MREITI

Initiative pour la Transparence des Industries Extractives

مبادرة الشفافية في الصناعات الاستخراجية

Extractive Industries Transparency Initiative in Mauritania

MAURITANIA ITIE REPORT 2020-2021

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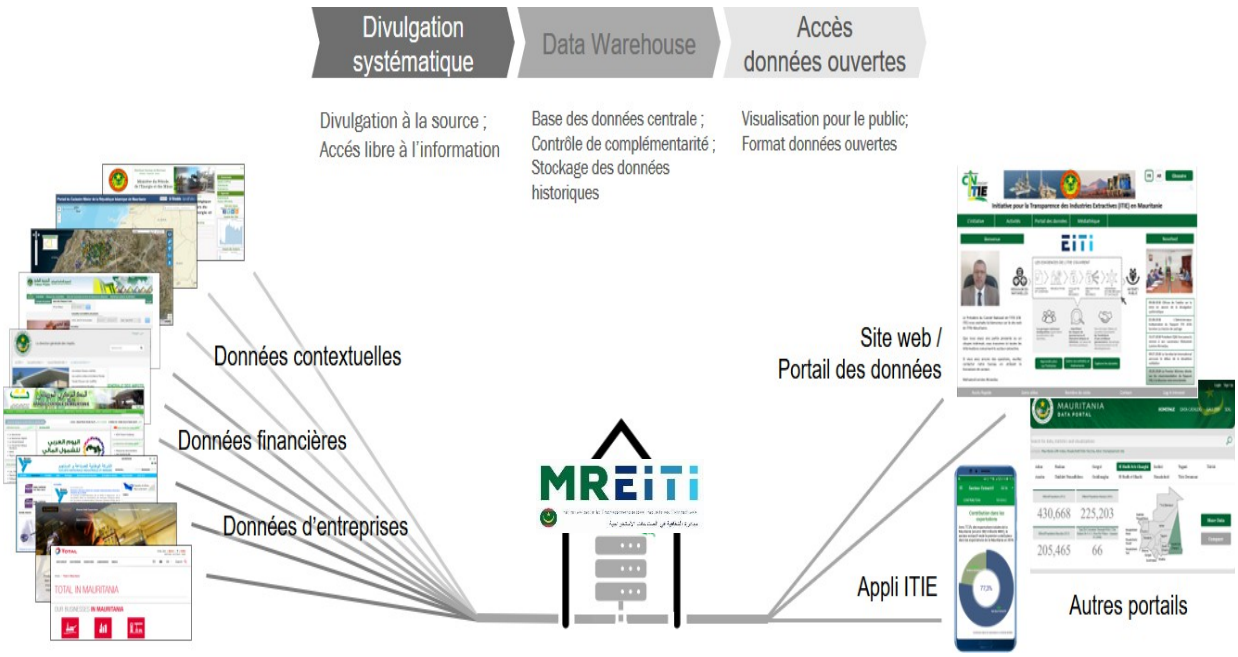

Nouakchott, 21 December 2022

For the attention of the Chairman of the EITI National Committee

The National Committee of the Extractive Industries Transparency Initiative (CN- EITI) has honoured and entrusted us with the task of preparing the Mauritania 2020-2021 EITI National Report as its Independent Administrator. We benefited from your support and that of your collaborators who spared no effort to ensure the success of the mission. We would like to take this opportunity to express our sincere gratitude.

The work spread over the last three months, during which time we benefited from the invaluable assistance of the Data Warehouse, which the stakeholders finally learned to use, and for most of them, within the allotted time. They were conducted in accordance with the Terms of Reference approved by the EITI National Committee. In this respect, we have tried, as far as possible, to comply with the guidelines for the pilot approach in which our country has agreed to participate.

The investigations carried out have shown that this is an innovative and promising approach, but one which, in the context of our country, requires even more effort on the part of all to achieve convincing results. In addition, the 2020-2021 report has deliberately chosen to delve deeper into the retrospective analysis in order to draw some useful lessons for the future. In this respect, we would like to note that the opinions expressed here are our own, as an Independent Director, and do not necessarily reflect those of EITI Mauritania.

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Acronyms and abbreviations

ANSADE	National Agency for Statistics and Demographic and Economic Analysis
A.R.T.	Other Transferred Revenue
AFS	Other significant payment flows
ARMP	Public Procurement Regulatory Authority
Other T.DGD	Other customs taxes
BCM	Central Bank of Mauritania
BIC	Tax on industrial and commercial profits (including advance payments)
BNC	Tax on Non-Commercial Profits
BS	Signing bonus
C.F.	Property tax
C/ENVIRONN	Environmental Commission
CAC	Statutory Auditors
CB	Capacity building
CEP	Exploration Production
CERFIP	Public Finance Studies and Reform Unit
SBB	Contributions to the Training Fund
CGI	General Tax Code
CMT	Standard Mining Convention
CNCMP	Commission Nationale de Contrôle des Marchés Publics
CN-ITIE	National Committee of the Extractive Industries Transparency Initiative
PPC	Production Sharing Contract
DAO	Tender documents
DCMG	Mining Cadastre and Geology Department
DCSO	Operator Control and Monitoring Department
DD	Customs duties
DFI	Import tax law (DFI)
DGB	Directorate-General for the Budget
DGD	Directorate General of Customs
DGH	Directorate General of Hydrocarbons
DGI	General Tax Directorate
DGM	Directorate-General of Mines
DGTCP	Directorate General of the Treasury and Public Accounting
ECD	State Property Department
DS	SNIM dividends
FNRH	National Oil Revenues Fund
FOB	Free On Board
GIZ	German cooperation
IBAPP	Tax on the business of individuals
IDA	International Development Association
IFAC	International Federation of Accountants
IGF	General Inspectorate of Finance
MFI	Flat-rate minimum tax
INTOSAI	International Organisation of Supreme Audit Institutions
IRCM	Tax on Income from Transferable Securities
IRF	Property Income Tax

IRVM	Tax on Income from Transferable Securities
IS	Corporation tax (IS)
EITI	Extractive Industries Transparency Initiative
ITS	Tax on Wages and Salaries
Kg	Kilogram
Km	Kilometre
MAEPSP	Ministry of Economic Affairs and Promotion of Productive Sectors
MCM	Mauritania Copper Mines SA
MEDD	Ministry for the Environment and Sustainable Development
MEF	Ministry of the Economy and Finance
MPEM	Ministry of Petroleum, Energy and Mines
MRU	Ouguiya
NA	Not applicable
NC	No press release
OMRG	Mauritanian Geological Research Office
NGO	Non-governmental organisation
ONS	Office National de la Statistique
Ozt	Once Troy
PATENTE	Patent
PEN	Penalties
PGSP	Public Sector Governance Project
PI	Sub-national payments
PI DGI	DGI profit-sharing bonus
GDP	Gross Domestic Product
PROFIT OIL	Profit Oil State - Public Power
PS	Social payments
R. EXPLOIT	Operating fee
CLEAR	Withholding tax (excluding payroll deductions)
Retr. FNRH	Transfers of oil revenues from the FNRH to the State budget
RIF	IT fees
RS	Superficiary Royalty
RSD	Statistical fees (Customs)
RSI	Special tax regime
RST	Statistical fees
SCM	Mining Registry System
SENI SA	Société d'Extraction du Nord d'Inchiri SA
SIGM	Geological and Mining Information
SMHPM	Société Mauritanienne des Hydrocarbures et du Patrimoine Minier (Mauritanian Hydrocarbons and Mining Heritage Company)
SNIM	Société Nationale Industrielle et Minière
T	Tonne
TA	Apprenticeship
TCF	Trillion Cubic Feet
TMB	Corporate gross margin tax
TML SA	Tasiast Mauritania Limited SA
GST	Tax on the provision of services
TR	Remuneration Tax
TTI	Tax on Imported Tonnage

TU SNIM	SNIM single annual fee (gross amount)
VAT	Value added tax
VAT EXT	VAT - EXT (+)
VAT INT	VAT INT (+)
VAT SNIM	VAT credit applied to the Single Charge with (-) or (+) sign
USD	United States dollar
VDS	Sale of seismic data

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Executive summary

A. National context

i. The global context is characterised by the outbreak of the COVID-19 pandemic in March 2020, which has had unfortunate human, economic and social consequences for Mauritania. The economy contracted, creating considerable financing needs.

ii. However, the rise in the value of mining exports (iron and gold) has made it possible to achieve gross budget surpluses and an improvement in international reserves over the period 2020-2021, but the COVID-19 pandemic has delayed reforms and reduced progress terms of inclusive growth, poverty reduction and inequality. Investment in infrastructure and social outcomes have also been limited.

iii. The resumption of activity in 2021 has been used to prioritise social and infrastructure spending, while controlling the expansion of recurrent expenditure.

iv. The balance of payments proved resilient to the pandemic, thanks in particular to higher export prices for iron ore and gold and disbursements from donors. As a result, the current account deficit narrowed in 2020.

v. In 2021 the terms of trade continued to be favourable, contributing to the increase in gross international reserves. In addition, a favourable solution to Kuwait's debt has finally been found, but the current account deficit remains high.

vi. At producer level, TLMSA suffered a fire in 2021 that disrupted the production process, while SNIM benefited from an exceptionally favourable economic climate, but this did not solve the structural problems it still faces.

B. Key figures for 2020 and 2021

vii. Extractive sector production is limited to that of the mining companies, which produced the following tonnages in 2021: SNIM (12.6 million T of iron); MCM (18,846T of copper and gold) and TLMSA (6,498T).

a) Revenues from the extractive sector

viii. Revenues from the extractive sector have improved considerably in 2021 compared with 2020, as summarised in the table below (in billion MRU).

Table 1: Extractive sector revenues 2020-2021

	2020	2021	Variation
DGTCP	11,08	17,4	57,04%
FNRH	0,945	1,743	84,44%
Environmental Commission	0,115	0,115	0%
Social expenditure	0,69	1,229	78%
Total	**12,83**	**20,487**	**59,68%**

b) SNIM revenues and dividends paid to State

ix. The table below shows that over the last two years, SNIM has paid out a net amount of MRU 5,533 million to its main shareholder (the Mauritanian state, with 78.35% of the share capital). The table below gives an overview of SNIM's profitability over the last two years, following a period of crisis that has affected most mining companies worldwide.

Table 2: SNIM 2020-2021 profitability indicators

Year	2020	2021
Production (millions T)	12,5	12,6
Sales (MRU million) (1)	45 146	59 277
Dividends paid to State (millions MRU) (2)	1 023	4 510
Net profit (millions MRU)	21 321	31 627
Profitability (Financial) Net income / capital own)	22,45%	26,86%

Source: SNIM data

c) Revenues used by the State Budget

x. During 2020 and 2021, a single disbursement of USD 27 was made on 28/4/2020 from the FNRH account and used to fund the State budget.

Table 3: Revenues paid to the State budget 2020-2021

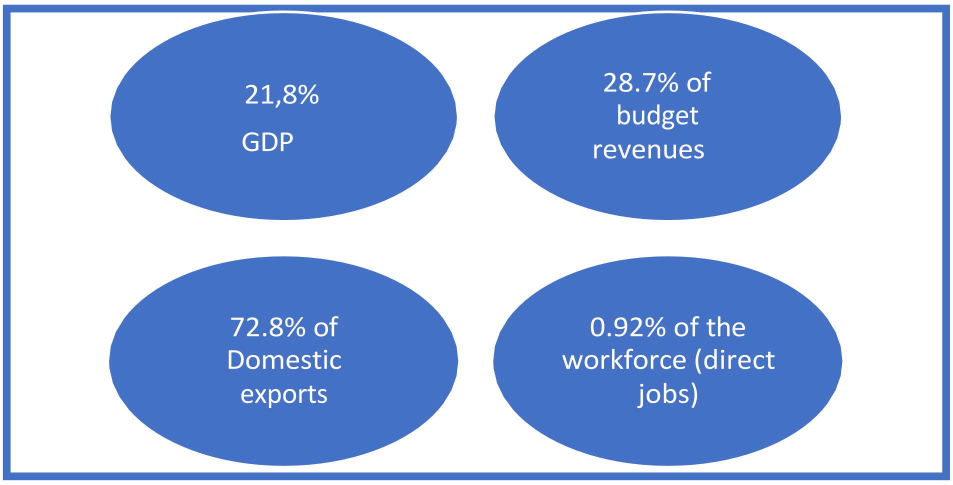
(In millions MRU Conversion rate: 36 MRU/USD)	**2020**	**2021**
Income paid into the Treasury's single account	11 080	17 400
Withdrawal from the FNRH account	972	0
Total	**12 052**	**17 400**

d) Contributions to the national economy

xi. The contribution of the extractive sector to GDP was 21.8% in 2021, down slightly on 2020 (23.7%). The share of exports from the extractive sector (mining) in national exports rose from 59.3% in 2018 to 59.7% in 2019, and 66.8% in 2020.
2020 and 72.8% in 2021. Overall government revenue in 2020 and 2021 reached MRU 63.8 billion and MRU 76.9 billion respectively (Ministry of Finance). Relative to revenue from the extractive sector in 2020 (MRU 11.3 billion) and 2021 (MRU 22.1 billion), the ratios are 17.7% and 28.7% respectively. Excluding

Apart from informal employment gold panning, the contribution of the extractive sector will be 0.83% and 0.92% in 2020 and 2021 respectively.

Figure 1: Indicators of the extractive sector's contribution to the national economy in 2021



C. Main findings

a) Exhaustiveness

xii. We have identified eight mining companies and five oil and gas companies[1] for 2021. A total of 13 companies. The total amount recorded in the unilateral declaration by the State (Treasury) is MRU 18,941,184,633.30, while the companies included in the scope total MRU 17,416,200,506.16, i.e. 93% of declared receipts. In 2020, 5 mining companies and 5 in the hydrocarbons sector were identified.

b) Combination

xiii. The verifications and comparisons carried out show that the data reported is plausible. The discrepancies observed are not such as to call into question the trends and conclusions.

c) Data insurance

xiv. The declarations of the main mining companies were compared with the accounts certified by the statutory auditors and with the data in the Data Warehouse. Other data assurance risks were assessed. Recommendations have been made in response.

D. Conclusions/recommendations

xv. **In terms of transparency,** we note that: i) some recommendations have not been met while others have been partially met

[1] In reality, four companies continued make payments even they no longer appeared in the land register

(see follow-up of recommendations, chapter 8); ii) the Data Warehouse has finally been used by all the mining companies and to a lesser extent by the other companies; iii) compliance with the requirements for certification of accounts is not yet systematic or widespread, but it is making good progress; iv) the response times of the players are sometimes long.

xvi. Nevertheless, there has been progress in terms of knowledge of EITI requirements and standards, but there are also difficulties in accessing detailed information and insufficient consideration of the social and environmental dimensions.

xvii. The shortcomings in terms of control and audit practices were developed in the 2019 EITI report. Since then, there has been little progress towards improvement, particularly in terms of (i) evaluating budgetary practices to assess the effectiveness, efficiency, sustainability and equity of public interventions and (ii) publishing and disseminating control and audit reports.

xviii. In terms of overall governance of the extractive industries sector, SNIM's management system caught our attention because of the mining company's importance in the sector.

xix. For future, efforts must be stepped up to meet the commitments made and to respond to the challenges posed by improved corporate governance and budget management. In addition, efforts must be made to improve completeness and reliability of the data required for EITI reporting.

I. Introduction

1.1 Historical background

1. The automated process for collecting data on payments (Data Warehouse), which is fed directly into the systems of reporting entities, was successfully used to produce Mauritania's 2019 EITI Report more quickly and at a lower cost. The aim now is to take a critical look at the reliability of the data in the 2020 and 2021 reports, while consolidating the approach that has produced convincing results.

2. The GMP also approved Mauritania's participation in the pilot project for the development of alternative approaches to EITI reporting, thus joining the ranks of pioneering countries. This participation is an opportunity to identify the evolution over several years of revenues linked to a targeted extractive project. This will make it possible to draw comparisons with what was legally expected.

Box 1: EITI-Mauritania

The governance structure of EITI-Mauritania is governed by Decree No. 2018-135 of 27 September 2018[2]. The CN-ITIE is the body that "ensures the implementation and monitoring, following a participatory approach, of the EITI principles, criteria and standards, with a view to contributing to improving transparency in the management of mining, oil and gas resources".
The Committee is chaired by an advisor to the Prime Minister and has a multi-stakeholder composition. It includes representatives of state entities, extractive companies and civil society. A technical secretariat supports the CN-ITIE in its activities. The Mauritania EITI has a website: *http ://www.cnitie.gov.mr*
The National Committee held several meetings in 2020 and 2021 and implemented a number of flagship projects and activities, including: i) Systematic disclosure; ii) Real ownership; iii) Validation work; iv) Caravans to raise awareness and disseminate reports; v) Capacity building for the Technical Secretariat. Further information can be found in the 2020 Annual Progress Report (on the website: *http ://*www.cnitie.gov.mr).
During the period 2020-2021, main activities of EITI Mauritania were: i) approval of the annual work plan and budgets; ii) dissemination campaigns for the 2019 report were conducted in Nouakchott , Akjoujt and Nouadhibou; iii) a new partnership was concluded with GIZ to support the implementation of the EITI process; iv) a workshop on the operation of the data warehouse (facilitated by international consultant Tim Bittiger) was held in Nouakchott and vi) capacity building of stakeholders continued.
The Open Data Policy has been consolidated thanks to the optimal operation of the data warehouse, awareness-raising among stakeholders and better monitoring by CN/ITIE.

1.2 Objectives of the 2020/2021 report

3. The aim is to collect and analyse the data in accordance with the 2019 EITI Standard, the key points of which are: i) the preliminary overall analysis of the internal and external audit and quality assurance systems of the reporting state entities and the quality of control within them to enable the GMP to decide on the appropriate procedure for ensuring data quality; ii) the drafting of the 2020-2021 report, in accordance with pilot approach, which incorporates a reconciliation and analysis procedure based on the results of the preliminary data; iii) the assessment of "the quality of the data".

[2] http://www.cnitie.mr/itie-fr/images/decret2018-135fr.pdf

integrity" of revenues generated by extractive activities, following a preliminary risk analysis.

4. This assessment involves correlating revenues at the level of mining projects over a series of data points, the tax system and the main components of the tax base (production, sales and costs) for royalties applied to production and taxes on profits or production rights.

II. The context for the extractive sector in 2020/2021

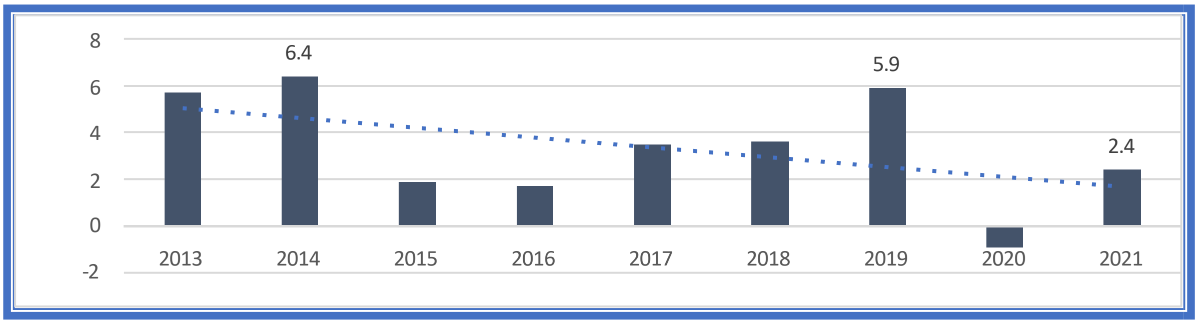
2.1 Changes in the macroeconomic framework

5. With a population of around 4.3 million (ANSADE projections), Mauritania occupies a vast territory endowed with significant resources that are still under-exploited. The general development framework is governed by the Strategy for Accelerated Growth and Shared Prosperity (SCAPP 2016-2030), whose second action plan (2021-2025) has just been adopted by the public authorities.

6. The overall context is characterised by a number of strengths: i) a lower risk of terrorism than its Sahelian neighbours; ii) relative macroeconomic stability; iii) mineral resources (iron ore, gold, copper) and fisheries; and iv) considerable energy potential (gas and renewable energies). Yet weaknesses remain: i) insufficiently inclusive growth; ii) a poorly performing education system; iii) high youth and female unemployment in an economy dominated by the informal sector; iv) governance shortcomings, particularly in the fight against corruption and the absence of a system for dealing with insolvency; v) recurrent droughts; and vi) social cohesion which is showing signs of concern.

