Validation of Malawi
Response to MSG Feedback
Cowater-Sogema Independent Validator
1st February 2019

The Validator wishes to thank the MSG for their helpful and considered feedback. What follows is the Validator's response to the feedback from the MSG.

Requirement 2.3: License Registers
We acknowledge that the MSG believes that the score should be upgraded from meaningful to satisfactory. It is true that the omission of dates of application, award or expiry for a very small number of petroleum contracts may not appear significant compared to the much larger number of mining contracts, particularly given the omission is easy to rectify.

However, it is also a clear breach of the EITI standard. We also note that in the petroleum sector, previous license irregularities led to contract awards ceasing in 2014, making proper recording of petroleum licenses particularly important.

Sequencing of validation report
We acknowledge and accept the MSG's request for this to be altered and clarified. The validation report has been revised and hopefully made clearer.

Figures used in the validation report
The validation report does take figures from the initial assessment. Regarding the GDP figures, these are based on the estimates provided in Malawi's EITI Report for FY2015-16, sections 3.2.16 (p.33) for mining, and section 3.4.9 for forestry (p.51) which were also included in Malawi's summary data file for the report[1].

In this excel file, the extractive industries GDP is estimated as 105,802,000,000 MWK whilst the entire GDP is estimated at 1,289,319,000,000 MWK, meaning extractive industries is 8.2% of GDP based on these figures. Due to this change, we have changed the 10% figure to 8.2% on the first page of the validation report.

According to the report, these GDP estimates are based on numbers obtained from the National Statistics Office in Malawi, although the report does not go into more detail on precisely which publications of the NSO.

Regarding Kayelekera's contribution to GDP, the source document linked in the initial assessment, the Malawi Mines and Minerals Policy 2013[2] reports the following in the foreword:

Mining has been contributing less than 3 percent to the Growth Domestic Product (GDP) and equally low to export earnings. However, the contribution to the GDP has risen to 10 percent following the opening of the Kayelekera Uranium Mine in 2009. According to the MGDS II, the contribution of the mining sector is expected to increase to at least 20% of the GDP by the year 2016.

Secondly, in the background section of the same Policy document, it says:

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[1] https://apc01.safelinks.protection.outlook.com/?url=http%3A%2F%2Fmweiti.gov.mw%2Fwp-content%2Fuploads%2F2017%2F04%2FSummary-Data-Template-MWEITI-2018-Report-.xlsx&data=02%7C01%7C%7C360f23de78a4422826af08d6882428f2%7C84df9e7fe9f640afb435aaaaaaaaaaaa%7C1%7C0%7C636846086235092184&sdata=VnTt5K4xIrTscwzc6OlwCSWxvxp9otEiFcURtKMbjaQ%3D&reserved=0

[2] http://www.eisourcebook.org/cms/Malawi%20Mines%20%26%20Minerals%20Policy%202013.pdf

'considering that the mineral sector contribution to GDP is currently at 10 percent'. The report is written in 2013, thus suggesting that the mineral sector's contribution to GDP was 10% in 2013.

These official sources suggest that roughly 7% of GDP is attributed to the mine itself. However, the MSG is stating that the mine's contribution to GDP *'never exceeded 0.1 percent'*. Separately, an online source dedicated to Malawi's mining sector (the Mining in Malawi website) states that the mine contributed 2.6% of GDP in 2013[3].

Given these contradictory sources, we have removed any reference to Kayelekera's contribution to GDP from the validation report.

CSO dominance
We accept that all constituencies have worked well individually and collectively to achieve the success of the EITI process, and nothing should be interpreted from any perceived dominance of the CSO sector.

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[3] https://mininginmalawi.com/2017/05/23/kayelekera-reserves-for-6-more-years/