC	NC	NC	NC	NC	NC
		1	Malawi Government	10.00%	Malawian	N/A	N/A	N/A
23	Nyala Mines Ltd	2	Abdul Mahomed	80.00%	Malawian	NC	NC	NC
		3	Thekwini Investments	10.00%	Malawian	NC	NC	NC

Source: EITI Reporting Templates by companies

N/A: Not Applicable

NC: Not communicated

## Annex 5: Data on exports for 2014/15 FY

N°	Companies	Solid Minerals Types	Declared by Companies			Declared by DoM			Difference Quantity (Tons)
			Quantity (Tonnes)	FOB Value	Country of destination	Quantity (Tonnes)	FOB Value	Country of destination	
1	Mota-Engil Engenharia	Rock Aggregate	NC	NC	NC	20.987	18,950,000	Mozambique, South Africa	(21)
2	Shayona Cement Co	Limestone & Iron ore	NC	NC	NC	0.075	30,000	India	(0)
3	Mchenga Coal Mines Ltd	Duff Coal/Coal dust	6437.68	113,192,948	Tanzania	8800	69,858,126	Tanzania	(2,362)
4	Optichem (2000) Ltd	Apatatite, Phosphate	NC	NC	NC	0	90,000	Zimbabwe	(0)
5	Zalewa Agriculture Lime Company	Limestone	3510	46,830,000	Mozambique	4570	60,040,000	Mozambique	(1,060)
6	Globe Metals & Mining Africa Ltd	Niobium, Tanatalum, Zirconium, uranium, iron ore...	0	0	0	6.029	1,434,500	Australia, South Africa	(6)
7	Sovereign Services Ltd	Graphite, Kaolinitic clays, heavy minerals sand, base metals	0	0	0	7.985	1,780,000	Australia, South Africa, Canada	(8)
8	Malcoal Mining Ltd	Coal	NC	NC	NC	300	8,652,000	Zambia	(300)
9	Nyala Mines Ltd	Corundum	0.432	49,680,000	USA	0.434	49,710,000	Thailand	(0)
<b>Total reported</b>			<b>209,702,948</b>			<b>210,544,626</b>			<b>(3,757)</b>

## Annex 6: Data on production 2014/15 FY

N°	Companies	Solid Minerals Types	Companies Declaration		Department of Mines' Declaration		Difference in Quantity (Tonnes)	Difference in Value (MWK)
			Quantity (Tonnes)	Value of the production in MWK	Quantity (Tonnes)	Value of the production in MWK		
1	Mota-Engil Engenharia	Rock Agregate	14,833	88,244,760	9,453	60,664,816	5,380	27,579,945
2	Zunguziwa Quarry Ltd	Rock Agregate	2,713	51,105,474	1,529	78,722,517	1,183	(27,617,044)
3	Shayona Cement Co	Limestone	NC	NC	90,097	390,155	(90,097)	(390,155)
		Iron Ore	NC	NC	3,606	9,315,288	(3,606)	(9,315,288)
4	Terrastone Construction Ltd	Rock Agregate	246,553	NC	223,709	1,375,679,560	22,844	-
5	Cilcon Ltd	Rock Agregate	26,949	195,376,625	16,686	88,227,037	10,263	107,149,588
6	Mchenga Coal Mines Ltd	Coal	21,191	620,172,420	20,739	644,866,547	452	(24,694,127)
7	Optichem (2000) Ltd	Phosphate Rocks	3,558	32,389,909	3,558	32,389,90800	0	1
8	Zalewa Agriculture Lime Company	Limestone	23,688	443,940,493	24,244	517,190,675	(555)	(73,250,181)
9	Kaziwiziwi Coal Mine Ltd	Coal	NC	NC	8,378	129,391,842	(8,378)	(129,391,842)
10	Globe Metals & Mining Africa Ltd	Niobium, Tanatalum, Zirconium, uranium, iron ore...	-	-	6.028	1,434,500	(6)	(1,434,500)
11	Nyala Mines Ltd	Corundum, Ruby, Saphir	0.309	NC	0.300	99,360,000	-	-
<b>Total reported</b>				<b>1,431,229,682</b>	<b>402,005</b>	<b>3,037,632,844</b>		<b>(131,363,602)</b>