7. As elsewhere, the COVID-19 pandemic has had unfortunate human, economic and social consequences for Mauritania. In particular, it has led to a contraction in economy of around -0.in 2020 and created considerable financing needs. Support from development partners has taken the form of grants, loans and debt service suspension measures, but it is above all the increase mining exports (iron and gold) that explains the gross budget surpluses recorded and the improvement in international reserves over the period 2020-2021. However, the COVID-19 pandemic has delayed reforms and reduced progress terms of inclusive growth, poverty reduction and inequality. Investment in infrastructure and social outcomes have also been limited. Yet the IMF estimates that nearly 19% of GDP in additional spending is needed annually to achieve the Sustainable Development Goals (SDGs) by 2030. Among the reforms that have fallen behind schedule are the management of public finances and public investment, monetary and exchange rate policy, social protection, governance and the fight against corruption.

Figure 2: Growth rate trend 2013-2021



8. During 2020, inflation remained moderate (2.3% on average) due to restrained domestic demand and a stable exchange rate, but pressure on food prices in 2021 pushed the inflation rate up to 3.6%. Already, in June 2022, the general consumer price index for food and non-alcoholic showed respectively
+9.8% and +16% (ANSADE).

9. Official gross international reserves reached $1,542 million at the end of 2020 (5.3 months of imports excluding extractive activities). The economic slowdown nevertheless resulted in a fall tax revenues, but this was offset by an increase dividends paid by state-owned companies and higher mining revenues due to high iron ore and gold prices. result was a budget surplus.

Box 2: Fluctuating prices of mining products

The average benchmark iron ore rose from USD 91.3 in January 2020 to USD 158 in December 2020, with a peak of USD 175.3 on 21 December 2020. It rose from USD 108 per tonne in 2020 to USD 160 in 2021, with a peak of USD 226 in May 2021. The same trend was observed for the average price of gold which rose by 25.5% on the international market, from USD 1,410.8 per ounce in 2019 to USD 1,771.2 in 2020, ending the year 2021 at USD 1,815.

10. The implementation of the priority plan (Pro PEP 2020/22), which aims, among other things, to support economic diversification and develop food security, has delayed, notably because of low absorption capacity. Gross fixed capital formation has been sustained by investment in the hydrocarbon sector, but the country will only benefit from revenues from this sector from the end of 2023.

11. Mining and tax revenues benefited from the economic recovery in 2021, and the government gave priority to social and infrastructure spending, while limiting the expansion of recurrent expenditure.

12. Thanks to buoyant iron ore and gold exports and disbursements from donors, the balance of payments held up well against the pandemic. Iron ore prices reached high levels at the end of 2020 thanks to strong global demand and supply difficulties. This largely offset the fall in fish exports at a time when imports were slowing. As a result, the current account deficit narrowed in 2020.

13. The terms of trade were favourable in 2021 and contributed to the increase in gross international reserves. The debt restructuring strategy has yielded results in finding a favourable solution to Kuwait's debt, but the current account deficit remains high. The table below summarises trends in the main macroeconomic indicators.

Table 4: Main macroeconomic indicators

Indicator	2018	2019	2020	2021
Real GDP growth (%)	3,6	5,9	-0,9	2,4
Inflation (annual average, %)	3,2	2,3	2,4	3,6
Public balance[3] / GDP (%)	3,2	2,1	2,2	2,1
Current account balance/GDP (%)	-34,8	-10,9	-6,9	-8,1
Public debt[4] / GDP (%)	79	54	50,4	44,2

Sources: ANSADE, BCM and PTF

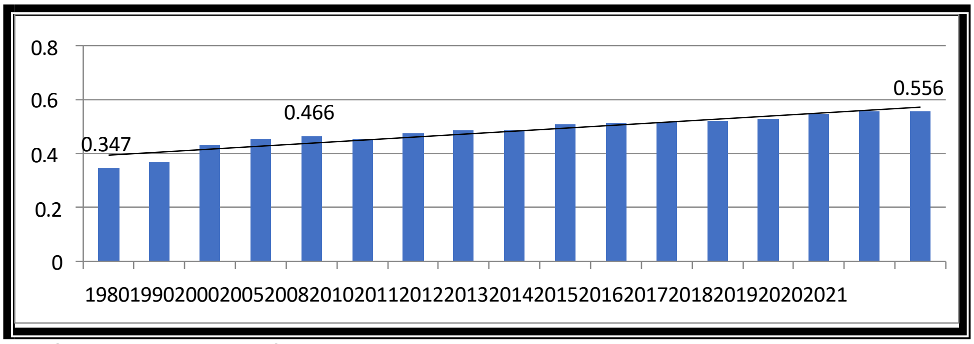
2.2 Governance

14. What follows is not an analysis of the state of governance in general, but a contextualisation of the activities of the extractive sectors, with a focus on the governance system of the national industrial and mining company (SNIM).

2.2.1 Trends in a number of governance indicators

15. In terms of governance, Mauritania has regressed in the World Bank's annual Doing Business ranking, dropping from 148th place in 2019 to 152nd out of 190 in 2020. In terms of development, the HDI is evolving slowly and remains at a low level, as shown in the graph below.

Figure 3: HDI trend 1980-2021



Source: reconstituted from Human Development Reports (UNDP)

16. Despite the promulgation of favourable legal texts, the business climate remains difficult and the country ranks 140th/180th in the Transparency International 2021 Corruption Perceptions Index and 40th/54th in the Mo Ibrahim Governance Index.

17. The fragility of the banking system exposes it to high systemic risk, exacerbated by legal uncertainty, inadequate human capital and poor implementation.

[3] Excluding oil
[4] After revaluation of GDP and excluding Kuwaiti debt

incomplete implementation of the investment code. The a priori and a posteriori control structures are ineffective, judging by the limited rate of infringements detected or sanctions applied in relation to the overall volume of public transactions.[5]

Box 3: The extractive sector revenue management process

All revenues are collected and centralised by the DGTCP (single account). They are used and managed in the same way as all other State budget resources, in accordance with the traditional budget cycle, which comprises four main phases: i) macroeconomic framework; ii) budget framework; iii) budget conferences and iv) adoption of the budget by the government and parliament. Revenue and expenditure are authorised by the Finance Act within the framework of a financial year that covers the calendar period from 1 January to 31 December. Little or no information is provided on the degree of reliability of the data, the functional or territorial distribution of public expenditure and even less on effectiveness, efficiency or equity.
Although the Court of Audit has made up for the backlog in the publication of settlement laws, the annual reports on the audits carried out on public funds are not made public.
The Fonds National des Revenus des Hydrocarbures (FNRH) was created by Ordinance No. 2006-008 of 4 April 2006. It receives revenues from the exploitation of national oil resources in an account held abroad. Until now, its resources have been used to finance the State budget. The FNRH is managed by the Minister of Finance, assisted by Investment Advisory Committee. The FNRH is subject to two annual controls: one by the Cour des Comptes and the other by an audit carried out by an independent firm.

2.2.1 Governance of Société Nationale Industrielle et Minière (SNIM)

18. Given its importance in the extractive industries in general and mining in particular, questions have been raised about the effectiveness of its governance and results.

Data in figures

19. SNIM is the country's second largest employer after the State, with 7,339 direct jobs, including its subsidiaries. In 2021, its consolidated turnover is estimated at USD 1,673 million. It produced 12.7 million tonnes of iron ore. It contributed 17% of government revenue. It accounted for 53% of the country's total exports and contributed 15% to national GDP. SNIM's contribution to extractive revenues will be MRU 6.09 billion in 2020 and MRU 13.2 billion in 2021 (Source: SNIM).

SNIM's system of governance

20. SNIM is a public limited company under Mauritanian law, governed by the law of 18 January 2000 on the Commercial . It was created by law no. 78-104 of 15 April 1978 for a period of 99 years (RC 4579). It succeeded MIFERMA (1952-1974). Its corporate purpose is the extraction and sale of iron ore and the promotion of research into and exploitation of mineral resources. SNIM is managed by a Board of Directors (BOD) consisting of 12 members appointed by the Ordinary General Meeting of shareholders. The Board chooses a Managing Director from among its members to ensure the day-to-day management of the company.

21. The distribution of seats on the Board of Directors (BoD) is not proportional to the shares held in the company's capital, to the detriment of Mauritanian state. Apart from IBK, all the other shareholders are over-represented. Notwithstanding its legal status, SNIM is in fact a public company. Indeed, leaving aside the very marginal share Mauritanian private investors (0.14%), the capital is held by the State and its Arab public partners (States and State institutions). As a result, it is

[5] Cf. statements by the Inspector General State (IGE)

the Mauritanian government, which appoints and dismisses the Managing Director (ADG) at its own discretion and without constraint.

Box 4: SNIM's view of management structures

SNIM considers that the over-representation of foreign shareholders is a plus for good governance and a protection for SNIM. It dilutes the concentration of the majority shareholder's decision-making power, especially as these shareholders form a group within the Board of Directors which needs at least one vote to validate any decision. This is a choice that has been agreed upon for a very long time and which has proved beneficial for transparency and good governance, since it has protected SNIM against many uncertainties. In addition, terms of office are limited, making it impossible for a director to remain in office for 8 years.
What is commonly referred to as the Executive Committee is made up of the operational directors and known at SNIM as the "Coordination Committee". The Executive Committee is a committee of the Board that studies complex issues on its behalf, examines the budget before it is presented to the Board and approves contracts above a certain threshold.

22. The six people appointed by the government as directors rarely have profiles that match the nature of their responsibilities (academic background, private company management skills, international experience, knowledge of foreign languages). Unlike other mining companies, there are no independent directors on the Board.

23. The Executive Committee is external to company whereas it should have been internal and made up of executive directors, who are in a position to participate in day-to-day decision-making. Prior to 2009, the Chairman of the Board of Directors was invariably the Deputy Governor of BCM, a position that was coveted because of the benefits paid by Snim to the members of its governing body - substantial amounts for a public company whose financial situation is uncertain[6]. This looks rent-seeking.

24. The internal control system or general internal audit merged with internal control (2017). It is entirely under the authority of the ADG, who appoints its managers and staff. This means that they cannot take any initiative that has not been approved by the ADG, to whom they are accountable. It also means that internal control is powerless in the face of the ADGs actions and is not very effective, judging by the small number of reports produced over the five years (10 in 2015 compared with 19 in 2012) that we examined. The climate is therefore conducive to the capture of mining rents[7].

25. External control of the regularity and reliability of accounting information is carried out at the end of each financial year by an independent auditor[8], associated with a Mauritanian firm[9] and paid for by SNIM. Surprisingly, over the last two decades there has been extraordinary stability in the auditors. This stability, particularly in the Mauritanian context, is also shared by certain state directors whose terms of office have been renewed for more than a decade. This can encourage connivance and create an environment conducive to capturing mining rents.

[6] It depends exclusively on the price of iron ore, over which it has no control.
[7] According to SNIM, internal control is not in the sense of verification or audit but in the sense of process control. It is customary for this to be the responsibility of the Executive Board. In accordance with the law, the Board has set up an audit committee which draws up an annual audit programme and monitors its implementation.
[8] ERNEST&YOUNG et Associés
[9] CONEX

26. For SNIM, the stability of the auditors is not so surprising. It is quite common for large companies to keep the same firms for quite a long , in order to benefit from the accumulated knowledge of company. This is done in full compliance with the law, which requires periodic changes in audit teams.

27. Despite its status and the realities noted above, SNIM legally escapes the controls of state bodies (Court of ; IGE and IGF) by virtue of the agreement with the State which guarantees it a certain degree of management autonomy, similar to that of a private company. In fact, since its creation, external control initiative (Court of , Parliament or other), apart from statutory audits, has been undertaken. This probably explains why so few cases of embezzlement or complaints have been brought before the courts for a company the size of SNIM. SNIM considers that its autonomous management status, thanks to the special agreement with the State, is a guarantee of its long-term future, since it allows it to finance its investments from its own signature, without any impact on the Mauritanian State's indebtedness. This is what has enabled it to overcome all crises.

28. In accordance with the ISO 9001-2008 standard, SNIM has implemented a quality management system (QMS), the application of which within company is entrusted to a dedicated structure. This system is subject to regular internal and external audits. It provides quality assurance for internal processes and for the data produced and distributed by the company.

29. SNIM has also set up an environmental management system (EMS) in accordance with the ISO 14000 standard, with the aim of consolidating its position as a responsible corporate citizen that places the preservation of the environment and the management of natural resources at the centre of its concerns. It has held ISO 14000 certification since 2014.

30. SNIM is also committed to the ISO 26000 certification process and, since June 2021, has held the AFAQ 26000 model CSR label, confirmed level.

31. Over the years, SNIM has expanded its activities, at the risk of sight of the essential: mining and hydraulic research, the competitiveness of its products, in other words its raison 'être and its perenniality. So, of the 20 subsidiaries, there are not many that are of major strategic interest or whose missions cannot be carried out by the private sector. However, it should be noted that the turnover all these subsidiaries is less than 2% of SNIM's turnover.

32. Until 2020, SNIM communicated little, to the extent that its website was not up to date (beyond the news of appointments and other inaugurations)[10]. Most of the data on the site was several years old, including the financial statements, which were published late. Although the auditors' report was published on time last year, it takes the precaution of warning readers that "the document below is a free translation for French-speaking readers of a report issued in English". One wonders why, in a country where the most widely used languages are Arabic and French. SNIM invokes the IFRS standard, which stipulates that financial statements must be certified in a single language. The choice of English was made to enable signed copies to be shared with foreign partners (financial backers and shareholders). From

[10] For example, the company's official organisation chart is not published on the SNIM website.

copies in Arabic and French are available for use, without prejudice to the content, and the disclaimer is merely a legal precaution.

The marketing system

33. With the change in the system for setting iron ore prices on the international market, SNIM's marketing strategy has given pride of place to "TRADERS" (around 80% of supply was channelled through intermediaries).

34. In reality, selling to large trading houses is common practice in several commodity sectors (oil and gas, coal, iron ore, etc.). This is not to be confused with the widespread pejorative notion of "going middlemen or ghost companies" transact mineral sales. Vale in Brazil, Rio Tinto in Australia and all the other major ore producers regularly sell large portions of their production through these trading houses, with which some them long-term ore supply contracts.

35. Most traders handle annual volumes of several tens of millions of tonnes of ore, which gives them a great deal of flexibility and complementarity between products from different origins, and a better negotiating position with local steelmakers in China. SNIM's annual tonnages account for an insignificant share of their overall portfolio. (Source: SNIM)

Box 5: The context of iron ore marketing

The distance from the Chinese market, which consumes most of the world's ore, has an enormous impact on the margins of SNIM products, which compete with Australian products of better quality (low silica content) and lower freight costs (example, while deductible sea freight was US$6/T for Australian products, it was US$26/T for SNIM products during the same period). It is therefore perfectly normal in the new pricing mode (since 2010) for SNIM products to be discounted in relation to the reference index for iron ore published internationally (Platts) to take account of transport costs (Freight) and the alignment of the quality of SNIM products with the reference quality against which ore prices are published (Platts).
These Platts reference prices are published in CFR China. This discount is therefore due to: i) the deductible freight, which depends on the distance of the ports of destination from the Port of Nouadhibou, and the rates for chartering vessels on the market (and the associated bunkering costs, which make up a large part of the freight costs); ii) the discount, which has nothing to do with a simple rebate granted to loyal customers; it is rather an adjustment linked to the value in use intended to align the price of SNIM products with the Platts reference prices.
Erroneous comparisons of more recent transactions with old transactions prior to 2010 (old pricing system) sometimes give rise to fanciful calculations of "loss of earnings" for SNIM, which, according to these "lay approaches", is selling off its products.
Most of the volumes produced by SNIM are marketed on the basis of annual contracts, with limited recourse to the SPOT market.
SNIM, which handles relatively small volumes compared with other producers on the market, does not carry out transport (FOB Nouadhibou delivery). The freight market remains highly volatile and has further significant increases, particularly since 2017. Also, for reasons of environmental standards imposed by the IMO, shipowners have migrated to new ranges of low-sulphur fuel for ships, which has had a greater impact on freight costs (bunkering costs and fleet stoppages for conversion).

36. Snim has a sales department based in Paris. The contracts it negotiated were relatively transparent (negotiations were open to several people) and contracts were circulated among part of the company's management. The remains, however, that increasingly large discrepancies between reference prices and average actual prices have been noted, and that the marketing system is a sensitive point which can effectively be used as a means of capturing mining rents.

37. For Snim, erroneous comparisons of recent transactions with old transactions from before 2010 (the old pricing system) sometimes give rise to

fanciful calculations of "loss of earnings" for SNIM, which would sell off its products according to these "profane approaches". In fact, these Platts reference prices are published in CFR China. This discount comes from: i) the deductible freight, which depends on the distance of the ports of destination from the Port of Nouadhibou, and the rates for chartering vessels on the market (and the associated bunkering costs, which make up a large part of the freight costs); ii) the discount, which has nothing to do with a simple rebate granted to loyal customers; it is rather an adjustment linked to the value in use intended to align the price of SNIM products with the Platts reference prices.

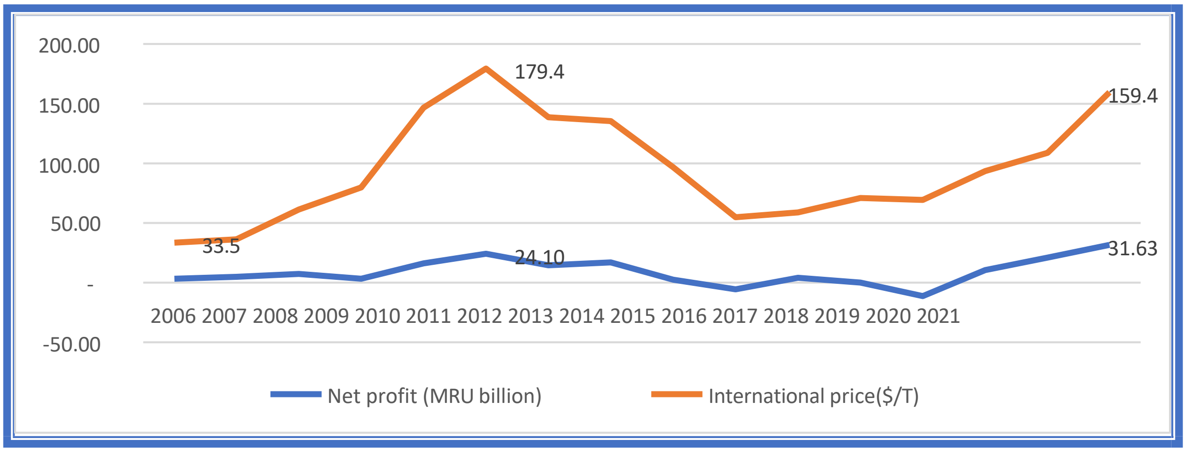
38. The reporting system, judging by the publications on the SNIM website, is limited and has tended to deteriorate over a long period (2010-2020) but has improved in the recent period. In fact, annual activity reports have not been published regularly since 2009, if not very late and with a reduced content compared with the MIFERMA and SNIM newsletters until the early 2000s.

Analysis of shareholder return

39. SNIM's profitability is closely linked to the following factors: i) the price of iron ore on international markets; ii) changes in production costs;
iii) the impact of steel prices on spare parts and equipment, iv) the price of hydrocarbons and iii) the mine stripping ratio (geological constraint).

The graph below illustrates their respective trends.

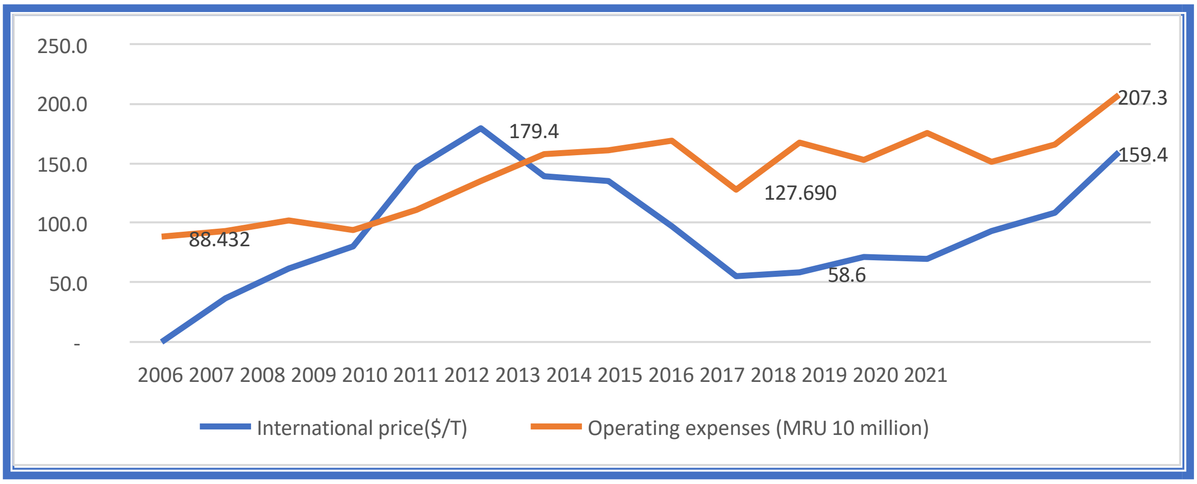
Figure 4: Iron ore prices and SNIM's financial results



40. Analysis of the 2006-2021 series has shown, quite logically, a correlation between changes in ore prices and changes in the company's net results, but it is not as strong as that (R=0.79). This observation is corroborated by the trend in operating costs[11] compared with the trend in prices (figure below).

[11] Linked to activity and investment.

Figure 5: Trend in prices and operating costs



41. SNIM did not distribute any dividends for the years 2016, 2017, 2018 and 2019, but in 2020 and 2021, it paid the State MRU 5.5 billion for the two years.

Box 6: SNIM explanations of correlations

It is quite common in business management for certain expenses and investments to be deferred until the economy improves. As soon as the economic situation improves, the catching up of deferred expenses and investments can explain this lack of correlation. On the other hand, any increase in ore prices translates into an increase in the price of steel and, consequently, of spare parts and equipment. In addition, the increase in operating costs could be explained by the increase in the overburden rate. Historically, until the early 90s, this rate was around 1, or even less. According to the SNIM, it is now necessary to extract an average of 10 to 12 tonnes of waste rock to obtain one tonne of ore. The overburden rate is increasing every year because of the growing difficulty of accessing ore. This is due to the very nature of our deposits.

42. The graph above shows a weak correlation between international prices and operating cost levels (R= 0.35), but when prices improve, the tendency is for costs to increase. Indeed, it is surprising that SNIM was able to hold out in earlier periods when international iron ore prices were fluctuating between US$15 and US$30 in the early 2000s, although it is true that other factors may have come into play.

Box 7: The profitability of subsidiaries and operations outside the extractive sector

SNIM was a shareholder around fifteen associated companies in 2016, but the number has been increased to twenty by 2021. SNIM had partially sold DAMANE (insurance) to the State, which now owns 40% through CDD[12]. In the end, it retained 20% of the capital. Yet DAMANE is a profitable subsidiary[13], thanks in particular to the juicy SNIM market, which partly benefited the national private insurance companies that were excluded from it when DAMANE was set up.
An analysis of the balance sheets of the subsidiaries at 31/12/2021 shows that equity investments have been written down by MRU 3,542 million and provisions have been set aside for a total of MRU 4,702 million. As a result, the value of the shares fell from MRU 9,393 million to MRU 4,691 million. The subsidiaries' results were negative by MRU 36,263 million (auditors' report, 2021).
Dividends received by Snim, all companies combined, in the 2021 financial year totalled MRU 66 million, compared with MRU 78 million in 2020 and MRU 31 million in 2019.

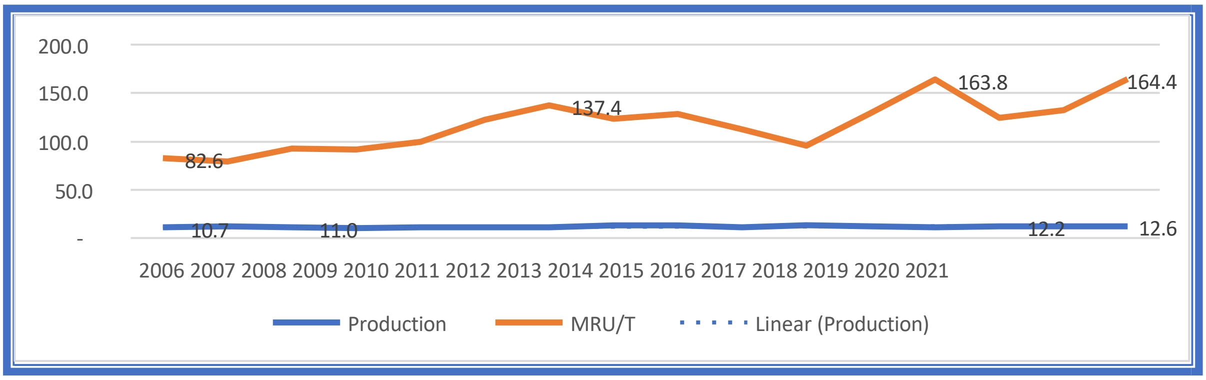
43. The above data explains why costs per tonne produced are high, and raises questions about the competitiveness and sustainability of the company in the event of a prolonged economic downturn? The production curve is virtually flat, while the cost curve is up and down. Does inflation combined with the difficulties of processing poorer and poorer ores explain this trend?

Box 8: Corporate purpose of subsidiaries and SNIM shareholding

1. Société Mauritanienne de Services et de Tourisme (SOMASERT): Management of hotel infrastructure and promotion of the country's tourism potential (100% of capital);
2. Société Arabe du Fer et de l'Acier (SAFA) produces concrete bars and operates a foundry with a capacity of 2,000 tonnes (100%);
3. Société d'Acconage et de Manutention en Mauritanie (SAMMA): Consignment, transit and handling services at the ports of Nouadhibou and Nouakchott (53%);
4. Société d'Assainissement, de Travaux, de Transport et de Maintenance (ATTM) Roadworks and civil engineering; (79%)
5. Construction Mécanique de l'Atlantique (COMECA): Manufacture, assembly and repair of mechanical structural parts, mechanical assemblies and boilerwork (94%);
6. Société Arabe des Industries Métallurgiques (SAMIA): Extraction and sale of gypsum and production of plaster (50%);
7. Granite et Marbre de Mauritanie (GMM)Mining and export of ornamental stone, mainly granite and marble (97%);
8. Gestion des Installations Pétrolières (GIP): Storage, transport and distribution of refined hydrocarbons (68%);
9. Tazadit Underground Mine: Underground mining of iron ore deposits;
10. Damane Assurance provides industrial insurance (20%);
11. El Aouj Mining Company (EMC): El Aouj guelbs ore production (50%) ;
12. Mauritanian Airlines International (MAIL): National and international air transport (15%).
13. Mauritanienne d'Eau et d'Electricité (M2E): Management of water and electricity distribution networks (100%);
14. Mauritania Saudi Mining and Steel (TAKAMUL): Production and export of iron ore (50%);
15. Grand Hôtel de Mauritanie (GHM): Construction and management cost-category hotels (62%).
16. Société de Remorquage Nouadhibou (SRN): The performance of towing activities as well as any boatage and pilotage services in the port of Nouadhibou and in any other port in Mauritania or outside (35%).
17. AMSAGA: Geological exploration and mining activities (production and exploitation)
18. ENGINEEING & CONSULTING ASSOCIES (Enco): studies, consultancy, training and assistance services
19. IQAR: Property development management
20. Générale de l'immobilier (GIM): Construction and management of property development (100% of capital)

[12] A decision to withdraw from GMM, DAMANE and SAMIA was taken in 2015.
[13] It earned Snim MRO 433 million in 2015.

Figure 6: Changes in charges and unit costs 2006-2021



Conclusions:

44. It is clear from the above that the overall organisation of SNIM's governance has suffered in the past from shortcomings that need to be reduced.

45. An analysis of the available data leads to the following conclusions: i) in financial terms, SNIM's profitability could be improved; ii) its social benefits are obvious, but it would be desirable to evaluate them independently[14]; iii) it owes its competitiveness to geography and its survival to the maintenance of high iron ore prices, given that its production costs are so high compared with its main competitors. The focus should therefore be on eliminating the risk factors involved in capturing mining rents and creating the conditions for the company's sustainable development.

Box 9: Extract from the hearing of the former Commercial Director of SNIM before the parliamentary commission of enquiry[15]

"...The material damage to SNIM was immense (evaporation of a colossal windfall that had fallen from the sky), but the most irreparable destruction was that which affected the very foundations of the company: procedures, discipline, sobriety, rigour, professionalism, meritocracy, management autonomy, distance from any political influence, etc. It is this corporate culture that explains the great resilience of the company during all those decades when iron ore prices were very low, and it is also what will be the most difficult to rebuild.... It is this corporate culture that explains the great resilience of the company during all those decades when iron ore prices were very low, and it is also what will be the most difficult to rebuild...".

2.3 The extractive sector

2.3.1 Key business indicators for the extractive sector

46. According to national accounts data, real GDP from extractive activities will fall by 12.6% in 2021, compared with an increase of 2.4% in 2020. This decline can be explained by the contraction in the value added of mining and quarrying activities.

[14] Its governance system shows that it can do better on both counts

[15] The commercial director at the time (2011-2012) pointed the finger at the former regime's interference in the company's commercial affairs, which was one of the reasons for his resignation. This interference is completely contrary to the independence that is SNIM's strength.

gold and copper ore (down 46% compared with an increase of 2% in 2020). Only the iron ore business grew in 2021.

47. **In 2020:** SNIM's iron ore production reached 12.5 million tonnes compared with 12.2 million tonnes in 2019, an increase of 2.5%, with a contribution to nominal GDP of MRU 38.9 billion, or 12.7% (35.2% for the secondary sector as a whole). Gold production (excluding gold miners) stood at 454.1 thousand ounces, while copper ore production 28 thousand tonnes.

48. **In 2021**: SNIM's iron ore production rose slightly to 12.6 million tonnes from 12.5 million tonnes in 2020. In contrast, gold production fell by more than half in 2021 compared with 2020: 193.7 thousand ounces compared with 454.1 in 2020. This sharp drop is the result of the plant shutdown following the fire in June 2021. The same downward trend was seen in copper production, which stood at 18.8 thousand tonnes in 2021, compared with 28 thousand tonnes in 2020. However, in terms of nominal GDP from mining activities, an increase of 22.9% compared with 2020 has been recorded. The contribution of iron ore to overall nominal GDP was 14.3% in 2021, compared with 11% in 2020.

49. The extractive industries have therefore stood up well to the COVID-19 pandemic, unlike non-extractive industries, which have been significantly affected. Transport, trade and services were affected by the containment measures. Fishing activities have also suffered from the drop in global demand at a time when the agricultural sector is experiencing a drought that is more severe than usual. As a result, the non-extractive sectors recorded a contraction in 2020 that was broadly in line with expectations (2.9%), but the development of the extractive sectors limited the overall contraction in GDP to 0.9% in 2020 (compared with the initial estimate of 3.2%). In 2021, overall GDP growth was positive at 2.4%.

Box 10: Strengths and weaknesses of the Mauritanian mining sector

Mauritania to join the ranks of mining countries by 2020-2021
The criteria generally accepted to qualify a country as a "mining country" concern: exploration and exploitation permits; the size of the national mining estate; the overall volume of national production and processing capacity.
Sector strengths: i) geological diversity; ii) a relatively low volume of geological research; iii) the presence infrastructure (ports,); iv) the presence of gas, a potential trigger for the transformation era; v) unrivalled potential for renewable and renewable energy sources.
vi) a range mineral showings.
Weaknesses in the sector: the capacities of most of the players are weak: public authorities; professional organisations; NGOs/neighbouring communities; employees/trade unions; universities and the media.
It should be noted that Peru, which is ranked 10th in the world in mining, produces nearly USD 30 billion (Statista, 2019), more than 15 times SNIM's turnover.

2.3.2 Strengths and weaknesses of the legislative and regulatory framework for the mining sector[16]

50. Four main periods can be identified in the history of the legal framework for the national mining sector: i) the 1954 AOF mineral substances regime; ii) the first national mining code dating from 1977, with its successive revisions (1977 ;

[16] For the years 2020 and 2021, only mining taxation is of interest to Mauritania.

1980 and 1988); iii) The 1999 Mining Code and iv) The 2008 Mining Code and its subsequent amendments (2009; 2012 and 2014).

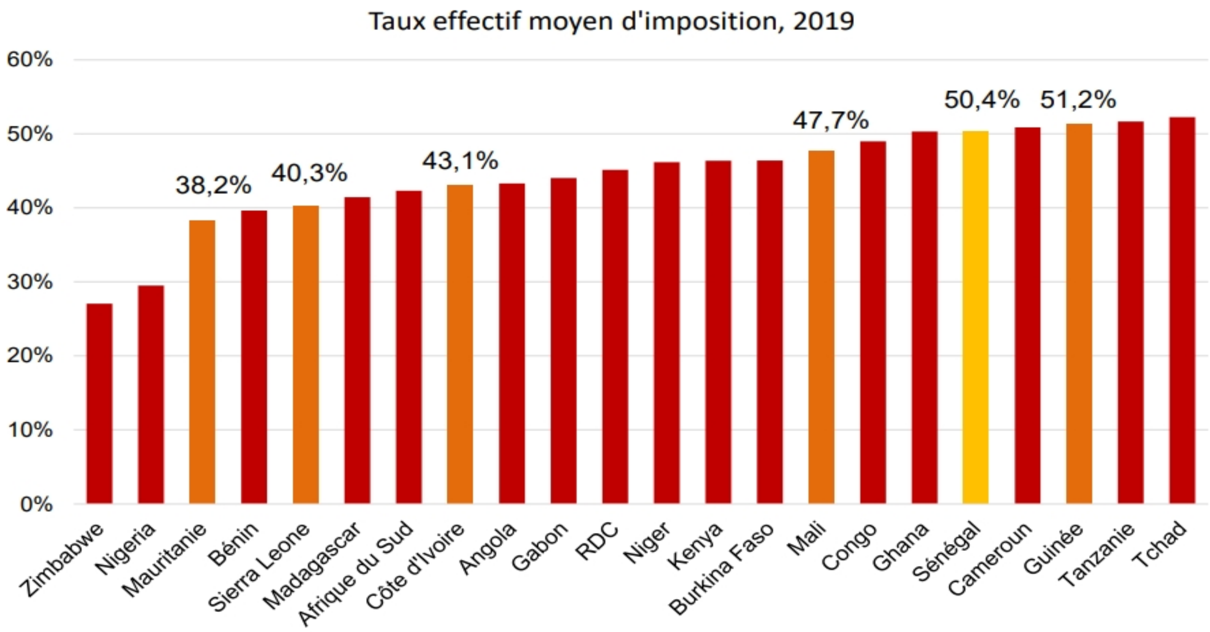
51. The current code has four main points: i) types of mining regimes ; ii) the main mining titles (duration, surface area, rights); iii) incentives under the mining code; and iv) mining taxation.

52. The main levers for deriving the greatest direct benefits from the exploitation of mining resources are :
    - ✓ Exploitation royalties: These are generally between 2% and 6% (except for precious stones). For gold, several countries have raised the rate to 5%, while Mauritania has adopted a variable rate based on the price of gold (between 4 and 6.5%). For other minerals, royalty rates are in the category of countries with above-average royalties.
    - ✓ Income tax**:** the average income tax (BIC) in Africa was 23.2% (OECD figures, 2019) but tax levels have converged in recent years and are now in the 20-30%. range, while in Mauritania the BIC is 25%.
    - ✓ Tax on mining rents: this is a potentially important lever, but it is difficult to implement because of, among other things, the lack of monitoring resources apart from direct involvement in the management of mining companies. Details of mining taxation can be found in Appendix 9.2.

Box 11: Tax modelling

Tax modelling :
Tax modelling is used to assess how mining rents are shared between a state and an investor. The use of a model makes it possible to summarise and compare even very different tax regimes with greater precision than a simple comparison of tax rates. For example, the average effective tax rate (METR) on a mining project determines the proportion of the mining income that accrues to the State. The level of the METR will depend not only on the tax system, but also on the economic conditions of the mine, in particular production costs and ore prices.
FERDI has designed a mining rent-sharing model that compares the METR for a single gold mining project under the tax legislation available for 22 African countries over a long period. The graph below shows that Mauritania is one of the three countries with the lowest METRs. It would be interesting to know why.

Figure 7: Comparison of METRs in 22 African countries



Source : L'auteur, « Mine à moyenne teneur », 1400 $/oz, Ferdi, https://fiscalite-miniere.ferdi.fr/

53. The evolution of the METR reflects the difficulty of arbitrating between the desire to attract investors by granting tax advantages and revenues that are limited in relation to expectations, particularly if the tax system is not progressive in the event of a rise prices and if it cannot be revised because of tax stability clauses. Hence the importance of simulating and aiming for a "fair sharing of mining rents" model before agreements are signed.

Box 12: A brief history of gold panning in Mauritania

story of artisanal gold panning in Mauritania began in 2016 in the Inchiri region and in 2017 in Tiris Zemmour. The gold rush sent thousands of young people, unemployed or otherwise, into the desert to carry out activities that had been little-known until then. It took the authorities by surprise when they were faced with a flood of unregulated people, a legal vacuum and major ecological, health and safety risks. The authorities reacted by adopting emergency regulatory measures before creating a company (MAADEN Mauritania) in 2020 to oversee artisanal and semi-industrial mining production.

During 2021, it carried out various projects, including the launch of construction work on the centre artisanal and semi-industrial mining in the Sfeyrat area (Tiris-Zemmour). In agreement with the Agence Nationale de Recherches Géologiques et du Patrimoine Minier, gold mining map will be drawn up with the dual aim of serving as a reference and guide for gold miners and investors.

With a view to improving conditions for artisanal and semi-industrial mining at gold panning sites, a number of projects have been launched for 2021: a project create a water supply network, desalination units and drill wells to draw water to the gold panning sites; a project to establish two gold-bearing rock processing sites housing 3,000 crushers; a project to open up gold panning area by building 29 km of dirt road. Other projects involve extending the mobile phone network and providing relaxation areas and personal protective equipment.

BCM's programme of purchases raw gold from local miners will total 3.5 tonnes in 2021, compared with 4.6 tonnes in 2020 (down 22.9%).

2.4 Conclusions

54. The economic and social context in 2020 and 2021 was strongly marked by the global health crisis (COVID-19). Only the mining sector maintained its activities, but TLMSA (Tasiast) experienced technical difficulties due to a fire. Although production volumes have tended to stagnate, the rise in mineral prices has helped to consolidate the mining sector's development indicators. The short- and medium-term outlook should focus on improving local mining content in order to increase the benefits of extractive activities.

55. The hydrocarbon sector has maintained a certain level of activity, both in exploration, with the presence of Total Energies, Shell and Cairn, and in development, with the implementation of the first phase of GTA, which is scheduled to come on stream in 2023.

III. The methodology adopted

56. The methodology adopted consisted of implementing a process based on the following steps: i) data collection and preliminary scoping, in particular using the Data Warehouse; iirisk analysis of the quality of available data and iii) analysis government revenues, disclosed in a disaggregated manner in accordance with Requirements 4.7 and 4.9, in relation to the application of international standards. Non-revenue information was also reviewed in accordance with Requirements 2, 3, 5 and 6. The sources of contextual information are indicated, as well as links and other means of access made available to the general public.

3.1 Data collection and preliminary analyses

57. As in 2019, the Date Warehouse was the main and most efficient data collection tool, but the information had to be supplemented, compared with other data sources, and the reliability of the methods used had to be assessed. In particular, data was collected the Central Bank of Mauritania (BCM), the Directorate General of Taxes (DGI) and the Directorate General of Customs (DGD).

3.1.1 Data collection

58. It was carried out with the support of the Permanent Secretariat of the CNITIE using the electronic data submission module for the online declarations of extractive companies (form on Data Warehouse). In addition to payment data, the online declaration form includes the information required by the 2019 EITI Standard.