## Annex 7: Unilateral disclosure by Government Entities for Mining Sector

Companies	MOM	MRA	Total (in MWK)	Companies	MOM	MRA	Total (in MWK)
Allied Procurement	4,732,300	-	4,732,300	M.F.Mwalumbira	10,000	-	10,000
Aspire Global Ltd	50,000	4,253,271	4,303,271	Mabatch Investments	10,000	-	10,000
Masterstone Breakers Ltd	1,783,500	2,158,095	3,941,595	MacSun General	10,000	-	10,000
Springstone Ltd	3,840,000	-	3,840,000	Madalitso Kalavina	10,000	-	10,000
Seamex Ltd	2,230,000	-	2,230,000	Makuti	10,000	-	10,000
Varibo Mining Co.	2,050,000	-	2,050,000	Maliro Bisayi	10,000	-	10,000
Tengani Titanium Minerals Ltd	2,011,500	-	2,011,500	Manase Mizeck	10,000	-	10,000
Sri Sai Mining Ltd	1,988,000	-	1,988,000	Martha Lunda	10,000	-	10,000
Magnum Mining PVT	1,975,000	-	1,975,000	Maseko Bertha	10,000	-	10,000
Mount Carmel Construction Ltd	-	1,570,800	1,570,800	Masina Investments	10,000	-	10,000
Lake Valley Minerals Ltd	1,461,757	-	1,461,757	Mateer Iliyan	10,000	-	10,000
New King International Ltd	1,150,000	-	1,150,000	Mathias V. Likubwe	10,000	-	10,000
Sealand Investments Ltd	1,140,000	-	1,140,000	Mayamiko K. Chilembwe	10,000	-	10,000
Trident Group Of Companies Ltd	1,130,000	-	1,130,000	Mbulu Joseph D.Y	10,000	-	10,000
Madi Conteh	1,114,850	-	1,114,850	Merriman International	10,000	-	10,000
ZZTH Weath Mining co ltd	499,241	556,948	1,056,189	Mimiza Cottage	10,000	-	10,000
Mean Jalawe Coal Mine Ltd	-	1,000,000	1,000,000	Mohamed Jamil Abdul Satar	10,000	-	10,000
Blackfire Explorationd Ltd	882,000	-	882,000	Mohammed Jawed Osami	10,000	-	10,000
Makanjira Minerals Ltd	860,000	-	860,000	Monique Salako	10,000	-	10,000
Multiple trading Explorations Ltd	818,399	-	818,399	Moses Rino	10,000	-	10,000
RMP Investments	803,950	-	803,950	Mphatso Hamiton	10,000	-	10,000
Robin Mines Ltd	796,976	-	796,976	Mtonga Francis Samson	10,000	-	10,000
Premier Teamwork Mining Co Ltd	760,000	-	760,000	Mwanda S.Kazo	10,000	-	10,000
Lynas Africa	-	592,242	592,242	Mwansa Josephy	10,000	-	10,000
Intra Energy Ltd	437,600	-	437,600	Nkhonjera Ryan M	10,000	-	10,000
Limex Co.Ltd	425,626	-	425,626	Norman C. Nthewere	10,000	-	10,000
Kulimba Cement Ltd	400,000	-	400,000	Nyirenda Austin G	10,000	-	10,000
Crown Minerals Ltd	-	370,517	370,517	Office Chitani	10,000	-	10,000
Miracle Limited	352,850	-	352,850	Patel Umesh	10,000	-	10,000
All Power Solutions	282,365	-	282,365	Patricia Gondwe	10,000	-	10,000
Halmiton Chapomba	261,950	-	261,950	Peter Muttah	10,000	-	10,000
Njati Mining Corporation	225,000	-	225,000	Phakamera Andrew Kakonda	10,000	-	10,000
Surya Mining Co. Ltd	210,000	-	210,000	Phillip James Kamoto	10,000	-	10,000
Zeenat Sameer Abdul Rashid	200,000	-	200,000	Precious M. Kumbatila	10,000	-	10,000
Jepther Ngwila	168,800	-	168,800	Prickett Peter John	10,000	-	10,000
Panji Nyirenda	165,700	-	165,700	Prisma Marketing Co.	10,000	-	10,000
Mathias Chimbuto	161,500	-	161,500	R.D Matenje	10,000	-	10,000

Companies	MOM	MRA	Total (in MWK)	Companies	MOM	MRA	Total (in MWK)
Miracle Ltd	159,500	-	159,500	S.J. Mponyani	10,000	-	10,000
Rodrick Phiri	136,715	-	136,715	Saka Mickton	10,000	-	10,000
Mannan Minerals	136,000	-	136,000	Sande Frank	10,000	-	10,000
Margret Nkhoma	134,000	-	134,000	Shakoxia Zhang	10,000	-	10,000
Titukulane Gemstone Ass.	104,500	-	104,500	Shali Ajay	10,000	-	10,000
ABDK EMAW Mining Co.	100,000	-	100,000	Shaoxia Zhang	10,000	-	10,000
North Works Ltd	100,000	-	100,000	Shen Dequen	10,000	-	10,000
World of Granite	100,000	-	100,000	Silungwe Luke E.D	10,000	-	10,000
Gerge Shaba	88,830	-	88,830	Snakie Alie	10,000	-	10,000
Abdul Hakim Ganda	77,550	-	77,550	Sudi Mwale	10,000	-	10,000
Antonette Kalinde	73,000	-	73,000	Sun Fucheng	10,000	-	10,000
Blantyre Mining Association	70,050	-	70,050	T.B.Nyirongo	10,000	-	10,000
Greenland Acres	68,000	-	68,000	Tai san Chen	10,000	-	10,000
Zimkole Investments	61,020	-	61,020	Tawina Spare Parts	10,000	-	10,000
Dantasie Mining Ltd	60,062	-	60,062	Tembo P. Zonse ndi Moyo	10,000	-	10,000
African Consolidated Mining	60,000	-	60,000	W.L. Mwembe	10,000	-	10,000
M.Chimbuto	58,400	-	58,400	Wezi Mkandawire	10,000	-	10,000
Corpro Limited	58,050	-	58,050	Wise Koon De Silva Roshan	10,000	-	10,000
Gemall Limited	56,000	-	56,000	Xue Shao Long	10,000	-	10,000
Diane Ibrahima(Dinex Gemstones	52,500	-	52,500	Young Su Yoon	10,000	-	10,000
Anshan Steel & Iron M M Ltd	50,000	-	50,000	Zhang Qingxiu	10,000	-	10,000
Apule Traders	50,000	-	50,000	Zhang Shaoshut	10,000	-	10,000
Chakhala Enterprises	50,000	-	50,000	Zikomo International	10,000	-	10,000
Chilele Mining Co	50,000	-	50,000	H.Chapomba	9,000	-	9,000
DDY General Traders	50,000	-	50,000	MISCOR	9,000	-	9,000
HBDK EMAW Mining Co. Ltd	50,000	-	50,000	P.S.M Investments	9,000	-	9,000
Kanyika Mobium	50,000	-	50,000	Rhodrick M.K Phiri	9,000	-	9,000
Magnum Mining CO.	50,000	-	50,000	GSD Amadou Niangadou	8,500	-	8,500
O Dox Holdings	50,000	-	50,000	Daragon Ceramics Ltd	8,000	-	8,000
Ornamental Stores Mining Co	50,000	-	50,000	Jack Jaffali	8,000	-	8,000
Rift Valley Mining Co.	50,000	-	50,000	Livingstone Mwanja	8,000	-	8,000
Rukuru Mining	50,000	-	50,000	Thandizo Mining Club	8,000	-	8,000
Zasco International Ltd	50,000	-	50,000	Chilon Enterprises	6,500	-	6,500
Zitai co.Ltd	50,000	-	50,000	B.Chomba	6,050	-	6,050
Fabio Capannes	49,680	-	49,680	Alice Mvula	6,000	-	6,000
5 Enterprises	48,000	-	48,000	Austin F.G Nyirenda	6,000	-	6,000
Edward Gumbalo Makaniko	47,500	-	47,500	Bahebe Paseal Dogma	6,000	-	6,000
Mayama Trading Company	47,500	-	47,500	Charles Mphande	6,000	-	6,000
J.Ngwira	45,500	-	45,500	Edward Tambuli	6,000	-	6,000