Box 13: Systematic disclosure of data

Decree No. 2019-141 of 01/07/2019 endorsed the requirement for the systematic disclosure of data from the extractive sector by administrations and by operators in the extractive sector. Administrations and operators publish data of which they are the source on their respective publication platforms (website or others). **Systematic disclosure makes** it possible to provide up-to-date, reliable and permanently accessible information.
Systematic disclosure/reconciliation requires the creation of a central database. The
The "**Data Warehouse (DW)**" was created with the support of GIZ. It has been in operation since 2019. It was used extensively in the preparation of the 2019 EITI report. The system is accessible to stakeholders in the extractive sector (administrations and operators) who supply data, as well as to the public, via the following links: A central web services application enables stakeholders in the extractive sector to automatically load their data into the Data Warehouse.

100% of public authority data has been uploaded to the DW. The table below shows the percentage of operators who have posted their declarations on the Data Warehouse, and identifies the pitfalls in declaring on the platform.

Table 5: Summary of statements on DW 2020-2021

Operators	Statement on DW		Comments
	2020	**2021**	
Miners	100%	100%	
SNIM	Yes	Yes	
TMLSA	Yes	Yes	Delayed (Dec. 2022) due to difficulties techniques
MCM	Yes	Yes	No problems to report
Hydrocarbons	75%	75%	
BP	Yes	Yes	
SHELL	Yes	Yes	
TOTAL	Yes	Yes	
EXXON	No	No	
CAIRN	Not concerned	Yes	

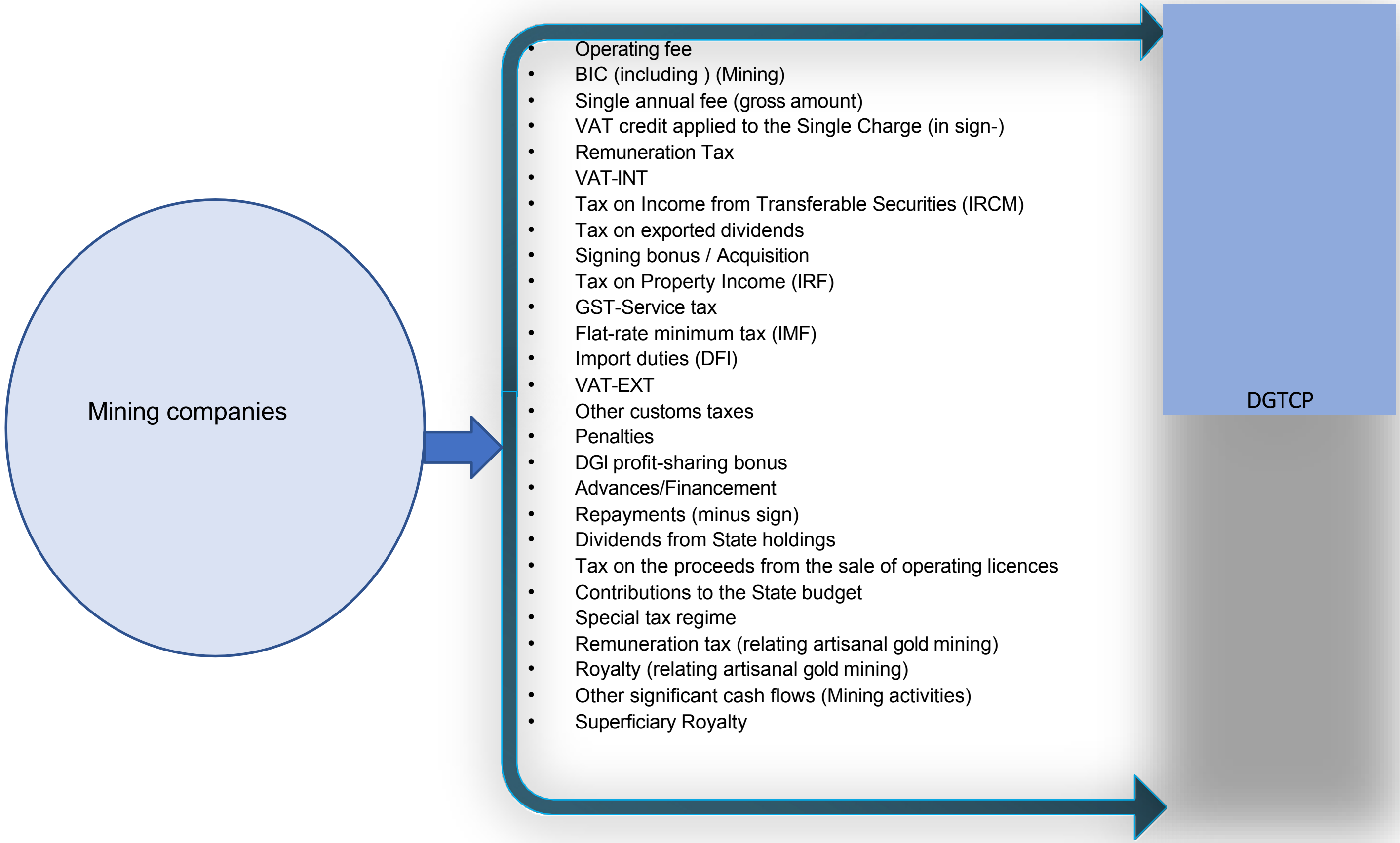
3.1.2 Preliminary analysis

59. An assessment was made on receipt of the declarations in order to carry out the necessary reminders. An initial reconciliation of the payment flows declared by the extractive companies with the revenues declared by the collecting bodies was carried out to identify any significant discrepancies and to determine their origin. The analysis of the discrepancies took account of the CNITIE guidelines on the scope and acceptable margin of error (Chapter IV).

3.1.3 Data assurance procedures

60. In principle, "a credible independent audit in accordance with international auditing standards" (EITI standard) is required, but in practice and in some cases (TLMSA and MCM), additional efforts were required to obtain the auditors' reports (not published on the sites). This document has been prepared on the basis of data provided by the reporting parties, cross-checked with other sources.

61. Payments made by mining companies to the State in respect of their extractive activities are paid into the Compte Unique du Trésor Public (CUTP). The diagram below shows the flow of payments from the mining sector.



3.2 Risk analysis

62. In view of Mauritania's participation in the pilot project, it is planned to: i) compile the data collected from companies presenting moderate or high risk on basis of information provided by reporting entities on their payments and revenues, sometimes broken down by project, company, public entity and revenue stream; ii) reconcile, on a sample basis, the data according to the results of the preliminary analysis and the data collected, and correct any discrepancies exceeding the margin of error accepted by the Multi-Stakeholder Group.

63. Assessing and classifying the risk for each income stream and company is problematic in the absence of objective criteria. Therefore, we have not found a better criterion than the existence of tax adjustments that have been made in the recent period.

64. The selection of the three companies (SNIM, TLMSA and MCM) for reconciliation is also based on the fact that they account for the bulk of mining sector revenues, with payment trends declared to the government that the government (DGI) has often contested over the years through tax reassessments and litigation[17]. Only SNIM could present a moderate risk due to the absence of tax disputes over the past four years (Source: DGI).

65. Analysis of the data provided by the DGI and consultations with the supervisory ministry (MPME) have not made it possible to define criteria for classifying companies according to the risk of false declarations of their payments to the government.

66. That's when the option of selecting the three largest companies came to mind. In addition, to date they have been slow to share information or publish audit reports. The three companies SNIM, TLMSA and MCM account for almost all the extractive activities. The overall quality of the data depends to a large extent on the reliability of data they declare.

3.3 Revenue analysis

67. The revenue analysis was carried out with reference to the following elements: i) the evolution of SNIM, TLMSA and MCM payments over the period 2018-2021; ii) the reconciliation between the companies' payments (each of the two companies is included in a project, in accordance with the definition used by the GMP) and they are required to pay in reference to the tax system; iii) the fairness of the tax regime in relation to the Project over the period 2018-2021, with reference to the tax base (production, volumes, values and production costs); iv) the main revenue streams (production tax and profit tax); v) a description of the tax conditions specific to the Project (general legislation, special tax clauses).

68. The analysis of the data resulting from the above work has made it possible to: i) make an approximate comparison between expected revenues and those actually received (i.e. 2018-2021) and ii) draw lessons from the findings, in particular to determine whether the comparison between expected revenues and those actually received can constitute an alternative to reconciliation, assessing the reliability of the data, and to what extent it could be used for the preparation of subsequent reports.

[17] Which is not in itself sufficient insofar as we do not know who is wrong.

IV. Results of the scoping exercise and preliminary analysis

69. The initial findings were presented to the MOC at its meeting held on Thursday 28 July 2022 at 11 a.m. when it examined the scoping report. In particular, the following was noted:

4.1 The perimeter

Period covered :

70. This EITI 2020-2021 report covers payment flows made between 1 January 2020 and 31 December 2020 and from 1st January 2021 to 31 December 2021. They have been analysed either separately or simultaneously depending on the nature of the topics.

Sectors covered :

71. The 2020-2021 EITI Report covers the oil and gas and mining . Gold mining is excluded.

The scope of the business combination :

72. Analysis of the preliminary data led us to propose the same materiality criteria as the 2019 report. Namely: presence on the land register and a materiality threshold of US$100,000 (approximately MRU 3,550,000). These were approved.

73. On this basis, we have identified 8 mining companies and 5 oil and gas companies for 2021, i.e. a total of 13 companies, 13 of which appear on the 2021 register. The list companies included in the perimeter and the calculation details are attached.

74. In 2020, 5 mining companies and 5 in the hydrocarbons sector were identified (summary table below). The coverage rate is 100% for both sectors.

Table 6: Summary of materiality criteria adopted by the EITI National Committee

Criteria	Mining sector		Oil and gas sector	
Materiality criteria for selecting companies within the scope of the reconciliation	Mining companies whose total payments declared by the collecting bodies are greater than MRU 3 550 000		All oil and gas companies.	
Materiality criteria for a unilateral declaration by State	Mining companies total payments exceed the materiality threshold of 3 550 000 MRU		All oil and gas companies.	
Number of companies selected for unilateral declaration by the State	2020	2021	2020	2021
	5 companies	8 companies	5 companies	5 companies
Overall coverage rate for the reconciliation exercise	2020	2021	2020	2021
	90%	92%	100%	100%

The scope of the merger of collecting bodies :

75. Based on the perimeter determined by the National EITI Committee, five (5) collecting bodies have been selected to declare payments received from extractive companies on behalf of the State. These are: the DGTCP; the DGD; the DGI; the DGM; and the DGH.

Scope of flows :

76. Materiality criteria adopted by the EITI National Committee: for the 2020-2021 EITI report, the CN/ITIE-Mauritanie decided to maintain all the flows retained in the scope of previous years plus corporate income tax, which was introduced in 2021 (30 flows). For the 2020 and 2021 financial years, payment in kind flows have been recorded.

Table 7: Flow mapping 2020-2021

1. Environmental Commission
2. Flat-rate minimum tax (IMF)
3. Signing bonus
4. Other significant payment flows
5. Capacity building
6. Other customs taxes
7. Contributions to the Training Fund
8. SNIM dividends
9. Import Tax Duty (ITD)
10. Impôt sur le Revenu des Capitaux Mobiliers (IRCM) (+)
11. Tax on property income (IRF)
12. Personal income tax on business profits
13. Industrial and commercial income tax (including advance payments)
14. Tax on salaries and wages
15. Corporation tax (IS)
16. Penalties
17. Patent
18. Special tax regime
19. Single annual fee (gross amount)
20. Operating fee
21. IT fees
22. Statistical fees
23. Superficiary Fee
24. Apprenticeship
25. Corporate gross margin tax
26. Remuneration tax
27. Value added tax
28. Tax on imported tonnage
29. VAT - EXT (+)
30. Sale of seismic data

4.2 The margin of error

77. The CN/ITE-Mauritanie, after examining the preliminary data, adopted a tolerance margin of 2%.

4.3 Sampling

78. We have deliberately chosen to focus our analysis on the three mining companies that present the greatest risk. These are SNIM, TLMSA and MCM. The first is 78.35% state-owned, while the other two are branches of private companies. In reality, most of the extractive activity is carried out by SNIM and the two foreign companies TLMSA and MCM. Between them, they account for more than 99% of the value of mining exports.

79. With regard to hydrocarbons, none of the companies in the sector were in the exploitation phase during the two years 2020 and 2021. All are branches of multinationals listed on the stock exchange and in the exploration phase.

4.4 Audits and controls carried out during the period 2020-2021

80. One of the weaknesses of transparency in the extractive industries and beyond is the lack of rigour in the choice of auditors and the virtual absence of transparent criteria for membership of the national association of chartered accountants. Members are in fact appointed by order of the Minister Finance, in principle on the recommendation of the board of the national association chartered accountants, but on the basis of criteria that are deemed to be opaque. The number of members has risen sharply (71 people[18] by 2021) to 147, most of whom do not have the references or experience normally required[19]. This is a sensitive issue in terms of prevention, moralisation and dissuasion of the behaviour of public and private managers.

81. As already emphasised in the 2019 report, there is an urgent need to reorganise the profession through transparent criteria for access to the power to certify accounts, delimit prerogatives, to impose scrupulous compliance with standards, and to introduce requirements for transparency in the operation of the Order and the morality of its leaders.

82. One of the difficulties encountered access to the audited financial accounts, which were sent to us late and in summary formeven though they were supposed to be published at the end of the first quarter of each year. It should be acknowledged that SNIM has published its 2020 and 2021 accounts on its website, but most of the observations made in the 2019 report remain valid.

83. The FNRH audits were carried out for the years 2015; 2016; 2017; 2018; 2019 and 2020 but the reports have not been published. Only the 2021 financial year has not yet been audited.

[18] Some accountants claim that only 9 were registered as trainees.
[19] A group of chartered accountants have joined forces and have challenged election of the executive committee and the lists added to it in court (Order 1026 of 30 August 2021 of the Minister of Finance).

Box 14: The system for controlling public funds

For public administrations, in addition to internal inspections, the control bodies are: the Court of Auditors, the Inspectorate General of the State and the Inspectorate General of Finance, but there is little coordination between these institutions.

The Cour des Comptes (CC) is a constitutional institution. It is responsible for judging the accounts of public accountants and, appropriate, mismanagement. Article 68 of the current Constitution provides for an organic law to govern its organisation, operation and independence in the area of public finance control. This law has just been promulgated, along with its implementing decrees. The CC is required to assess public accounts, assist parliament and the government in overseeing the implementation of finance laws, verify the regularity and fairness of revenue and expenditure described in public accounts, and audit the accounts and management of public companies. It may audit the accounts and management of any body in which the State or entities subject to the control of the Cour des Comptes, hold directly or indirectly, separately or together, a stake in the share capital as well as any body receiving financial assistance or economic aid from the State or any other entity subject to the control of the Cour des Comptes. It draws up a report on each settlement bill, which it forwards to Parliament, together with the general declaration of conformity between the individual accounts of the accounting officers and the general account of the financial administration. The most recently published report relates to the Settlement Bill for 2021. The Cour des Comptes is a member of the International Organisation of Supreme Audit Institutions[20] (INTOSAI) but application of INTOSAI standards remains partial, due among other things to a lack of human resources and a hostile environment linked to inadequate governance. This is probably why its annual reports on its audit activities are not made public.

The Inspectorate General is headed by an Inspector General, who now reports to the President of the Republic (Decree No. 18-2022 of 10 February 2022). The Inspector General is assisted by a variable number State Inspectors, Deputy State Inspectors Auditing Inspectors who are appointed by presidential decree. The sensitive nature of their missions raises questions about discretionary choice that may taint the credibility of their investigations. The IGE has many objectives. They include the promotion of: i) good , the fight against corruption and economic offences; ii) good governance and the improvement of the performance of public administrations; iii) the evaluation of public policies and programmes in order increase their efficiency and results; iv) and the fight against imputability in the management of public affairs, in particular through the investigation and detection of management offences, and their effective punishment.

The General Inspectorate of Finance (IGF) is placed under authority of the Minister of Finance and its

Its activities cover all sectors of the public sectorcentral government, regional and local authorities, public establishments, publicly-owned companies and any body receiving financial assistance from the State or carrying out a public-interest mission.

For public establishments and companies with public capital, an order of the Minister of Finance appoints one or more Auditors. Their annual mandate is to audit the books, cash, portfolio and assets of the establishment or company and to check the accuracy of the inventories, balance sheets and accounts[21]. They are also subject, necessary, to audits by the CC, IGF and IGE.

Despite the existence of appropriate institutions and legal texts, it must be acknowledged that there are shortcomings in the number and quality of competent human resources to improve audit practices in Mauritania. The profile of statutory auditors and auditors, the transparency of their selection, the communication of reports and sanctions are all pledges for the emergence of a culture of accountability.

[20] http://www.intosai.org/fr/sur-lintosai.html

[21] Order no. 90-09 of 4 April 1990 on the status of public establishments and companies with public capital, and governing the relations of these entities with the State.

Table 8: Audit practices in the extractive sector

Actor	Published accounts	Reports published audit reports	External auditor	Standards applied accounting	Audit of accounts (frequency)	Standards applied
TLMSA	No	No	Yes	IFRS	Annual	International standards audit (ISA
MCM	No	No	Yes	IFRS	Annual	International Standards on Auditing (ISA
Oil companies	No	Yes	Yes	IFRS	Annual	
SNIM (3)	Yes	Yes	Yes	IFRS for previous financial statements	Annual	International Standards on Auditing (ISA)
SMH	Yes	Yes	Yes		Annual	

4.5 Real property

84. The issue of beneficial ownership is the Achilles heel the progress made in recent years. Decree No. 2021-033/PM/MJ/MCIT on the Trade and Personal Property Securities Register contains inadequate provisions regarding the content of the EITI Declaration form, which will have to be adapted once the decree has been rectified or supplemented by implementing orders. These orders will have to specify the list deeds and supporting documents that must accompany the forms. Despite the efforts and initiatives of CNITIE-Mauritania, the decree is still at the stage of being finalised.

85. In the meantime, the form for the years 2020 and 2021 has not been presented to operators in the extractive sector, who consequently have not submitted any responses relating to Real Ownership. In reality, this only concerned mining companies, as most companies in the hydrocarbons sector are listed on the stock exchange, being subsidiaries of large multinational companies. As for SNIM and SMH, these are state-owned companies and are not affected by the declaration on beneficial ownership.

The legal framework

86. As already pointed out in the EITI 2019 report, one of the shortcomings is that Mauritania does not yet have a specific legal framework for the disclosure of beneficial ownership (BE) data. As a result, there is no public register of Beneficial Owners of companies bidding, operating or investing in extractive activities. This gap still exists but, at the time of our intervention, it seems to be considered a major concern to such an extent that it is planned to devote the year 2023 to it.

87. It should be recalled that the CN-ITIE carried out a study on beneficial ownership disclosure in December 2019[22]. Its objectives were to: i) propose to the EITI NC *a definition and identification of Beneficial Owners of Companies*

[22] http://www.cnitie.mr/itie-fr/images/etudes/DV-NLK-ITIE-ETUDE.pdf

of the extractive sector; ii) identify all the means likely to make these Ultimate Beneficiaries known to the widest possible audience by the deadline of 01/01/2020; iii) formulate recommendations to be included in the CN-ITIE's roadmap.

88. The CNITIE had the following objectives: i) to diagnose the legal, institutional and organisational framework; ii) to identify all companies and individuals subject to the beneficial ownership disclosure requirement; iii) to collect the data necessary to identify beneficial owners; iv) to establish a threshold for the declaration of beneficial ownership; v) identify the various structures responsible for registering companies and monitoring beneficial ownership, as well as the obstacles that may hinder the disclosure of beneficial owners; vi) define the framework and mechanisms for collecting data on beneficial ownership; vii) ensure the reliability of the data disclosed and; viii) provide access to data on beneficial owners.

89. The circulars sent to the DGM and DGH and to the managing directors and representatives of mining and oil companies in 2019 to require disclosure of Effective Ownership[23] did not produce any results and since then the process has stagnated.

Box 15: Extract from Decree No. 2021-033

Article 4: The application forms for initial registration, amendment or deletion or the local trade register, the declaration of beneficial , as well as the forms for the Central Trade Register are computerised and kept in the form of an electronic file. application for initial registration, amendment, deletion or search, or the Register of Transferable Securities are defined by order of the Minister of Justice. The list deeds and supporting documents that must accompany these forms is set by the same order.
Article 5: The Trade and Personal Property Security Register is public.
All the information contained therein is public and accessible to the public, with the exception of that relating to the register of beneficial owners.
Article 6: Local Trade Registers and beneficial owner registers may be kept in the form of books or electronic files.
Files are kept and updated in the local registries or central registry.