Companies	MOM	MRA	Total (in MWK)	Companies	MOM	MRA	Total (in MWK)
Charles Thomas Gondwe	42,500	-	42,500	Bwanali			
Frezier Katsonga	39,000	-	39,000	Elby Mputhiwa	6,000	-	6,000
Pitso Matabesi	36,876	-	36,876	Feston Makanjira	6,000	-	6,000
Mc Coart Mining CO	36,000	-	36,000	Gloria M Gwaza	6,000	-	6,000
Multi Royal Mining co	34,800	-	34,800	Grpamal	6,000	-	6,000
Chikomeni Manda	31,000	-	31,000	Hanish Ishmael	6,000	-	6,000
Tijan Mining Co.	28,800	-	28,800	J.Jere	6,000	-	6,000
Lizulu Timbers	27,000	-	27,000	Jayson G. Masauli	6,000	-	6,000
Phillip Majawa	26,000	-	26,000	Kalgani & Wiggill Minerals Ltd	6,000	-	6,000
Maleta Germs & Jewels	25,570	-	25,570	Lakeshore Enterprises	6,000	-	6,000
Allan.J. Allabi	25,000	-	25,000	Lucius Jim and Umesy Patel	6,000	-	6,000
EL.Minerals	25,000	-	25,000	Lumwe Technologies	6,000	-	6,000
Percy Chikumbutso Maleta	25,000	-	25,000	Lusayo Mwanganya	6,000	-	6,000
Lucky Grm Co.	24,500	-	24,500	Madalitso Mine	6,000	-	6,000
Peter Van Niekeril	23,500	-	23,500	Malawi Women in Mining Association	6,000	-	6,000
James Phiri	23,000	-	23,000	Maureen Madalitso	6,000	-	6,000
African Commodity Traders	22,000	-	22,000	Michael I.Chisala	6,000	-	6,000
Evalisto Njewa	22,000	-	22,000	Mickison Suwit	6,000	-	6,000
Stanley K. Yollam	22,000	-	22,000	R.Cavalho Makawa	6,000	-	6,000
Donald Stephen Banda	20,000	-	20,000	Reginald Charles Carvalho	6,000	-	6,000
F.K.S Civil Engineering	20,000	-	20,000	Robert Sanane	6,000	-	6,000
John Gave	20,000	-	20,000	Smart M.B Kasamale	6,000	-	6,000
KFS Civil Engineering	20,000	-	20,000	Tadeyo K.G Shaba	6,000	-	6,000
R. Ngwila	20,000	-	20,000	Wanangwa Cooperative	6,000	-	6,000
Geological Survey	19,500	-	19,500	Zuzgo MuNkwenda	6,000	-	6,000
Lonny P. Kumwenda	19,500	-	19,500	Emma E Adam	5,955	-	5,955
Charity Munthali	19,000	-	19,000	E.Adam	5,700	-	5,700
Mahomed Hassam	19,000	-	19,000	C.Mathias	5,500	-	5,500
J.D Chikokoto	18,800	-	18,800	Ackan P. Limunga	5,000	-	5,000
Frazier Kasonga	18,500	-	18,500	Alie Snake	5,000	-	5,000
Landirani Banda	18,500	-	18,500	George Nyirenda	5,000	-	5,000
First Merchant Bank	18,000	-	18,000	Sunstone Ltd	5,000	-	5,000
Grace & Alie Mines	18,000	-	18,000	Roshan Silva	4,850	-	4,850
Stanley L, Mkandawire	18,000	-	18,000	Ali Jones Changamule	4,000	-	4,000
Fluoride Cement Co	17,409	-	17,409	Braxiton Mazoni Banda	4,000	-	4,000
Clifton James Kaunda	17,000	-	17,000	Butros.O Marley	4,000	-	4,000
G.Anjilu Chilunga	16,600	-	16,600	Chichiri Mining Cooperorative	4,000	-	4,000
Akim Jere	16,000	-	16,000	Emmanuel .B Lole	4,000	-	4,000
Annia Mahenge	16,000	-	16,000	Francis Samson Mtonga	4,000	-	4,000
				L.A.W Gondwe	4,000	-	4,000