Declaration of Beneficial Owners through the 2020-2021 EITI reporting process

90. The Roadmap for the disclosure of Beneficial Ownership was published in December 2016 with a view to the disclosure of data on Beneficial Ownership from 1st January 2020. To this end, the CN-ITIE had set up a Working Group supported by members of the Technical Secretariat, but few results were recorded during the 2020-2021 period. The objectives of the roadmap are: i) to adapt the legal and regulatory framework to the requirements of the beneficial ownership standard (PRP); ii) to establish a register of beneficial owners of extractive companies operating in Mauritania; iii) facilitate access to beneficial ownership data; and iv) to counter any form of conflict of interest[24].

[23] http://www.cnitie.gov.mr/itie-fr/images/textes/L-DGH-du-18-02-2020-n147-Circulaire-Lattention-des-Oprateurs-Ptroliers-Declaration-of-staff-beneficiaries-and-legal-properties-within-the-law-framework.pdf

[24] *The roadmap was last updated in December 2019. It has been published on the EITI website International on the following link: http:*//www.cnitie.gov.mr

Box 16: Definition of Beneficial Ownership and Politically Exposed Persons (PEPs)

The definition adopted by the CN-ITIE is as follows: *"the Beneficial Owner is any person who ultimately owns or controls the customer and/or the natural person for whom a transaction is executed or an activity is carried out. Beneficial owners include at least: (a) in the case of companies: (i) the natural person(s) who own(s) or control(s) a legal entity, direct or indirect ownership or control of a sufficient percentage of the shares or voting rights in that legal entity, including bearer shares, other a company listed on a regulated market which is subject to disclosure requirements in accordance with applicable law or equivalent international standards. A percentage of 25% of the shares plus proof of ownership or control by participation, and it applies to any level of direct or indirect participation; (ii) if it is not certain that the persons referred to in point (i) are the owners, the natural person or persons who exercise control over the management of the legal entity by other means".*
All listed companies, including their wholly-owned subsidiaries, must specify the stock exchange on which they are listed and provide a link to the documentation filed with that stock exchange. In the case of joint ventures, each entity must disclose the identity of its beneficial owner(s), unless it is listed on a stock exchange or is a wholly-owned subsidiary of a listed company. Each entity within the partnership is responsible for the accuracy of the information provided.

91. Mauritania is lagging behind in terms of the specific legal framework for the disclosure of beneficial ownership data. This is due to the absence of a clear definition of the concept of control and beneficial owner in the Mining Code, the Hydrocarbons Code and the texts governing commercial companies in Mauritania. It is expected that this gap will be filled as part of the current revision of these texts.

92. As part of its efforts to comply with Requirement 2.5 of the 2019 EITI standard, the CN-ITIE had decided to disclose the Effective Ownership data of the companies selected in the 2020 and 2021 scopes but, as mentioned above, the process has been temporarily frozen pending revision of the legislation.

Box 17: Politically exposed persons

A politically exposed person (PEP) is someone who holds or has held an important public position (including close family members and close associates). This includes heads of state or government, senior politicians, senior civil servants, judges, members of the military, directors of state-owned companies, senior officials of political parties or former officials, if they still hold influential roles. Family members by blood, marriage or civil partnership may include individuals beyond the immediate family. Associates may be people with personal, social and professional relationships. The identity of Politically Exposed Persons (PEPs) with a shareholding of more than 5% in the company must be declared.

93. table below has been compiled by gathering information from various sources. Most of the data relates to legal ownership.

Table 9: Information on beneficial ownership

N°	Company	Shareholder	Participation	Information on real property
1	Société Mauritanienne des Hydrocarbures et du Patrimoine Minier (SMHPM)	Mauritanian State	100%	SMHPM is a public company 100% owned by the Mauritanian State.
2	Total E&P Mauritania Blocks C7 ; C15 ; C18 ; C31	Total Holdings International BV	100%	Total Holding International BV Netherlands is 100% owned by Total Energies, which is listed on the CAC40.
3	Tullow Oil (Block C3) in 2020	Tullow Oil shareholders	100%	The parent company is listed in London, Ireland and on the London Stock Exchange. Ghana
4	BP Mauritania (Blocks C8-C12-C13-C6)	NC	NC	BP Mauritania is a subsidiary of BP Corporation, a British company listed on the stock exchange.
5	ExxonMobil (Blocks C14-C17-C22)	NC	NC	Exxon Mobil Mauritania is a subsidiary of Exxon Mobil Corporation, an American oil and gas company listed on the New York Stock Exchange under the XOM symbol.
6	Capricorn Mauritania Limited Block C7	Capricorn Mauritania Limited and SMH	90¨% and SMH10%	The company is incorporated in Scotland and has its registered office in the United Kingdom.
7	Shell Block C10 and C19	Shell exploration and production Mauritania B. V	100%	Netherlands
8	SNIM	Mauritanian State	78,35%	SNIM is 78.35% owned by the Mauritanian state.
		Industrial Bank of Kuwait	7,17%	
		Arab Mining Company	5,66%	
		Iraq Fund for External Development	4,59%	
		Office National des Hydrocarbures et des Mines (National Hydrocarbons and Mining Office)	2,30%	
		Islamic Development Bank	1,79%	
		Private Mauritanians	0,14%	
9	MCM	FQML	100%	FQML is listed in Toronto, Canada
10	TASIAST Mauritania LTD SA	Red Back Mining B.V.	99,99%	The parent company is listed on the Toronto and New York stock exchanges.

4.6 Conclusions

94. Despite the particular context of the years 2020 and 2021 with the advent of the COVID-19 pandemic, the data collection work has been considerably simplified thanks to the powerful tool that is the Data Warehouse. The analysis focused on the three mining companies (SNIM, MCM and TLMSA) that carried out almost all the extractive activities, excluding gold panning, which was not included in the scope.

95. On the other hand, as demonstrated above, there are persistent shortcomings in terms of audit practices in Mauritania and the Declaration of Beneficial Owners, for which solutions are overdue (compliance with Requirement 2.5 of the 2019 EITI standard).

V. Data declared for 2020 and 2021

96. The data declared on the Data Warehouse relates to production, exports, flows and social and environmental expenditure.

5.1 Mining production

97. In 2020 and 2021, iron ore, gold and copper ores will make up the bulk of mining production, leaving aside gold panning activities. SNIM and TLMSA produce exclusively iron and gold respectively, while MCM produces mainly copper and small quantities gold and iron ore. The table below summarises production by company, year, substance and volume.

Table 10: Summary of mining production in 2020 and 2021

Substance	Iron (T)		Gold (Kg)		Copper (T)	
Year	2021	2020	2021	2020	2021	2020
SNIM	12 618 000,00	12 516 000,00	0,00	0,00	0	0
TLMSA	-	0,00	5 303,00	12 644,00	0	0
MCM	357 615,96	543 719,93	1 195,35	1 481,60	18 845,18	28 491,14
Total	**12 975 615,96**	**13 059 719,93**	**6 498,35**	**14 125,60**	**18 845,18**	**28 491,14**

98. The table below gives details of production in terms of quantity and value, and by project.

Table 11: Production by company, project, volume and value in 2021

Substance	Company	Project	Unit (Volume)	Production	
				By volume	In MRU value
Iron	SNIM	Kédia	Tonne	4 034 000	18 834 559 412,56
Iron	SNIM	M'haoudat	Tonne	2 735 000	12 769 588 496,12
Iron	SNIM	Guelb	Tonne	5 849 000	27 308 710 462,08
Gold	MCM	2 C2	Kg	1 195	2 242 163 280,92
Gold	TASIAST	229 C2	Kg	5 303	9 430 062 007,25
Gold	ORPAILLEURS[25]	INCHIRI& TIRIS	Kg	3 500	
Copper	MCM	2 C2	Tonne	18 845,18	5 518 429 037,80
Iron	MCM	2 C2	Tonne	357 615,96	507 403 620,77
			Total		**76 610 916 317,50**

99. In terms of projects, SNIM (iron) derives most of its production from the Guelbs and Kédia projects, which account for more than 78% by volume and value.

Table 12: Production by company, project, volume and value in 2020

Substance	Company	Project	Unit	Production		
				By volume	By value (USD)	By value (MRU)
Iron	SNIM	Kedia	Tonne	4 552 000	463 234 926	16 444 839 908
Iron	SNIM	M'haoudat	Tonne	2 015 000	205 056 761	7 279 515 029
Iron	SNIM	Guelb	Tonne	5 949 000	605 400 830	21 491 729 484
Gold	MCM	2 C2	Kg	1 481,69	75 622 909	2 684 613 286
Gold	TASIAST	229 C2	Kg	12 644	722 865 911	25 661 739 864
Gold	ORPAILLEURS[26]	INCHIRI & TIRIS	Kg	4 600		
Copper	MCM	2 C2	Tonne	28 491	158 704 194	5 633 998 906
Iron	MCM	2 C2	Tonne	543,719	27 462 494	974 918 537
				Total	**2 258 348 025**	**80 171 355 014**

[25] Portion of production purchased by BCM
[26] Portion of production purchased by BCM

5.2 Exports

100. While iron ore exports remained at the same level in volume and value in 2020 and 2021, gold exports fell by almost half due to the underperformance of the TASIAST mine in 2021 as a result of a fire. There has also been a fall in copper exports, as shown in the tables below.

Table 13: Summary of export volumes by company, substance 2021-2020

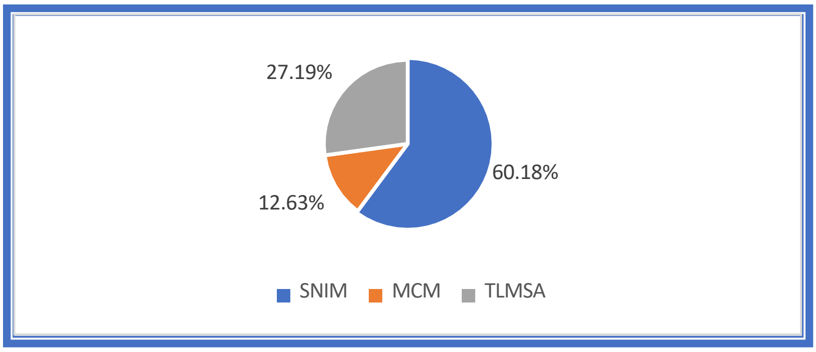
Year	2021	2020	2021	2020	2021	2020
Substances	Iron (T)		Gold (Kg)		Copper (T)	
SNIM	12 695 981	12 496 640	0	0	0	0
TLMSA	0	0	5 503	2 644	0	0
MCM	338 441	543 719	1 411	1 481	25 275	28 491
Total	**13 034 422**	**13 040 359**	**6 498**	**14 125**	**25 275**	**28 491**

101. The table below summarises mining exports by value over the 2018-2021 period and shows each company's share of average revenues generated over the last four years.

Table 14: Average exports 2018-2021 by company

Revenues (MRU billion)						
	2018	**2019**	**2020**	**2021**	**Average**	**%**
SNIM	18,370	30,400	43,330	58,460	37,64	60,18%
MCM	5,930	6,835	8,900	9,942	7,90175	12,63%
TLMSA	11,250	20,116	25,490	11,170	17,0065	27,19%

Figure 8: Companies' share of mining revenues 2018-2021



102. The tables below on exports show that in 2021, iron ore will account for more than 74% of the value of minerals exported, followed by gold and copper with 17.3% and 8.5% respectively.

Table 15: Mining exports by operator and by project in 2021

Substance	Company	Project	Unit	Exports		
			(Volume)	Volume	Value (USD)	Value (MRU)
Iron	SNIM	All projects combined	Tonne	12 695 981	1 646 785 695	58 460 892 178
Gold	MCM	2 C2	Kg	1 411	74 569 827	2 647 228 877
Gold	TASIAST	229 C2	Kg	6 282	314 675 188	11 170 969 174
Copper	MCM	2 C2	Tonne	25 275,34	191 991 876	6 815 711 610
Iron	MCM	2 C2	Tonne	338 441	13 526 683	480 197 274
				Total	**2 241 549 269**	**79 574 999 113**

Table 16: Mining exports by operator and project in 2020

Substance	Company	Project	Unit	Exports		
			(Volume)	Volume	Value (in millions of USD)	Value (MRU billion)
Iron	SNIM	All projects combined	Tonne	12 496 640	1 220,591	43,3309805
Gold	MCM	2 C2	Kg	1 379	70,368	2,498064
Gold	TASIAST	229 C2	Kg	12 559	718,006	25,489213
Copper	MCM	2 C2	Tonne	27 413	152,702	5,420921
Iron	MCM	2 C2	Tonne	545 154	27,534	0,977457
			Total		**2 189,201**	**77,71**

103. By country of destination, it can be seen by 2021, for all substances combined, China and Switzerland will be the top two customers, accounting 59% and 14% respectively of the total value of mining exports. The result is insufficient diversification of destinations.

Table 17: Exports by destination country 2021

Companies	Country	Substances	Sales (in tonnes)	Value (USD)	Value (MRU)
SNIM	Germany	Iron	568 838	83 464 977	2 963 006 695
	England	Iron	265 305	36 217 974	1 285 738 085
	Australia	Iron	849 246	102 310 149	3 632 010 307
	China	Iron	8 383 245	1 041 732 686	36 981 510 364
	Spain	Iron	192 297	25 290 412	897 809 645
	France	Iron	222 421	21 621 114	767 549 576
	Italy	Iron	1 196 331	166 147 210	5 898 225 972
	Japan	Iron	898 187	151 664 706	5 384 097 066
	Poland	Iron	120 111	18 336 463	650 944 465
TLM SA	Switzerland	Gold in kg	6 282	314 675 188	11 170 969 174
MCM	China	Copper	25 275	191 991 876	6 815 711 610
	China	Gold	1 411	74 569 827	2 647 228 877
	China	Iron	338 441	13 526 683	480 197 274
Total				**2 241 549 265**	**79 574 999 110**

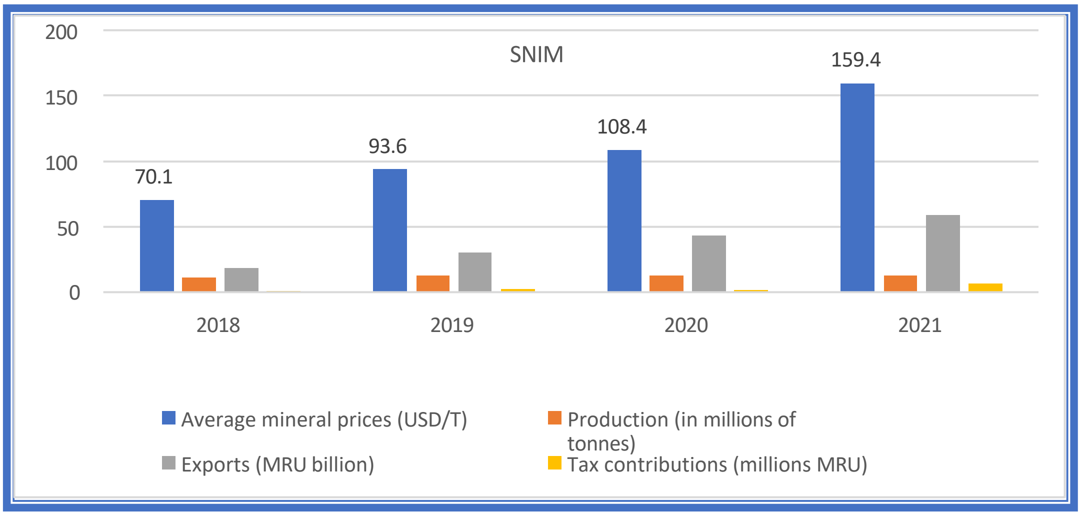
Table 18: Exports by destination country 2020

Companies	Country	Substances	Sales	Value (in millions of USD)	Value (MRU billion)
SNIM	Germany	Iron	891 689	94,81	3,37
	England	Iron	106 533	7,41	0,26
	Australia	Iron	996 364	100,46	3,57
	Belgium	Iron	133 100	13,39	0,48
	China	Iron	8 471 363	836,75	29,70
	Spain	Iron	43 877	2,63	0,09
	France	Iron	279 739	20,99	0,75
	Italy	Iron	942 414	82,66	2,93
	Japan	Iron	450 956	43,45	1,54
	Poland	Iron	180 605	18,05	0,64
TLM SA	Switzerland	Gold in kg	14 474,50	718,01	25,49
MCM	China	Copper	27 413,64	152,70	5,42
	China	Gold	1 378,73	70,37	2,50
	China	Iron	545 153,85	27,53	0,98
Total				**2 189,21**	**77,72**

104. The graphs below summarise trends in the main business indicators for each of the three leading companies in the mining sector.

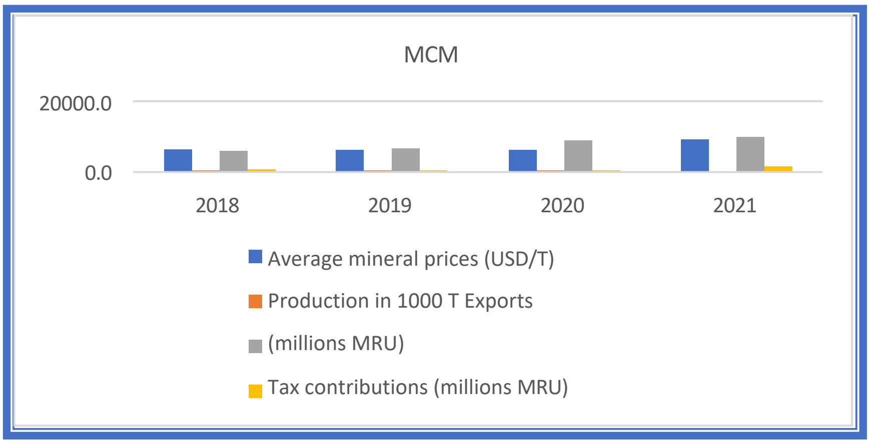
105. The graph below shows that production and exports in value terms move in the same direction as iron ore prices, but with low elasticity. This is partly due to limited production capacity.

Figure 9: SNIM indicators 2018-2021



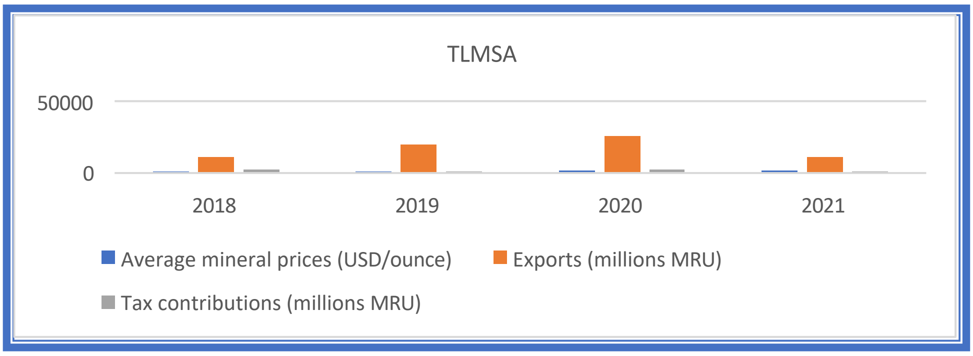
106. For copper ore, the correlation between prices and exports is strong, but production and tax payments remain limited and the observation period too short to provide significant results.

Figure 10: MCM indicators 2018-2021



107. For gold, the trend in ore price indicators, export values and tax payments is broadly consistent.

Figure 11: TLMSA indicators 2018-2021



108. **Finally**, we could have compared Mauritanian mineral export figures with the import statistics key partners such as Switzerland for gold, China for iron ore and the United Kingdom for copper. Unfortunately, this was not possible, especially as not all the mining companies concerned have a monopoly on exports from Mauritania (as in case of artisanal gold, the export channels which are, until now, opaque). Estimates put artisanal production at between 16 and 22 tonnes a year[27]. Swiss customs website[28] gives a figure of 46 tonnes, but does not provide sufficient detail to enable comparisons to be made[29].