Companies	MOM	MRA	Total (in MWK)	Companies	MOM	MRA	Total (in MWK)
Benson Manyera	16,000	-	16,000	Makuwira Katsonga	4,000	-	4,000
Frank MI Kamti	16,000	-	16,000	Miracle Club	4,000	-	4,000
Kay Limited	16,000	-	16,000	Mirram Chingagwe	4,000	-	4,000
Milton Thindwa	16,000	-	16,000	S.A.Poultry and Livestock	4,000	-	4,000
Mohammad Shahid	16,000	-	16,000	Sekereni E.N Khata	4,000	-	4,000
Nixon Kambalame	16,000	-	16,000	The Masumba's Investment	4,000	-	4,000
Robrt Alex Namagonya	16,000	-	16,000	Toyota Malawi Ltd	4,000	-	4,000
Samson Manduwa Phiri	16,000	-	16,000	Tukulane Gemstone	4,000	-	4,000
Tilumbe C Chirwa	16,000	-	16,000	African Mining Ltd	3,500	-	3,500
Twaibu Jonanje	16,000	-	16,000	Kamphinda Nyasulu	3,200	-	3,200
East Gate Mining	15,000	-	15,000	Abraham Mbewe	3,000	-	3,000
Harry Mwawa	15,000	-	15,000	Agnes Gausi	3,000	-	3,000
Bromeson Mbundih	14,500	-	14,500	Beniko Mbirika	3,000	-	3,000
Billy Mtingala	14,000	-	14,000	Chavi Cooperative	3,000	-	3,000
James Kimu	14,000	-	14,000	Day Down Mining Club	3,000	-	3,000
Nexon K.M Msiska	14,000	-	14,000	E. Tsokalida	3,000	-	3,000
Rose Sibande	14,000	-	14,000	GSD Aspire Global	3,000	-	3,000
Three Brothers Investments	14,000	-	14,000	Hema Constructions	3,000	-	3,000
Wales Mtungila	14,000	-	14,000	Henry Msofi	3,000	-	3,000
Wangisani Mizedya	14,000	-	14,000	Ian Mbewe	3,000	-	3,000
Ian Petrol Mbewe	13,025	-	13,025	James Mazulu	3,000	-	3,000
Akram Sharif Khan	13,000	-	13,000	Kelvin Investment	3,000	-	3,000
Andrew Nathan Kasalika	13,000	-	13,000	Kuuchazi	3,000	-	3,000
John D.Chikokoto	12,910	-	12,910	Hamdan Lime works	3,000	-	3,000
K.G Brown	12,900	-	12,900	M.T.A Enterprises	3,000	-	3,000
Mohamed AL Mazri	12,710	-	12,710	Mary Tchale	3,000	-	3,000
F.Kasonga	12,500	-	12,500	Orpha ,P Kumwenda	3,000	-	3,000
K.N Investments	12,500	-	12,500	Raju Magesha	3,000	-	3,000
R. Phiri	12,500	-	12,500	Robin Trading	3,000	-	3,000
Wickson Lazaro Mwembe	12,500	-	12,500	Rocksizer Contractors	3,000	-	3,000
Charles J. Phiri	12,000	-	12,000	Suzgo Kamunga	3,000	-	3,000
K.B.Banda	12,000	-	12,000	TPT Investments	3,000	-	3,000
Onani investments	12,000	-	12,000	Umesh Patel	3,000	-	3,000
EGST Gate Mining Co.	11,500	-	11,500	William Kazembe	3,000	-	3,000
Chancellor College	11,000	-	11,000	Mzee Nyirongo	2,750	-	2,750
A.Kachimera	10,000	-	10,000	Tadent Africa	2,750	-	2,750
A.KAN.M.Bwanazike	10,000	-	10,000	Zahir Shaki	2,550	-	2,550
Agnes Minnie Mangochi	10,000	-	10,000	Anita Waick	2,500	-	2,500
Ali Diab	10,000	-	10,000	G.S.Department	2,500	-	2,500



Companies	MOM	MRA	Total (in MWK)	Companies	MOM	MRA	Total (in MWK)
Ananiya .B. Chimlaza	10,000	-	10,000	IITA	2,500	-	2,500
Andford Ngumbe	10,000	-	10,000	Kimani Minerals Ltd	2,500	-	2,500
Andrew Edward Mzungu	10,000	-	10,000	Linda Lawson	2,500	-	2,500
Andrews Gunda	10,000	-	10,000	Lingwei Ye	2,500	-	2,500
Arthur Sungitsa	10,000	-	10,000	Ministry of Water	2,500	-	2,500
Assan Tawabu Chisutu	10,000	-	10,000	Nebert Kaonga	2,500	-	2,500
B. Chirwa	10,000	-	10,000	R.Phiri	2,500	-	2,500
Ben Wilson Tsamila	10,000	-	10,000	Samson Mhango	2,500	-	2,500
Blue Dot Holdings	10,000	-	10,000	The Polytechnic	2,500	-	2,500
Brant Paul Stephen	10,000	-	10,000	W.G. Mhango	2,500	-	2,500
Chikabachi Z. Daire	10,000	-	10,000	Alice Naphiyo	2,000	-	2,000
Chikuwi Chifundo	10,000	-	10,000	Andso F. Mulenga	2,000	-	2,000
Chilemba Alice	10,000	-	10,000	Bestage Filipo	2,000	-	2,000
Chimwemwe Bakali	10,000	-	10,000	Chisomo Sinkayika	2,000	-	2,000
Chimwemwe Claitus	10,000	-	10,000	Cliff Kokha	2,000	-	2,000
Chongoni Investments	10,000	-	10,000	Dyton N.A. Nyirenda	2,000	-	2,000
Collins Kapito	10,000	-	10,000	Eco Bricks Ltd	2,000	-	2,000
Colpro Ltd	10,000	-	10,000	Edwin Chigonere	2,000	-	2,000
D.Chanodza	10,000	-	10,000	Funani Chimphanga	2,000	-	2,000
David M. Banda	10,000	-	10,000	J.K Investments	2,000	-	2,000
Davies Nderema	10,000	-	10,000	Jajoo H.Magecha	2,000	-	2,000
Dilawo Mphatso Stuart	10,000	-	10,000	Jonathan Kamakanda	2,000	-	2,000
Door 2 Door	10,000	-	10,000	Juma Petro	2,000	-	2,000
Dr Xina Lungu	10,000	-	10,000	Lawrence Feston Phuza	2,000	-	2,000
Duncan Kaonga	10,000	-	10,000	M. Hamitoni	2,000	-	2,000
Elizabeth E. Moto	10,000	-	10,000	Mafuuz Kamzati	2,000	-	2,000
F.M.C Kansilanga	10,000	-	10,000	Maulukira Khanje	2,000	-	2,000
Feliyasi Lonjezo	10,000	-	10,000	Mavuto M.Kadzitche	2,000	-	2,000
Feliyasi Zenasi	10,000	-	10,000	Mike Mtimaukanena	2,000	-	2,000
Globe Agencies	10,000	-	10,000	Moses Khembo	2,000	-	2,000
Hara Kondwani Noel	10,000	-	10,000	Mwinji nawo Mwalabu	2,000	-	2,000
Harton B Memory Sungitsa	10,000	-	10,000	Racheal Banda	2,000	-	2,000
Hassan Mounik	10,000	-	10,000	Samalani V.Chikamwana	2,000	-	2,000
Hudge Chaphadzika	10,000	-	10,000	Sidney Pondani	2,000	-	2,000
Ibrahima Diane	10,000	-	10,000	Soyapi Henderson Thawi	2,000	-	2,000
Jaiteh	10,000	-	10,000	Steve Msimuko	2,000	-	2,000
Jean Pemba	10,000	-	10,000	Steven Bozwell	2,000	-	2,000
Jimmy Banda Kamsa	10,000	-	10,000	Wellings Nkhoma	2,000	-	2,000
Juddie Mirriam Mzumara	10,000	-	10,000	Aaron Gawaza	500	-	500
June Siyen	10,000	-	10,000	B.Nkhoma	500	-	500
K. William	10,000	-	10,000	Canaan Kalinga	500	-	500

Companies	MOM	MRA	Total (in MWK)	Companies	MOM	MRA	Total (in MWK)
Kaduya Fred	10,000	-	10,000	David Mzembe	500	-	500
Kalowa Kanneds	10,000	-	10,000	John Ndiza Nyirenda	500	-	500
Kamabani Precious	10,000	-	10,000	L. Phiri	500	-	500
Kamowa Francis Hector	10,000	-	10,000	L.H. Mwamanso	500	-	500
Karim Mahummad Afzato	10,000	-	10,000	Lovemore Mkandawire	500	-	500
Kazi Samiulla	10,000	-	10,000	Mazeh Mahmoud Master Stone	500	-	500
Ken Edward Kandodo	10,000	-	10,000	Nelson Msiska	500	-	500
Laston Zimba	10,000	-	10,000	Phillipo Chapola	500	-	500
Laurent Joseph	10,000	-	10,000	Ronald Sapuni Banda	500	-	500
Le Roux Piere	10,000	-	10,000	Standwell Chilenga	500	-	500
Lily Best Collection	10,000	-	10,000	Thomas Viola	500	-	500
Liwasa L. Jemusi	10,000	-	10,000	Name of licence holders not mentioned	471,548	-	471,548
M. Samson	10,000	-	10,000	<b>Total</b>	<b>41,655,474</b>	<b>10,501,873</b>	<b>52,157,347</b>

## Annex 8: Data submission and reliability FY 2014/15

N°	Name of company	Soft copy of the Reporting template	Audited Financial Statements	Signed copy of Reporting template signed by Senior Management	Reporting template certified by Auditor
1	Hamra Oil in Joint Operating Agreement with Surestream Petroleum	Not submitted	Not submitted	Not submitted	Not submitted
2	Pacific Oil Ltd	Not submitted	Not submitted	Not submitted	Not submitted
3	RAKGAS MB45	Not submitted	Not submitted	Submitted	Not submitted
4	SacOil Holdings Ltd	Not submitted	Not submitted	Not submitted	Not submitted
5	Mota-Engil Engenharia	Submitted	Not submitted	Not submitted	Not submitted
6	Paladin Africa Ltd	Submitted	Submitted	Submitted	Not submitted
7	Shayona Cement Co	Not submitted	Not submitted	Not submitted	Not submitted
8	Lafarge Cement Malawi Ltd	Submitted	Not submitted	Submitted	Submitted
9	Cement Product Ltd	Submitted	Not submitted	Submitted	Not Submitted
10	Terrastone Contruccion Ltd	Submitted	Submitted	Not submitted	Not submitted
11	Cilcon Ltd	Submitted	Not submitted	Submitted	Not submitted
12	Mchenga Coal Mines Ltd	Submitted	Not submitted	Not submitted	Not submitted
13	Optichem (2000) Ltd	Submitted	Not submitted	Not submitted	Not submitted
14	Zalewa Agriculture Lime Company	Submitted	Not submitted	Submitted	Not submitted
15	Kaziwiziwi Coal Mine Ltd	Not submitted	Not submitted	Not submitted	Not submitted
16	Globe Metals & Mining Africa Ltd	Submitted	Not submitted	Not submitted	Not submitted
17	Sovereign Services Ltd	Submitted	Not submitted	Not submitted	Not submitted
18	Malcoal Mining Ltd	Not submitted	Not submitted	Not submitted	Not submitted
19	Zunguziwa Quarry Ltd	Submitted	Not submitted	Not submitted	Not submitted
20	Lancaster Explorations Ltd	Submitted	Not submitted	Submitted	Not submitted
21	Intra Energy Trading Ltd	Not submitted	Not submitted	Not submitted	Not submitted
22	Premier Construction Equipments Ltd	Not submitted	Not submitted	Not submitted	Not submitted
23	Nyala Mines Ltd	Submitted	Not submitted	Submitted	Not submitted