5.3 Contributions of the extractive sector to the national economy in 2020 and 2021

109. The extractive sector's contribution to the development of the national economy is measured terms of its contribution to national wealth, foreign exchange earnings, budget revenues and employment.

5.3.1 Contribution of the extractive sector to GDP

110. The table below shows the extractive sector's contribution to GDP over the period 2018-2021. It should be noted that nominal GDP has been revised by ANSADE, which slightly modifies the figures for previous years. As a result, the sector's contribution to GDP was 21.8%, down slightly on 2020 (23.7%).

Table 19: Contribution of the extractive sector to GDP 2018-2021

Contribution to nominal GDP (in billion MRU)	**2018**	**2019**	**2020**	**2021**
Mining and quarrying	24,532	54,784	74,208	78,539
Nominal gdp	186,9	278,9	312,5	360,5
Contribution of the extractive sector	**13,13%**	**19,64%**	**23,75%**	**21,79%**

Sources: ANSADE/BCM

111. The combination of data collected from ANSADE and BCM has enabled the table below to be reconstructed. The revision of the GDP series has had an impact on

[27] Based on a daily production of 45 to 60 kg (discussions with MAADEN managers)
[28] https://www.gate.ezv.admin.ch/swissimpex/public/bereiche/waren/query.xhtml
[29] Including gold and silver bars and coins in the grand total (total 2 on the web page).

ratios. As a result, they changed little from 20% to 21% between 2018 and 2021. According BCM data, the share of extractive sector exports in GDP (revised) stood at 20.5% in 2019 compared with 20.7% in 2018. In 2020, the extractive industries accounted for 67.2% of GDP in the secondary sector and 21.3% of overall nominal GDP.

Table 20: Change in the ratio of mining exports to GDP

Year	2018	2019	2020	2021
GDP billion MRU (1)	186,9	278,9	312,5	360,5
Mining exports (MRU billion) (2)	38,4	57,7	66,5	76,7
(2) / (1) in % of sales	**20,55%**	**20,69%**	**21,28%**	**21,28%**

Sources: ANSADE/BCM

5.3.2 Contribution of extractive sector exports to national exports

112. The evolution of the share of extractive sector exports (mining) in national exports is shown in the table below. It has risen from 59.3% in 2018 to 59.7% in 2019, 66.8% in 2020 and 72.8% in 2021. By way of illustration, this ratio has was 37.8% in Senegal (2020).

Table 21: Contribution of the extractive sector to total exports

Year	2017	2018	2019	2020	2021
Iron (USD millions)	495,6	494,39	831	879	1 508
Copper (USD million)	139,45	140,31	145	131	186
Gold (USD millions)	369,83	441,68	596	772	378
Total industries (USD million)	1 004,88	1 076,37	1 572	1 782	2 072
Total B&S exports (USD million)	1 722,38	1 813,95	2 632	2 666	2 846
Contribution of the extractive sector (%)	**58,34%**	**59,34%**	**59,73%**	**66,84%**	**72,84%**

Source : BCM

5.3.3 Contribution to government revenue

113. Overall government revenue in 2020 and 2021 will reach MRU 63.8 billion and MRU 76.9 billion respectively (Ministry of Finance). The ratios of revenues from the extractive sector in 2020 (MRU 11.3 billion) and 2021 (MRU 22.1 billion) are 17.7% and 28.7% respectively. This spectacular increase is explained by the exceptional revenues recorded in 2021, as a result of the surge in ore prices during the year. SNIM contributed more than two-thirds of revenues (67%), followed by TLMSA (21%) and MCM (12%).

Table 22: Contribution to budget revenue 2020-2021

In billions MRU	2020	2021
Budget revenue	63,8	76,9
Extractive sector revenues	11,3	22,1
Ratio	**17,7%**	**28,7%**

5.3.4 Contribution to employment

114. In 2019, the report provided data using both approaches, depending on whether or not employment in gold panning and related activities was taken into account. The table below is more restrictive in that it only takes direct employment into account. It has been compiled from: i) data provided by the mining companies and ii) population projections (ANSADE). Direct jobs in extractive companies represented 0.83% of the working population in 2020 and 0.92% in 2021 (in Senegal, this proportion is even lower, at 0.22% in 2020).

Table 23: Number of direct jobs

Year		**2020**		**2021**
Nature of mining activities	Direct jobs	% Working population 2020 (ANSADE)	Direct jobs	% active population 2021 (ANSADE)
Mining companies	8606	0,83%	9761	0,92%

Box 18: Gold panning in 2020-2021

The added value generated artisanal gold panning is not yet taken into account when calculating the national GDP, even though it would have contributed around 9% according to a study commissioned by MAADEN. According to this study[30], artisanal gold production has tripled between 2019 and 2021, rising from around 5 tonnes a year to 15 tonnes. Informal channels control "70% of production and only 30% sold to the BCM, a slight improvement on 2019 when the share sold to the BCM represented 14% of total production". In fact, despite a legal framework giving BCM exclusive marketing rights (currently under review), almost all production is sold through informal channels.
In terms of employment, artisanal gold panning will have created 46,705 direct jobs by 2021, to which can be added around 5,300 gold panners in other parts of the country, for a total of 5,200. Other jobs are to be found in the processing of tailings and in small-scale mining, which is just getting off the ground.
In terms environmental impact, gold panning activities use large quantities of mercury (around 248 tonnes per year), equivalent to around 18% of the total quantity of mercury used in industry worldwide! (Source: above-mentioned study).

115. Details of the breakdown of mining jobs are given in the tables below.

Table 24: Direct jobs at the three 2020 mining companies

Operators	Direct jobs	Indirect employment	National	Expatriates	Women
SNIM	6 184		6184	0	460
TMLSA	1 222		1164	58	50
MCM	1 200		1143	37	16
TOTAL	**8 606**		**8491**	**95**	**526**

[30] Diagnostic actualise de la chaine de valeur de l'orpaillage artisanal en Mauritanie, June 2021

Table 25: Direct jobs for the three mining companies 2021

Operators	Direct jobs	Indirect employment	National	Expatriates	Women
SNIM[31]	6 368		6368	0	472
TMLSA	1 217		1 178	39	52
MCM	1 200		1 143	37	16
TOTAL	**8 785**		**8 689**	**76**	**540**

5.4 Social expenditure

116. Each year, SNIM devotes 2.5% of its operating profit to social expenditure. This is done through the Fondation SNIM (FS) and is concentrated in the "corridor" of its interventions includes, among others, the following communes: Nouadhiou; Boulenoir; Inal; Tmeimichatt; Choum; Fderik; Zouératt; Bir Moghrein. The total number of SNIM projects for the period 2007-2021 shows that health (33%)access to water (16.4%), food and education are the main beneficiaries, and almost two-thirds of the projects (63.5%) are located in the corridor (source: FS).

117. In 2021, SNIM's spending on the fight against poverty will focus on: health (MRU 25 million); education (MRU 44.8 million)access to water and energy (MRU 320 million); and local development (MRU 35.8 million). A total of MRU 425.6 million.

Box 19: GIM

GENERALE DE L'IMMOBILIER (GIM) is a subsidiary created in 2021 as part of SNIM's social policy, aimed in particular improving the living conditions of its employees by offering them access to decent housing, according to their expectations and means. The first focus of GIM's strategy is to manage the sale of 600 housing units in Zouerate to employees (https://).www.snim.com/)

118. TLMA states that "since 2010, Kinross (parent company) has invested more than USD 16 in Mauritania in the social and community sector, focusing on 4 key areas: education, health, the development of income-generating activities, and relief and emergency missions"[32].

119. The table below summarises social spending by the three mining companies in 2020 and 2021.

Table 26: Social expenditure 2020-2021

2020		
Companies	**Social expenditure (MRU)**	%
SNIM	635 000 000	90,09%
TLMSA	43 420 380	6,16%
MCM	26 392 830	3,74%
TOTAL	704 813 210	100,00%

[31] 2021 financial statements, excluding investments in subsidiaries
[32] https://www.kinrosstasiast.mr/

2021		
Companies	**Social expenditure (MRU)**	%
SNIM	1 174 000 000	95,41%
TLMSA	34 200 304	2,78%
MCM	22 287 255	1,81%
TOTAL	1 230 487 559	100,00%

120. As a proportion of government revenue generated by extractive activities, social spending will account for 5.57% in 2021 and 6.23% in 2020, but will be very unevenly distributed between companies.

5.5 Environmental expenditure

121. Payments made to the Environmental Commission in 2020 and 2021 amounted to MRU 115,500,000 and MRU 114,747,182 respectively. This represents 5.61% and 7.23% of total revenues for the years 2021 and 2020 respectively.

122. TLMSA declares that it has taken action in the following areas: i) water use; ii) waste management; iii) chemicals management; iv) protection of local communities; v) protection of biodiversity and cultural heritage.

Box 20: Alleged pollution incidents in the press

This 's fire at a rubbish dump containing dangerous chemicals belonging to Mines de Cuivre de Mauritanie (MCM) in Akjoujt has rekindled the debate on people's health and the responsibility of the extractive industries in preserving the environment.
The finger is being pointed at the management of industrial waste in Mauritania. This failure of governance is nothing new, but it has come back to haunt us since 2019 with the most striking and infamous case of the Tivirit open-air dump near Nouakchott, which is still haunting the local population as they wait for definitive solutions to put an end to their decades-long ordeal. Akjoujt, the mining town, is not immune to the fragility of the MCM site, which uses chemicals in its production.
As a result, the company regularly finds itself having to dispose of rubbish close to homes and the town's drinking water supply. The fire, which broke out a week ago, is a failure of MCM's management and a thumbing of the nose at the government, which fails to apply sanctions to industrial polluters. It is the health of the population that is threatened and the environment that is taking a serious beating with the proliferation of landfill sites (Kane Chérif, KASSATAYA, 4 May 2022).

Box 21: The state of environmental regulation

Law 2000-45 sets out the legal obligation to restore extraction sites in Mauritania. This law, promulgated on 26 July 2000, stipulates (article 44) that: "Quarrying or mining operations, as well as mineral exploration work, must be designed and carried out in such a way as to: i) not damage the environment in the vicinity of the work sites, nor create or aggravate erosion phenomena, and ii) allow the restoration of the sites of the work sites to their original state.
Site restoration is the responsibility of the quarry or mine operator, as stipulated in Title III: Protection of resources and the natural environment; Chapter III: Protection of the soil and subsoil (Article 44).
The following decrees have been adopted in application of the law but had not yet been published by the end of 2021:
• Decree no. 2004-94 requires an environmental impact assessment to be carried out before any mine with a capacity of more than 100 tonnes/day can be operated;
• Decree no. 2007-107 stipulates (articles 7 and 8) that measures taken as part of this obligation to rehabilitate sites must be accompanied by bank guarantees, but the concept of "rehabilitation" has remained vague.
Although the legal obligation exists, it is not reinforced by an implementing decree specifying its interpretation. As a result, mining companies' provisions are either not recorded in their accounts (as in the case of SNIM) or are based on unreliable assumptions.

5.6 Project payments declared by companies in the sector

123. The flexible reporting and the context did not allow this section to be detailed, but to provide benchmarks that help to understand the situation. The EITI 2020 report, which was supposed to provide an opportunity to correct this shortcoming, will not do so for the simple reason that the mining companies' declarations do not allow it. The same applies to SNIM, which also claimsin the same way as the other two companies, have only the one mining title that it exploits. The GMP will therefore have to adopt a new strategy for declaring payments per project.

Box 22: Definition of "Project

The 2008 Mining Code refers to the notion of "project" (article 115) in the context of exemption from minimum flat-rate tax (IMF) granted to the research and installation phases, in the event that exports or sampling of shipped ores are required to advance the project.
The Crude Hydrocarbons refers to the notion of "project" in two cases: for the presentation of a development plan for an oil deposit and for the installation of a hydrocarbon transport pipeline.
At its meeting on 08 October 2019, the CN-ITIE decided that extractive companies and financial regulators should detail their EITI declarations by project as follows:
- For the oil and gas sector: payments will be broken down by oil block;
- For the mining sector: payments will be disaggregated by mining licence.

Table 27: Flow mapping by sector

No	Company	Declaration payments by Project
Oil companies		
1	BP	Yes
2	CAPRICORN	Yes
3	EXXON	N/A
4	KOSMOS	N/A
5	PETRONAS	N/A
6	SHELL	Yes
7	TOTAL	N/A
8	TULLOW	N/A
Mining companies		
10	SNIM	N/C
11	MCM	N/C
12	TASIAST	N/A

N/C: companies that have not declared their project payments
N/A: Companies that have not submitted their 2020 and 2021 EITI declaration forms

124. Only payments communicated by DGH are broken down by block (project)

Table 28: EITI data by project

Payment description	Unilateral declaration by State	Payments disclosed by project	%
Environmental Commission	3 300 000	2 449 041	74%
Contributions to the Training Fund	2 884 795	2 434 795	84%
Penalties	32 349 995	22 350 000	69%
Superficiary Royalty	215 096	172 146	80%
Signing bonus	3 000 000	3 000 000	100%
Grand total	**41 749 886**	**30 405 982**	**73%**

Table 29: FNRH payments by project in 2020

Pouring part	Amount
BP MAURITANIA INVESTMENTS LIMITED BRANCH - SARL C-12	313 300,00
BP MAURITANIA INVESTMENTS LIMITED BRANCH - SARL C-13	317 631,00
BP MAURITANIA INVESTMENTS LIMITED BRANCH - SARL C-6	493 441,00
BP MAURITANIA INVESTMENTS LIMITED BRANCH - SARL C-8	23 936,00
BP MAURITANIA INVESTMENTS LIMITED BRANCH - SARL GTA	688 910,00
SHELL EXPLORATION AND PRODUCTION MAURITANIA (C10) BRANCH OFFICE	2 146 000,00
SHELL EXPLORATION AND PRODUCTION MAURITANIA(C19) BRANCH	1 448 700,00
BRANCH -EXXON MOBIL MAURITANIA -C17-BV - SARL	1 224 275,00
BRANCH -EXXON MOBIL MAURITANIA -C-22-EMM-C22 - SARL	1 224 580,00
TOTAL E&P MAURITANIA BLOCKS DW B. V. - SARL	1 928 350,00
BRANCH-EXXON MOBIL MAURITANIA -C.14-B.V. - SARL	1 218 925,00
TOTAL E&P MAURITANIA BLOCK C18 B.V - SARL "SUCCURSALE MAURITANIE	779 700,00
TULLOW OIL	11 479 292,88

Table 30: Payments to the FNRH in 2021

Pouring part	Amount (USD)
BP MAURITANIA INVESTMENTS LIMITED BRANCH - SARL	23 434 790
BP MAURITANIA INVESTMENTS LIMITED SUCCURSALE - SARL Bloc C-8	112 846
BP MAURITANIA INVESTMENTS LIMITED BRANCH - SARL C-12	313 300
SHELL EXPLORATION AND PRODUCTION MAURITANIA (C10) BRANCH OFFICE	1 446 000
SHELL EXPLORATION AND PRODUCTION MAURITANIA(C19) BRANCH OFFICE	1 400 000
BRANCH OFFICE - CAPRICORN MAURITANIA LIMITED - SARL C7	3 314 600
BRANCH -EXXON MOBIL MAURITANIA -C17-BV - SARL	300 000
BRANCH -EXXON MOBIL MAURITANIA -C-22-EMM-C22 - SARL	300 000
TOTAL E&P MAURITANIA BLOCKS DW B. V. - SARL Bloc C- 15	419 900
TOTAL E&P MAURITANIA BLOCKS DW B. V. - SARL Bloc C-31	408 450

5.7 Local content

125. The analysis is devoted to the local content of the mining sector, which received particular attention in 2020 and 2021, when two studies were devoted to it[33].

126. According to the most recent study, the situation is as follows:
   - More than 98% of jobs and almost 70% of the wage bill are accounted for by Mauritanian nationals. This result is estimated on the basis of detailed data obtained from the two largest companies (SNIM and Tasiast).
   - 11% to 41% of spending is with suppliers registered in Mauritania;
   - 15% of spending is with nationally controlled suppliers (for one mine only, which tracks supplier ownership data) but there is a low level of spending (probably less than 5%) with suppliers who add value locally.

127. The fact remains that success in terms of local content depends a complex interaction between public policies, local economic conditions and external factors linked to the dynamics of the extractive sector at global level [34].

5.8 Conclusions

128. Despite the health crisis that marked 2020 and 2021, the extractive sector was not the hardest hit. In 2021, it contributed 21.8% of GDP, 72.8% of national exports and 28.7% of budget revenue, but the contribution of the three main mining companies to reducing unemployment, protecting the environment and meeting their social responsibilities is relatively modest and poorly quantified.

129. In terms of value, SNIM will continue to occupy first place by far in 2021, with 76.9% of the value of national mining production, followed by TLMSA (12.31%) and MCM (10.79%), although it is true that TLMSA experienced setbacks in 2021 (fire), as shown by the figures for 2020, when the proportions were 32.01% for TLMSA and 11.59% for MCM.

130. For the reasons given above (a single mining licence), progress in declaring mining company payments by project is stagnating, unlike for companies in the oil and gas sector.

131. Overall, according to the conclusions of the two studies carried out in 2019 and 2021, local content still has a long way to . In this respect, there is much to be explored to improve the impact of the extractive industries on the national economy.

[33] KAISER, EDP and E2D: "Stratégie pour la création de contenu local dans le secteur de l'industrie extractive de la Mauritanie", June 2021 and GIZ: "Etude sur l'état des lieux du contenu local dans le secteur minier en Mauritanie", September 2019.
[34] Study cited above

VI. Analysis of revenue generated and how it is used

132. Each revenue is described, together with the definitions and materiality thresholds (Requirement 4.1) as defined above (Chapter 4). In order to visualise the revenue streams, we have opted to group them together for greater clarity and ease of reading.

6.1 Extractive sector revenues

133. The analysis of income refers to: i) overall changes in the level of income by payment stream; ii) contributions by company and iii) collecting bodies.

6.1.1 Summary of extractive sector revenues

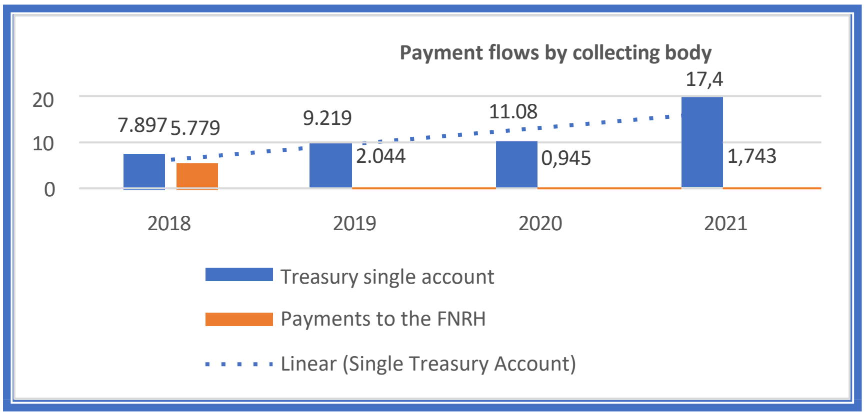
134. Overallrevenues from the extractive sector improved significantly between 2020 and 2021 thanks to higher iron ore prices and the realisation of penalties paid into the FNRH account.

Table 31: Evolution of extractive sector revenues

Payment flows (bn MRU)	2018	2019	2020	2021	Variation 2021/2020
Treasury single account	7,897	9,219	11,08	17,4	69,8%
Payments to the FNRH	5,779	2,044	0,945	1,743	29,8%
Other payments	0,211	0,211	0,115	0,115	
Total	**13,887**	**11,474**	**12,14**	**19,258**	

135. Between 2018 and 2021, income paid into the Treasury's single account and income paid into the FNRH will increase and decrease respectively.

Figure 12: Evolution of flows 2018-2021



6.1.2 Contributions by company

136. The contributions per company varied significantly between 2020 and 2021. These variations reflect changes in world prices and technical production conditions (fire at Tasiast and higher iron ore prices in 2021).