### Annex 9: list of mining licences awarded during the FY 2014/15

No.	Company name	Location	Issue / Award Date	Expiry date	Licence type	Licence number	Commodity
1	Shayona Cement Corporation	Livwezi/Kasungu	27-juil-14	26-juil-24	Mining Licence	ML0130R	Limestone
2	Ashgill Australia Pty Limited	Livingstonia/Rumphi	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0402A	Uranium , Rare Earth Elements
3	Blackfire Explorations Limited	Ilomba/Chitipa	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0412	Uranium , Rare Earth Elements
4	Gemall Limited	Mzimba/Mzimba	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0411	Gold, Iron Ore, Platinum, Silver, Tantalite, Columbite, Casseterite, Wolframite, Rare Earth Elements
5	Limex Company Limited	Ntcheu/Ncheu	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0409	Limestone
6	Limex Company Limited	Manondo/Balaka	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0414	Limestone
7	Magnum Mining Limited	Dzonze /Ntcheu	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0408	Iron Ore, Kyanite
8	Sealand Investments Limited	Linthipe/Dedza	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0400	Clay
9	Sealand Investments Limited	Chimutu/Lilongwe	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0401	Feldspar
10	Sealand Investments Limited	Tsumba/Mchinji	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0402B	Silica Sands
11	Sealand Investments Limited	Dzonze/Ntcheu	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0403	Kyanite
12	Sealand Investments Limited	Balaka/Balaka	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0404	Dolomite
13	Sealand Investments Limited	Ntcheu/Ntcheu	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0405	Kaolinitic Clays
14	Sri Sai Mining Limited	Chipoka/Salima	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0399	Heavy Minerals Sands

No.	Company name	Location	Issue / Award Date	Expiry date	Licence type	Licence number	Commodity
15	Z.Z.T.H Wealth Company Limited	Kwataine/Ntcheu	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0407	Limestone
16	Zasco International Limited	LI-Dowa/LI-Dowa	26-Aug-2014	25-Aug-2017	Exclusive Prospecting Licence	EPL0410	Graphite
17	Zunguziwa Quarry Limited	Salima	26-Aug-2014	25-Aug-2019	Mining Licence	ML0207	Rock Aggregate
18	Zagaf Cement Sales African	Mwesia/Karonga	26-Aug-2014	26-Aug-2019	Mining Licence	ML0213	Coal
19	Consolidated Mining Sa	Dzonze/Ntcheu	26-Aug-2014	25-Aug-2019	Mining Licence	ML0214	Iron Ore
20	Njati Mining Corporation	Rumphi/Rumphi	26-Aug-2014	25-Aug-2019	Mining Licence	ML0215	Coal
21	Mccourt Mining PTY Limited	Lilongwe/Lilongwe	26-sept-14	25-Aug-2017	Exclusive Prospecting Licence	EPL0413	Graphite, Base Metals
22	Tate Minerals (Pty) Ltd	Salima-Monkey Bay/Monkey-Bay	13-nov-14	12-nov-16	Exclusive Prospecting Licence	EPL0346	Heavy Mineral Sands
23	Tate Minerals (Pty) Ltd	Nsanje/Nsanje	13-nov-14	12-nov-16	Exclusive Prospecting Licence	EPL0347	Heavy Minerals, Sands, Rare Earth Elements, Niobium, Tantalum, Base Metals, Graphite
24	Rift Valley Mining Company (Pty) Ltd	Lulwe/Nsanje	14-nov-14	13-nov-16	Exclusive Prospecting Licence	EPL0341R	Limestone , Coal ,Copper
25	Paladin (Africa) Ltd	Kayelekera/Karonga	10-Dec-2014	9-Dec-2016	Exclusive Prospecting Licence	EPL0225R	Uranium
26	Green Acres Ltd	Mkanda/Mchinji	20-Dec-2014	19-Dec-2017	Exclusive Prospecting Licence	EPL0415	Silica Sands
27	Zalewa Agriculture Lime Company	Chenkumbi/Balaka	20-Dec-2014	19-Dec-2017	Exclusive Prospecting Licence	EPL0416	Limestone
28	Cilcon Limited	Nathenje/Lilongwe	20-janv-15	19-janv-20	Mining Licence	ML 0182R	Rock Aggregate
29	Mota Engel Engenharia E Construcaao Africa	Chongoni/Dedza	1-Feb-2015	1-Feb-2020	Mining Licence	ML 0184R	Rock Aggregate
30	South East African Mining	Chitipa/Kameme	11-Apr-2015	10-Apr-2017	Exclusive Prospecting Licence	EPL0292R	Gold, Uranium, Base Metals
31	Globe Metals & Mining Exploration	Salambidwe/Majete	12-Apr-2015	11-Apr-2017	Exclusive Prospecting Licence	EPL0289R	Niobium, Tantalum, Zirconium, Rare Earth Elements, Uranium, Iron Ore, Feldspar,