Table 32: Contribution of companies to extractive revenues

Year	2020		2021	
Company	Revenues (Bn MRU)	%	Revenues (Bn MRU)	%
SNIM	5,597	51%	12,538	72%
MCM	1,083	10%	2,029	12%
TLMSA	4,388	40%	2,79	16%
Other	0,012	0%	0,084	0%
TG	11,08	100%	17,441	100%

6.1.3 Revenue by flow

137. The table below shows the contribution of each stream to the revenues generated by the mining sector.

Table 33: Contribution by mining revenue stream

Flow	**2018**	**2019**	**2020**		**2021**	
VAT-EXT	3,166	2,109	1,791	16,16%	1,632	8,68%
MFI	0,732	0,736	0,836	7,55%	0,431	2,29%
DFI	0,726	0,591				
Operating licence fee	0,547	0,818	1.31	11,85%	1,958	10,41%
ITS		2,01	2,409	21,74%	2,122	11,28%
SNIM royalties			1,889	17,05%	4,695	24,96%
SNIM dividends			1.02	9,24%	4,51	23,98%
Other flows	2,739	2,955	1,818	16,41%	2,062	18,41%
Total	**7,91**	**9,219**	**11,08**	100,00%	**17,41**	100,00%

138. The revenue streams for the FNRH 2020-2021 are summarised as follows:

Table 34: Breakdown of flows for the FNRH 2020-2021

Flow (MRU)	**2020**		**2021**	
Signing bonus	-		105 000 000	5,10%
Environmental com.	114 747 183	7,23%	115 500 000	5,61%
Penalties	355 000 000	22,36%	1 132 249 825	55,01%
Taxes and duties	185 290 839	52,06%	289 679 971	29,37%
Training/skills	291 497 636	18,36%	100 967 825	4,91%
Total	**946 535 658**	100,00%	**1 743 397 368**	**100,00%**

6.1.4 Revenues by collecting body

139. In 2020 and 2021, more than 80% of revenues were collected in the DGTCP's single account. The proportion of revenue allocated to social expenditure is low (just over 5%), but better than that allocated to environmental protection (less than 1%).

Table 35: Breakdown of revenue by collecting body in 2020

(2020, in billion MRU)				
Public bodies	**Mining sector**	**Oil and gas sector**	**Total in bn MRU**	**%**
DGTCP	11,08		11,08	82,95%
FNRH		0,945	0,945	11,03%
Environmental Commission		0,115	0,115	0,86%
Social expenditure	0,690		0,690	5,17%
Grand total	**11,77**	**1,06**	**12,83**	100,00%

Table 36: Breakdown of revenues by collecting body in 2021

(2021, in billion MRU)

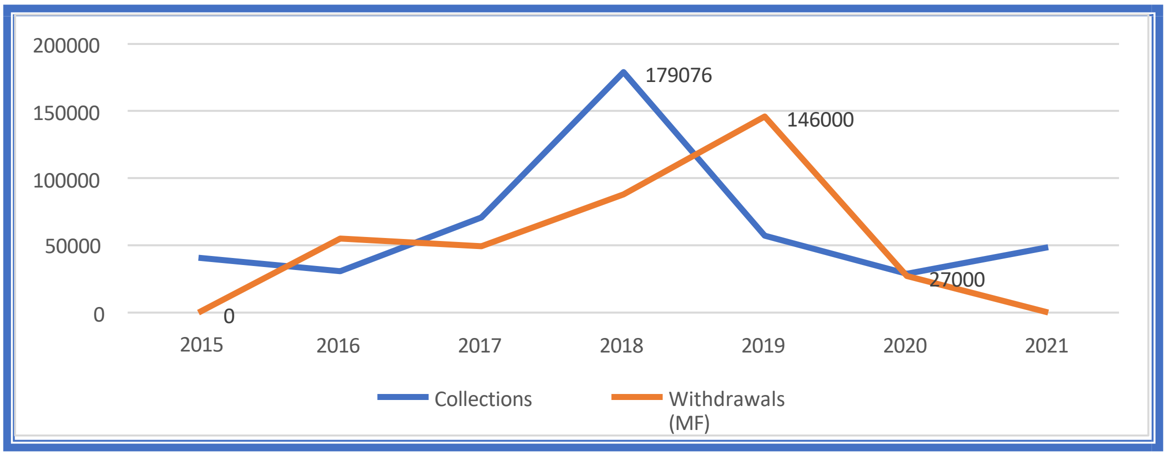
Public bodies	**Mining sector**	**Oil and gas sector**	**Total**	**%**
DGTCP	17,4		18,8	85,12%
FNRH		1,743	1,943	8,80%
Environmental Commission		0,115	0,115	0,52%
Social expenditure	1,229		1,229	5,56%
Grand total	**20,029**	**1,858**	**22,087**	**100,00%**

6.2 Transfers of income from the extractive sector

140. The balance of the FNRH account at 31/12/2020 and 31/12/2021 was 86,220,061.29 and 135,042,432.10 respectively (in USD). During the period 2015-2021, the FNRH contributed USD 445.733 million to the state budget out of a total of USD 457.006 million in receipts. In other words, 97.5% of receipts were disbursed to the general State budget.

141. Inflows and outflows of the FNRH over the period 2015-2021 are illustrated in the graph below. The correlation between the two variables (receipts and disbursements) is low (R= 0.33). Amounts are in thousands of USD (graph based on data from the FNRH 2015-2020 audit report and the statement of account at 31/12/2021).

Figure 13: Evolution of FNRH receipts and withdrawals 2015-2021



6.3 Allocation and control of budgetary resources

142. Apart from what may have evaporated upstream, most of the mining rent and other revenues are injected into the general state budget. This raises legitimate questions about the procedures for allocating and controlling budget expenditure.

6.3.1 Budget allocations

143. The budget data available, taken from the Settlement Act for the 2020 financial year, show the importance of the shares of the Ministry of National Defence (13.54%), the Ministry of the Interior and Decentralisation (6.85%) and the Ministry of Basic Education and Pedagogical Reform (6.72%) in overall expenditure. Recurrent expenditure[35] accounted for of the total budget executed, while capital expenditure, the special accounts of the Ministry of the Interior and Decentralisation and the Ministry of Basic Education and Pedagogical Reform accounted for the remainder.

[35] Essentially, the wage bill, the effectiveness, efficiency and fairness which are open to question.

Treasury (CST) and debt amortisation account for , and 8% respectively.

6.3.2 The system for controlling public funds

144. Audit practices in Mauritania were the subject of significant developments in the 2019 EITI Report. The description and main conclusions remain valid. Namely that i) the formal existence of audit institutions is necessary but not sufficient to produce results; ii) there are shortcomings in the rigour of audit practices in Mauritania, which have undoubtedly had repercussions on the reliability and quality of the data on which decisions are based; iii) the problems of organisation and contested legitimacy at the level of national association of chartered accountants were mentioned above. However, it a major ally, potentially indispensable in supporting any desire for transparency.

6.4 Conclusions

145. Revenues from the extractive sector in Mauritania in 2020 and 2021 will come mainly from the mining sector (85% in 2021) and secondarily from a few hydrocarbon exploration royalties. These revenues are collected by the Treasury (DGTCP), but the FNRH was created to receive revenues from the hydrocarbons sector, which the State may use to cover budgetary expenses (withdrawals). SNIM contributed 72% of the revenues in 2021, which consist mainly of dividends and the single annual tax.

146. As we know, revenues from the extractive industries are not derived from renewable resources. Consequently, their use must be judicious and promote sustainable investment. Effective procedures, controls and audits can contribute to this.

VII. Data comparisons and reconciliations

147. It was necessary to describe the context, nature and scope of the data available before drawing any conclusions.

7.1 General considerations on revenues generated by the extractive sector

148. The experience of EITI Mauritania (2006-2019 reports) has shown that reconciliations between the data reported by the State and that reported by companies differ only slightly, and reconciliations have often resulted in imputation errors. In reality, the concern for transparency calls into question the reliability of the data produced and the collaboration of the reporting entities. Other avenues need to be explored to promote a culture of transparency in the extractive industries. Among those explored here is the implementation of agreements and conventions, particularly with regard to tax regimes.

149. Analysis of the data resulting from the work below will have made it possible to: i) carry out a comparison between expected revenues (for certain headings) and those actually received and ii) draw lessons from the findings, in particular to determine whether the comparison between expected revenues and those received can constitute alternative to reconciliation, to assessment of the reliability of the data, and to what extent it could be retained for the preparation of subsequent reports.

7.2 The approach through the implementation of tax regimes

150. Revenue analysis should have been based on following elements: i) changes over several years (2018-2021) in payments made by a company on the same project. The choice of three companies: SNIM, TLMSA (TASIAST project) and MCM, seems justified to us: the national company and two projects initiated and implemented by foreign private companies; ii) the reconciliation between the payments made by these companies and they are required to pay with reference to the applicable tax regime; iii) the fairness of the tax regime over the 2018-2021 period, with reference to the tax base (production by volume, exports by value, among others), particularly regards the main revenue streams (production tax and profit tax); iv) the description of the specific tax conditions for each of the mining companies (general legislation, specific tax clauses).

Findings concerning theoretical income (tax system) and income issued by the DGI and collected by the DGTCP :

151. The first observation is that the tax regimes for the three mining companies differ significantly. The tax bases (references) are mainly based on: i) the specific agreements of each of the companies with the Direction Générale des Impôts (DGI) and ii) the Code Général des Impôts (CGI).

152. The second observation is that it was not possible to go further back in time to extend the series and thus improve the quality of the data analysis.

153. The third observation is that, for certain tax headings, it was not possible to simulate theoretical tax results without detailed data on company management (number of employees by pay category, sales prices by product category, etc.). This goes back to the difficulties reported above concerning the METR (section 2.4).

154. The fourth observation is that as from the 2020 financial year, the General Tax Code has replaced the industrial and commercial profit (BIC) and the flat-rate minimum tax (IMF) with corporation tax (IS). As a result, some payments include receipts from tax audits[36] of the companies in question. These adjustments relate to financial years prior to 2020, before the introduction of corporation tax, and reduce the scope of comparisons.

155. The fifth observation is that SNIM benefits a special tax regime, inherited from the time of MIFERMA (single tax, see appendix for the special tax regime applied to SNIM).

156. The sixth finding is the existence exemptions that vary from company to company, tax disputes that have not yet been resolved for several years (almost two-thirds of the amounts at stake date from before 2018) and ongoing reassessments, one of which dates from 2019.

[36] There are spontaneous payments on the one and payments on the roll, i.e. after adjustment of company declarations.

157. The table below summarises the reconciliations between EITI data, DGTCP data and data included in the Budget Act (DLR, including non-extractive sectors for information purposes)[37].

Table 37: Summary of EITI DGTCP and LDR tax reconciliations

[37] Source: DGTCP

		Extractive sector	Total (including non-extractive sectors)		Extractive sector	Total (including non-extractive sectors)
	EITI	Auditing	LDR	EITI	Auditing	LDR
Payment flow	2021			2020		
Flat-rate minimum tax (IMF)	431 817 945,71	431 817 945,71	2 481 989 196,52	640 689 331,10	640 689 331,10	2 223 160 983,00
Other customs taxes	54 159 308,35	54 159 308,35		644 751 680,19	644 751 680,19	
Other significant payment flows	26 014 488,80	26 014 488,80		913 756,58	913 756,58	
SNIM dividends	4 510 139 400,00	4 510 139 400,00	4 510 139 400,00	1 023 707 610,16	1 023 707 610,16	1 023 707 610,16
Tax on imports (DFI)	939 354,20	939 354,20	8 539 193 006,13	18 667 824,07	18 667 824,07	6 048 444 689,00
Tax on income from movable capital (IRCM) (+)	648 795 065,92	648 795 065,92	1 199 614 415,58	382 192 561,06	382 192 561,06	856 052 353,30
Tax on industrial and commercial profits (including deposits)	693 766 897,00	693 766 897,00	4 880 989 422,57	156 985 731,36	156 985 731,36	3 759 174 687,00
Tax on salaries and wages	2 150 557 752,79	2 150 557 752,79	5 009 261 957,14	2 139 756 840,75	2 139 756 840,75	5 210 439 020,00
Corporation tax (IS)	631 706 551,26	631 706 551,26				
Patent	250 000,00	250 000,00	-			-
Special tax regime	144 817 923,07	144 817 923,07	502 921 090,39	1 289 885 483,62	1 289 885 483,62	1 440 572 983,00
Single annual fee (gross amount)	4 695 867 787,54	4 695 867 787,54	4 695 867 787,54	1 889 746 377,75	1 889 746 377,75	1 889 746 378,00
Operating fee	977 645 503,99	977 645 503,99	360 443 510,00	1 313 115 936,05	1 313 115 936,05	3 271 800,00
IT fees	1 971 600,00	1 971 600,00				
Statistical fees	4 788 187,32	4 788 187,32	759 669 441,99			668 640 993,30
Surface fee	421 991 170,50	421 991 170,50	1 206 422 478,07			1 345 605 536,00
Apprenticeship	531 196,00	531 196,00	-			-
Corporate gross margin tax	28 597 822,79	28 597 822,79	601 139 443,00			465 776 022,60
Remuneration tax	1 200 000,00	1 200 000,00	426 857 258,50			40 645 000,00
Value added tax	1 985 817 597,41	1 985 817 597,41	12 988 024 836,72	1 581 069 671,71	1 581 069 671,71	10 962 455 096,00
Tax on imported tonnage	30 004 163,51	30 004 163,51	185 895 037,65			

158. As a result of the above, the calculation of variances does not produce usable results. Comparisons can only be made for headings for which we had basic information, and still have to ensure that the figures do not include penalties, adjustments or payments made in advance... Notwithstanding all these considerations, the data collected and analysed make it possible to compile the table below for information purposes. The bases and methods of estimation and the summary of tax data are detailed in appendix 9.1. They show the difficulty of drawing relevant conclusions.

Table 38: Simulation results based on the tax system

In MRU	2020			2021		
Company/tax section	**Estimated taxes 2020**	**Tax paid in 2020[38]**	**Tax system**	**Estimated tax**	**Tax paid in 2021[39]**	**Tax system**
SNIM						
MFI PR		38 898 214	C-SNIM-CGI		31 295 578	SNIM-CGI
IRCM		980 421	C-SNIM-CGI		501 126 600	SNIM-CGI
RSI		59 659 253	CGI			SNIM-CGI
ITS	1 461 501 769	684 894 514	SNIM-CGI	1 850 391 406	1 098 638 958	CGI
TU		1 017 739 023	C-SNIM		4 695 867 788	C-SNIM
VAT		40 972 390	CGI			
Reservoirs					959 203	
MCM						
BIC		156 985 731	MCM-CGI		693 766 897	MCM-CGI
ITS		364 477 467	MCM-CGI	423 376 457	622 993 309	MCM-CGI
RSI		96 514 277	CGI		257 498 122	CGI
IS				677 971 500	622 993 309	
Mining royalties				304 517 910		
TLMSA						
MFI PR		114 623	TASIAST-CGI			
IRCM		216 017 007	TASIAST-CGI		147 575 803	TASIAST-CGI
ITS	1 034 983 639	841 974 121	TASIAST-CGI	912 444 891	738 121 578	TASIAST-CGI
DEDUCTIONS		732 163	General Tax Code		553 700	CGI
RSI		1 133 668 453	General Tax Code		135 171 993	General Tax Code
IS	1 303 893 250			226 817 140		
Mining royalties	1 065 957 720			453 634 280		

[38] Some payments are made on the basis of 2019 returns and others may include tax adjustments (DGI figures).
[39] Some payments are made on the basis of 2020 returns and others may include tax adjustments (DGI figures).

Remarks :

159. The figures declared by SNIM differ from those communicated by the DGI. The table below summarises the reconciliations carried out (MRU). It justifies the need for the declaring parties to agree on the basic concepts and outlines of the declarations, under the aegis of the CN/ITIE.

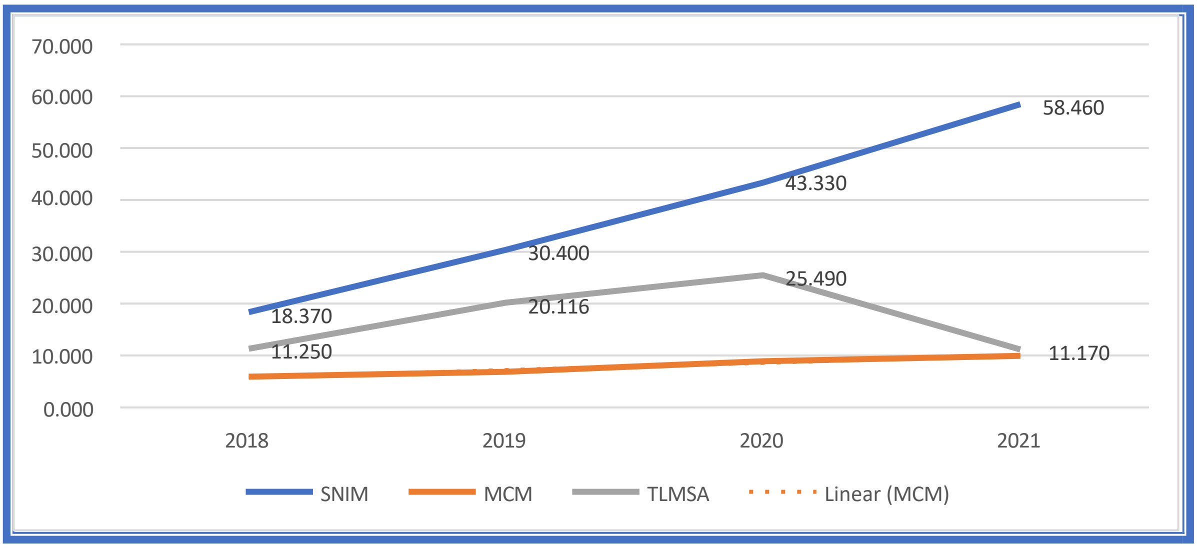
Table 39: SNIM-DGI tax reconciliations

Year	2020			2021		
Source	**SNIM**	**DGI**	**Difference**	**SNIM**	**DGI**	**Difference**
MFI PR	54 988 214	38 898 214	16 090 000	57 877 718	31 295 578	26582140
IRCM	166 175 554	980 421	165 195 133	501 126 600	501 126 600	0
RSI	59 659 253	59 659 253	-			
ITS	1 029 482 748	684 894 514	344 588 234	1 098 638 958	1 098 638 958	0
TU	1 889 746 377	1 017 739 023	872 007 354	4 695 867 787	4 695 867 787	0
VAT	1 426 267 497	40 972 390	1 385 295 107	1 636 628 299		
Reservoirs	1 193 648 007			880 184 485	959 203	
Total	**5 819 967 650**	**1 843 143 815**	**3 976 823 835**	**8 870 323 847**	**6 327 888 126**	**2 542 435 721**

7.3 The impact of exports on mining revenues

160. Recent trends in exports by value and by exporter are shown in the graph below (figures in billion MRU).

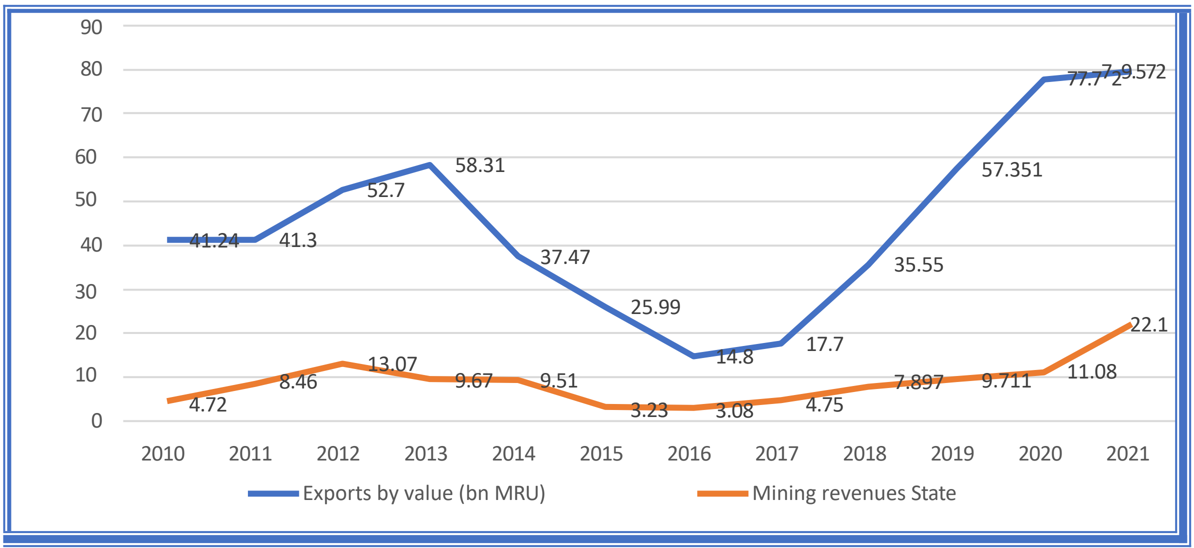
Figure 14: Growth in exports by value and by company 2018-2021



161. Analysis of the statistical series shows a positive correlation (a correlation coefficient of 0.828 and a covariance of 90.83) between exports and government revenue, even though the elasticity is low. This can be seen as the effect of the limited share

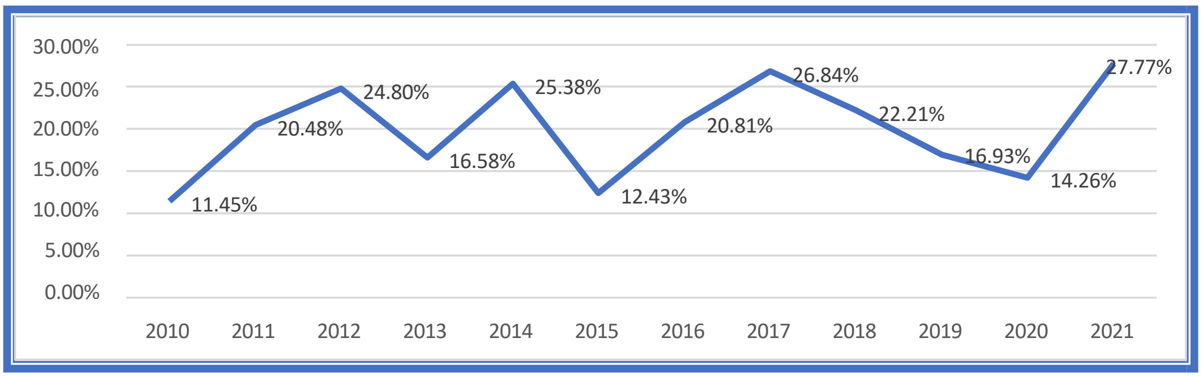
The chart below shows the evolution of State's share of the total value of exports (in billions of MRU).