No.	Company name	Location	Issue / Award Date	Expiry date	Licence type	Licence number	Commodity
	(Africa) Ltd						Feldspathoic,Gold,Silver,Copper, Zinc,Lead,Nickel
32	Hbdk Emaw Mining Comapny Ltd	Mkanda/Mchinji	12-Apr-2015	12-Apr-2017	Exclusive Prospecting Licence	EPL0290R	Uranium, Chromium, Nickel, Gold
33	Hbdk Emaw Mining Company Ltd	Chikulamayembe/Rumphi	12-Apr-2015	11-Apr-2017	Exclusive Prospecting Licence	EPL0291R	Gold, Uranium, Base Metals
34	Terrastone Limited	Nathenje/Lilongwe	20-Apr-2015	19-Apr-2020	Mining Licence	ML0134R	Rock Aggregate
35	Globe Metals & Mining Exploration (Africa) Ltd	Kanyika/Mzimba	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0421	Uranium, Niobium, Tantalum, Zircon, Rare Earth Elements, Feldspathoids,Granite
36	Mota Engil Minerals And Mining(Mw) Limited	Ngala/Chikhwawa	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0423	Gold, Platinum Group Metals, Base Metals
37	Multiple Trading Company	Nthalire /Chitipa	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0424	Coal
38	Paladin (Africa) Ltd	Rukuru/Karonga	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0417	Uranum
39	Paladin (Africa) Ltd	Uliwa/Karonga	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0418	Uranium
40	Trident Group Of Companies	Chiweta/Rumphi	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0419	Diamonds
41	Varibo Mining Company	Makanjira/Mangochi	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0422	Gold
42	Z.Z.T.H Wealth Company Limited	Kwinimba/Ntcheu	22-May-2015	21-May-2018	Exclusive Prospecting Licence	EPL0420	Limestone
43	Mota Engel Engenharia E Construcao Africa	Kasela Quarry/Kasungu	22-May-2015	21-May-2020	Mining Licence	ML0217	Rock Aggregate
44	World Of Granite	Njakwa/Rumphi	22-May-2015	21/05/2020	Mining Licence	ML0218	Pink Granite
45	Aspire Global Limited	Nb,Kk-Salima Lakeshore/Nkhota-Kota	05-juin-15	04-juin-17	Exclusive Prospecting Licence	EPL0358R	Heavy Minerals Sands
46	Lime Company	Siliya/Ntcheu	14-juin-15	13-juin-17	Exclusive Prospecting Licence	EPL0278R	Limestone
47	Mccourt Mining	Dowa-Ntchisi/Dow-	14-juin-15	13-juin-17	Exclusive Prospecting Licence	EPL0355R	Graphite, Kaolinitic Clays

No.	Company name	Location	Issue / Award Date	Expiry date	Licence type	Licence number	Commodity
	PTY Limited	Ntchisi					
48	Miracle Limited	Chimutu/Lilongwe	14-juin-15	13-juin-17	Exclusive Prospecting Licence	EPL0354R	Galena, Nickel, Copper, Zinc, Platinum Group Metals

## Annex 10: Other rights issued by the Department of Forestry

Right	Description	Validity period
Import Licence	Each import licence is issued for the importation of one type of forest product. The import licence is issued after providing supporting documentation as proof that the product was obtained legally from the country of origin. The application and licence fees are payable at the Department of Forestry headquarters in Lilongwe.	Valid up to 30 June of the financial year where the right was issued
Import permit	Import licence holders are required to apply for an Import Permit for each consignment. The registered importer shall provide invoices showing particulars of the importer and of exporter, bank details of the exporter, country of destination, quantity and export value of forestry products to be exported. Import Permits shall only be issued upon meeting the required phytosanitary standards. They are issued on only Mondays after seven days from the application date.	Valid for a period of 21 days from the date of issue
Licence to Construct a road in a Forest Reserve	The licence authorises the construction of a road in a Forest Reserve. The licensee is not allowed to hunt in the forest reserve, alter boundary marks or any forest produce or to camp outside allocated area or collect any forest produce without authority. The Licensee shall consult the government on undertaking measures to prevent and control soil erosion and other environmental degradation. Contracts can be terminated by the Licensing Officer giving one month notice, or the licensee giving three months' notice. Non-compliance with the conditions of the licence could lead to its cancellation with immediate effect or prosecution in a court law.	The Licence is subject to renewal annually
Licence for Installation of Telecommunication Equipment in a Forest Reserve	The licence authorises its holder to use it to install telecommunication equipment in a forest reserve. The licensee is not allowed to hunt any animals, to alter boundary marks or any forest produce, or to camp outside the licence area. Transfer of licences is allowed with written approval of the Licensing Officer. The licensee is responsible for any damages causes by employees, clients or himself and pay for it. The licence might be terminated by either party the authority has to give one month notice, or the licensee gives three months' notice.	The Licence is subject to renewal every 5 years
Licence to Install Electricity Grid in a Forest Reserve	The licence authorises its holder to use it to install electricity grid in a forest reserve. Transfer of licences is allowed with written approval of the Licensing Officer. The licensee is not allowed to hunt any animals, to alter boundary marks or any forest produce, or to camp outside the licence area. The licence might be terminated by either party the authority has to give one month notice, or the licensee gives three months' notice. Non-compliance with the conditions the licence will lead to the cancellation of the licence with immediate effect or prosecution in a court law	The Licence is subject to renewal annually.
Licence To Construct Lodges in a Forest Reserve	The licence authorises its holder to construct lodges in a Forest Reserve, subject to the licence fees for operating. The licensee is not allowed to hunt any animals, to alter boundary marks or any forest produce, or to camp outside the licence area. The licensee is responsible for any damages causes by employees, clients or himself. The licence might be terminated by either party the authority has to give one month notice, or the licensee gives three months' notice. Licensees shall use only the allocated areas, are not allowed to go beyond boundaries and pay fees as stipulated in Schedule [xxx] and royalties. The area allocated should be kept clean and tidy and non-compliance with the conditions could lead to the cancellation of the licence with immediate effect or prosecution in a court law.	The Licence is subject to renewal annually.



Right	Description	Validity period
License to Hang/Erect Bee Hives in a Forest Reserve	<p>The licence authorises its holder to hang and erect bee hives in a forest reserve. The Licensee shall be liable to pay licence fees for its operations.</p> <p>The licensee is not allowed to hunt any animals, to alter boundary marks or any forest produce, or to camp outside the licence area.</p> <p>The licence might be terminated by either party the authority has to give one month notice, or the licensee gives three months' notice.</p> <p>The licensee shall pay to Government one and a half times the value of any type of damaged to the area within three months from the date of damage. The area allocated should be kept clean and tidy.</p>	<p>The licence is subject to renewal every year</p>
Operational Licence Allowing Eco-Tourism Services	<p>This licence authorises its holder to develop and provide eco-tourism facilities for the mutual benefit of the licensee, the Government of Malawi and surrounding communities that have traditional rights of access to the forest reserve.</p> <p>The communities residing in and around the licensed area have the right of access and regulated logging of sustainable quantities of minor forest products for their own use and consumption.</p> <p>The licensee shall discuss with Government a compensatory forest rehabilitation programme which may include replanting and management of a designated area in a forest reserve of not less than one hectare per year.</p> <p>The licensee may construct and maintain roads and tracks within the Licensed Area subject to carrying out an Environmental Impact Assessment (EIA).</p> <p>Two percent of the shareholding in the company operating the eco-tourism business shall be held by the Forest Development Management Fund (FDMF).</p>	<p>An initial period of 10 years from the commencement date. The licence may be renewed by mutual agreement between the parties.</p>

## Annex 11: Persons contacted or involved

### Independent Administrator

Tim Woodward	Partner - Moore Stephens
Ben Toorabally	Mission Director - Moore Stephens
Rached Maalej	Manager - Moore Stephens
Charles Kaphwiyo	Mining Expert
Hedi Zaghouni	Supervisor – Moore Stephens
Fidelys Rafenomanana	Audit Senior - Moore Stephens
Mehdi Mellah	Audit Senior - Moore Stephens
Yousra Ragad	Assistant - Moore Stephens

### MWEITI Secretariat

George Harawa	National Coordinator Malawi EITI
David Nungu	National Technical Expert and Manager
AbdulRahman Chiwalo	Coordinator MWEITI Secretariat
Leonard Mushani	Coordinator MWEITI Secretariat

### MWEITI Multi-Stakeholder Group

Crispin Kulemeka	Head of the MWEITI Multi-Stakeholder Group
Bartwell Chingoli	Rserve Bank of Malawi
Rabecca Mwale	Rserve Bank of Malawi
Rachel Etter Phoya	Citizens for Justice (CFJ)
Misheck Munthali	Bwanje Cement Co. Ltd
Dina Longwe	Bwanje Cement Co. Ltd
Success Sikwese	Catholic Commission For Justice and Peace (CCJP) National Office
Grain Malunga	Paladin (Africa) Ltd
Alec Sharland	Paladin (Africa)Ltd
Burton Kachinjika	Mkango Resources Ltd
Chikondi Mcheka	Mkango Resources Ltd
Chrispine Ngwena	Globe Metals & Mining Ltd
Peter Chilumanga	Ministry of Natural Resources, Energy and Mining
Chisomo Manthalu	Actionaid

### Ministry of Natural Resources, Energy and Mining

Clement Chilima	Director of Department of Forestry
Francis Chilimampungwa	Deputy Director of Department of Forestry
Teddie Kamoto	Deputy Director of Department of Forestry
Moses Njiwawo	Officer at Department of Forestry Headquarters
Emmanuel Kisyombe	Accountant of Department of Forestry
Ackim Atileni Wona	Director of Department of Mines
Tikondane Phiri	Senior Mining Engineer at the Department of Mines
Peter Chilumanga	Deputy Director of Department of Mines
Hastings Benala	Accountant Officer Department of Mines
Mphatso Chiedzeka Kapokosa	Mining Engineer (Inspectorate) at Department of Mines
Burnett Msika	Chief Mining Engineer at Department of Mines
David Zutu Liabunya	Principal Mining Engineer at Department of Mines

Mphatso Ozituosauka	Senior Mining Engineer at Department of Mines
Dickson Moyo	Accountant of Department of Mines
<b>National Audit Office</b>	
Stephenson Kamphasa	Auditor General
George Chikwana	Chief Auditor
<b>Financial Intelligence Unit</b>	
Atuweni Juwayeyi-Agbemodji	Director General
<b>Ministry of Finance, Economic Planning &amp; Development</b>	
Yussuf Edward	Officer Budget Division
<b>Malawi Revenue Authority</b>	
Benson Undi	Station Supervisor Malawi Revenue Authority
Davie Khonje	Tax Auditor Malawi Revenue Authority
<b>National Local Government Finance Committee</b>	
Patricia Banda	Principal Planning and Economic Services Analyst
<b>Reserve Bank of Malawi</b>	
Francis Jacob Gama	Principal Analyst Exports
Bartwell Chingoli	Manager Exchange Control Programmes
Griffin Phiri	Manager Monitoring & Statistics
Jimmy Kaunda	Senior Analyst Exports
<b>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)</b>	
Mkandawire, Vitima GIZ MW	Technical Expert