Figure 15: Comparative trends in exports and government revenue



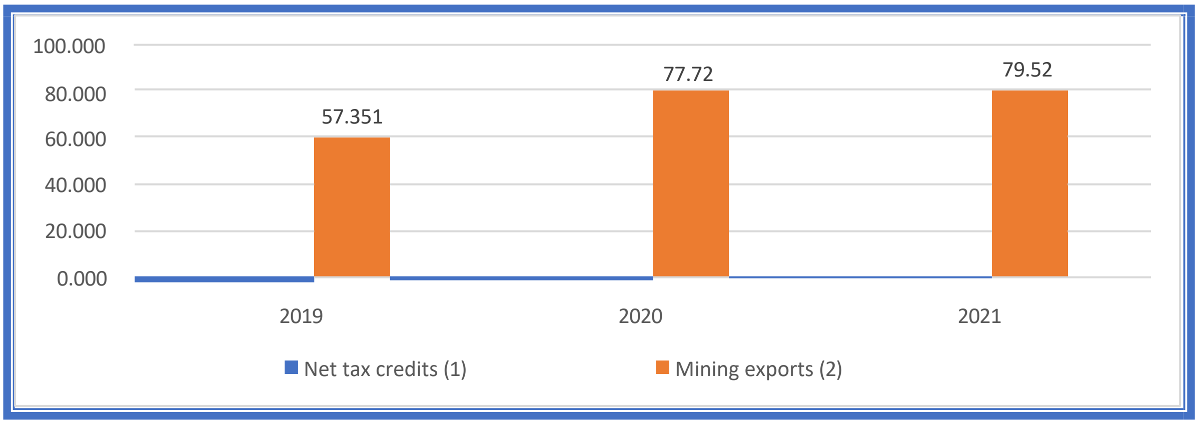
162. The State's share of the overall value of mining exports fluctuates up and down with mineral price fluctuations, with iron ore having a strong influence, not only because of its preponderance in the structure of exports, but also because of the single tax paid by SNIM, which is indexed to turnover (single annual royalty equal to nine per cent (9%) of FOB iron ore exports). If only the price of iron ore is taken into account, the correlation coefficient is 0.63.

Figure 16: Change in the State's share of mining exports



163. If tax and customs exemptions were deducted from actual tax payments, the State's share would be even more modest (an average of 4.34% of exports over the last three years), as shown in the graph below.

Figure 17: Net contribution from tax exemptions and exports 2019-2021



7.4 Simultaneous trends in international prices, production, exports and tax and company contributions

164. We have used the 2018-2021 data. The graphs below show the simultaneous changes in the variables under consideration.

Figure 18: Trends in SNIM indicators

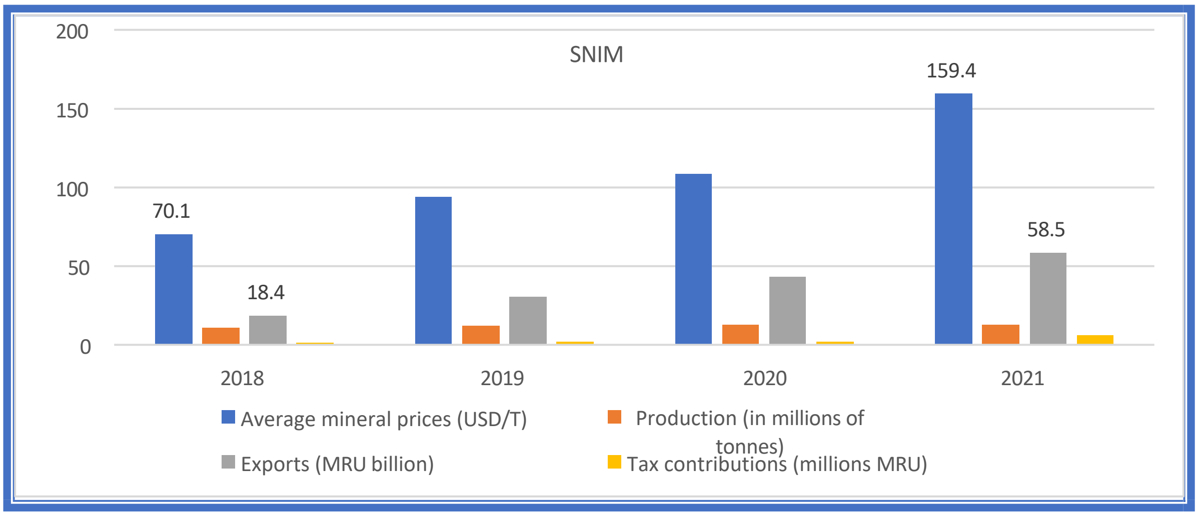


Figure 19: Trend in MCM indicators

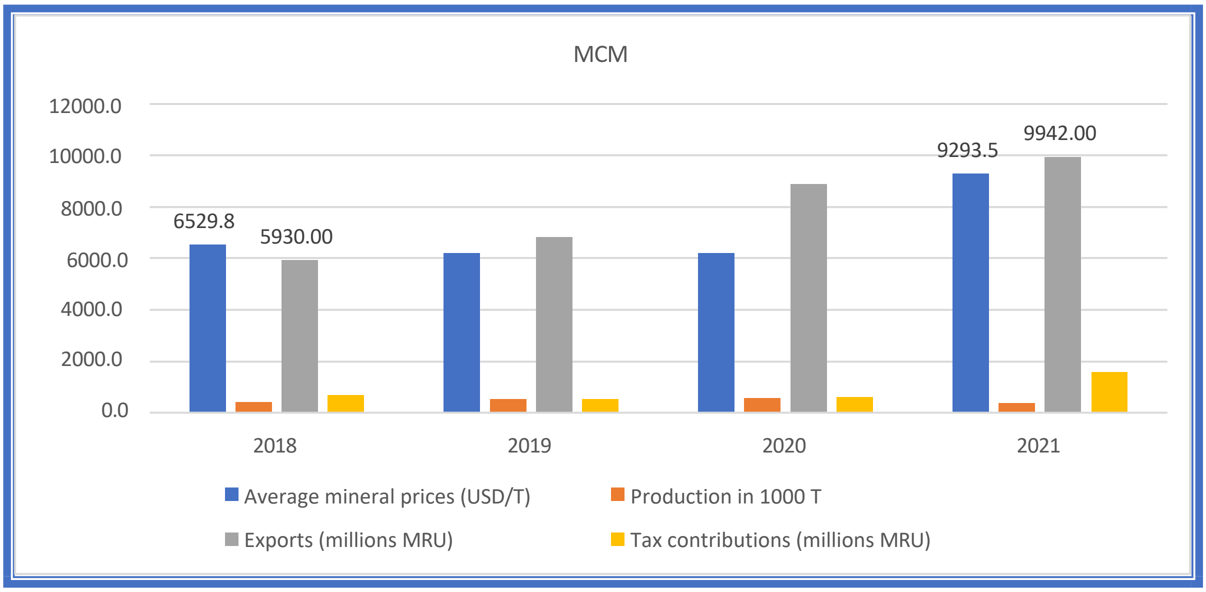
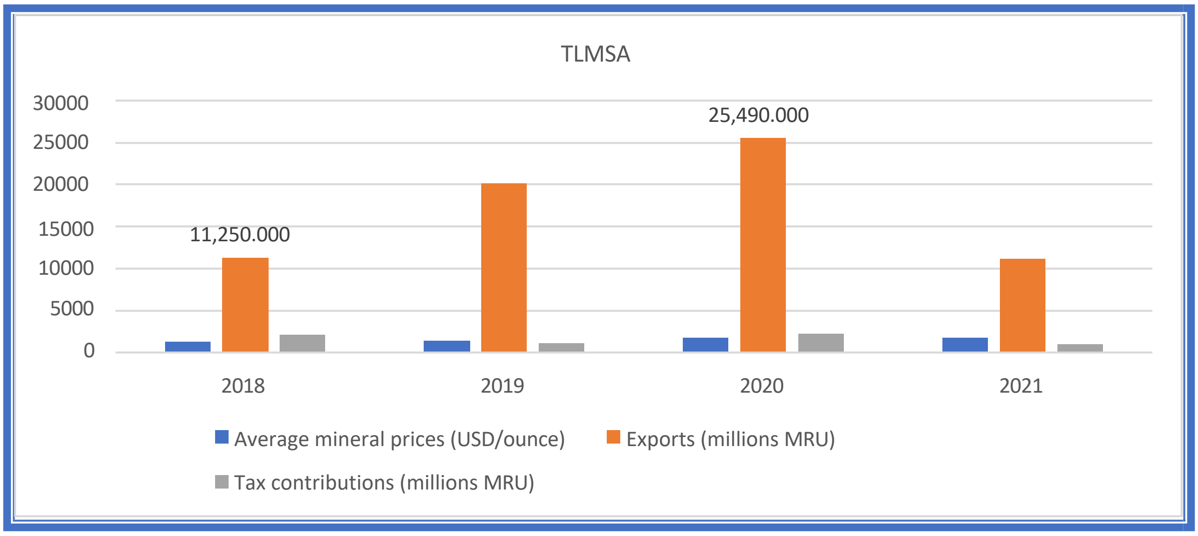


Figure 20: Changes in TLMSA indicators



7.5 Equity considerations

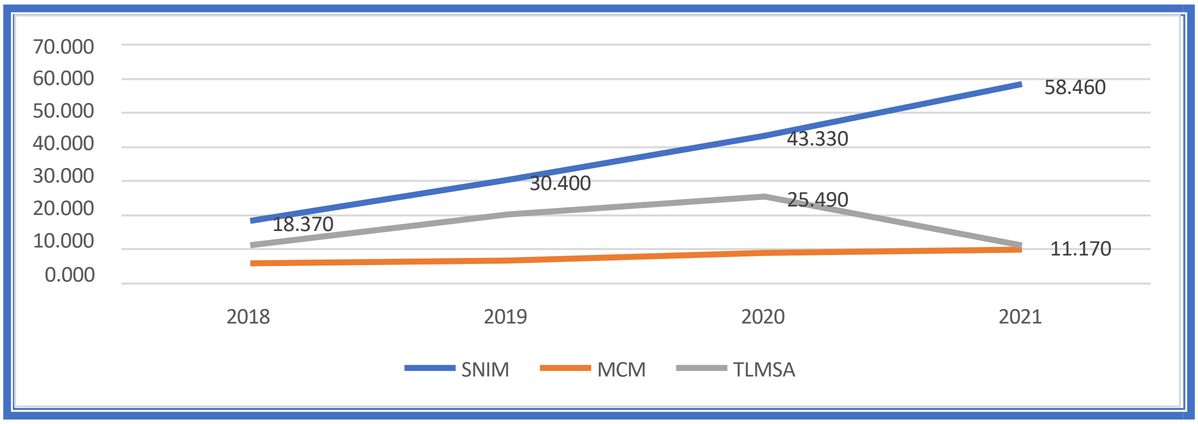
165. Does the heterogeneity of tax regimes have consequences in terms of equity between investors? To give an outline of the answer, we have taken several variables into consideration, including: contribution to government mining revenue, exemptions, employment and exports by value.

166. Over the last four years, the relative share of each mining company has evolved as shown in the table and graph below.

Table 40: Evolution the share of exports by value (billion MRU) and by company

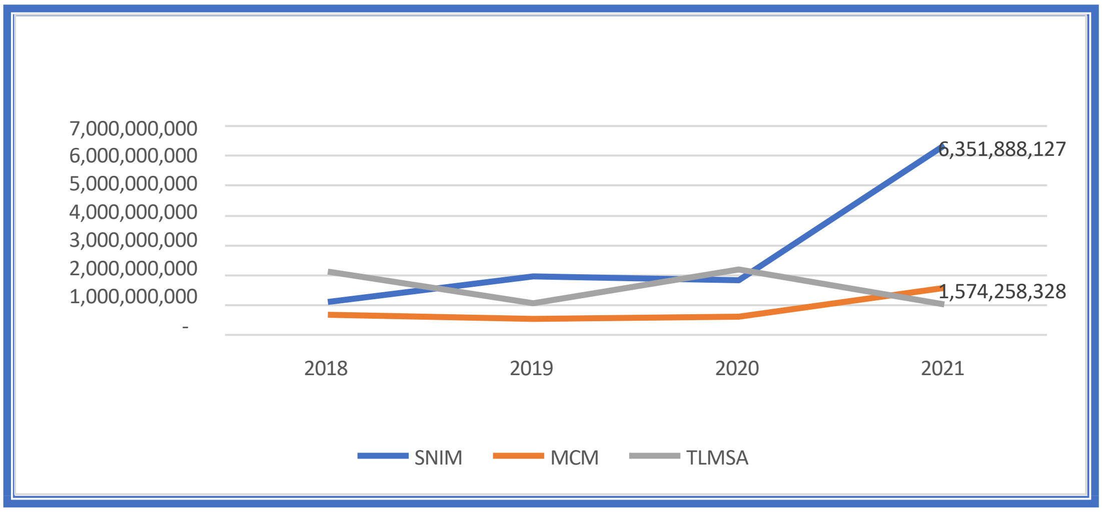
	2018	2019	2020	2021	Average	%
SNIM	18,370	30,400	43,330	58,460	37,64	60,18%
MCM	5,930	6,835	8,900	9,942	7,90175	12,63%
TLMSA	11,250	20,116	25,490	11,170	17,0065	27,19%
TG	**35,550**	**57,351**	**77,720**	**79,572**	**62,54825**	**100,00%**

Figure 21: Mining exports by Company 2018-2021



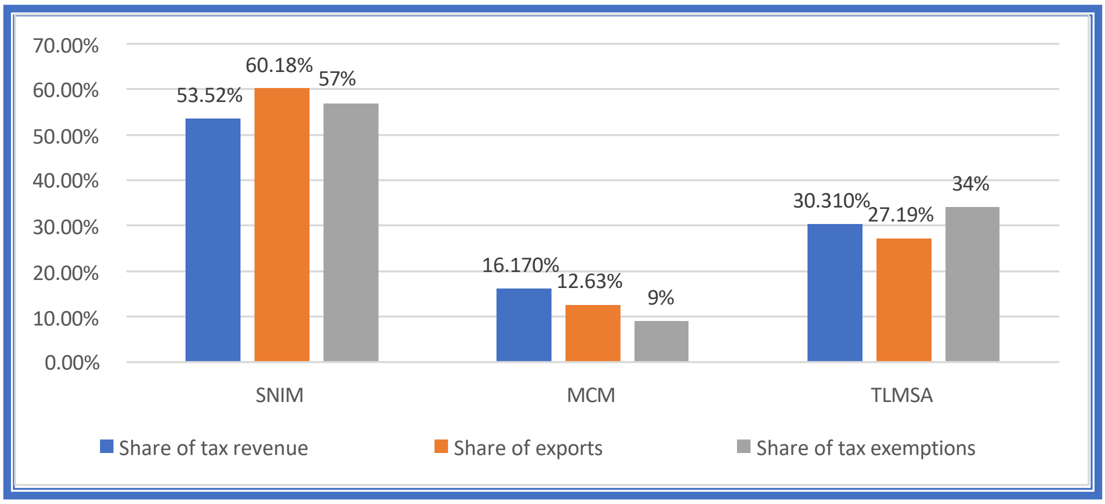
167. Changes in tax contributions are illustrated in the graph below.

Figure 22: Evolution of mining companies' tax contributions 2018-2021



168. A comparison of the relative shares of each company in mining exports, tax contributions and exemptions is shown in the graph below. Overall, there is a degree of consistency between trends in the three variables, but there are slight distortions that could be explained by other factors.

Figure 23: Share of companies in exports, mining tax revenues and exemptions



7.6 Conclusions:

169. Can the comparison approach between expected and received income be an alternative to methods based on accounting reconciliations? Before answering this question, a few considerations should be borne in mind.

170. The years 2020 and 2021 saw no hydrocarbon exploitation activity. We have therefore focused our analyses on the mining sector and, in particular, the three major companies: SNIM, MCM and TLMSA (TASIAST), which represent a cross-section of companies in the area.

171. The Declarations made on the data warehouse have been supplemented by the partial reconciliation exercise based on a sample drawn from official information on the total amount of income in accordance Requirement 4.1 (d).

172. The analysis of the tax contributions of the three main companies in the mining sector has made it possible to achieve comparisons, particularly in terms of equity, but the findings listed in section 7.1 make it difficult, in the current context, to base future reports on an exclusively tax-based approach.

173. Over the period 2010-2021, average government revenue mining was MRU 8.94 billion per year, at an average iron ore price estimated at USD 103.14 per tonne. On average, the State received the equivalent of 20% of revenues from mining exports over the period. If the exemptions granted to companies are deducted, this proportion falls to 4.34%.

VIII. Findings and recommendations

174. The findings concern a number of general aspects, reconciliations, completeness and data assurance.

8.1 Findings

175. The findings set out below concern both general considerations and more specific aspects relating to the completeness, reliability and assurance of data.

8.1.1 General considerations

176. EITI reports have always focused on accounting reconciliations between declarations from different sources, but experience has shown that the discrepancies are generally either small (below the margin of error) or linked to imputation errors or other errors. This highlights the need to explore other avenues as alternatives or complements to encourage transparency in extractive activities.

177. Among these, the comparison between tax revenues based on the reading of agreements and actual payments is really appealing, but it has come up against the lack of detailed data, which is difficult to obtain without interfering in the management of the companies concerned. In future, it may be necessary to encourage the combined use of several approaches to ensure the consistency and plausibility of the data declared by the parties.

8.1.2 Completeness of data

178. All the extractive companies selected in the scope have submitted their payment declarations to the data warehouse[40]. The same applies to the public entities included in the scope. Only one oil company has not submitted a declaration.

8.1.3 Reconciliation results

179. There are sometimes significant discrepancies between the declarations made by government bodies and those made by companies. This is the case for tax returns, the reasons for which were explained above (chapter 7). In addition, TLMSA submitted its declarations to the Data Warehouse late and they could not be included in the reconciliations. On this basis, the differences observed in total payments between the State's single tax return and the tax returns submitted by companies (excluding TLMSA) are 3% and 5% respectively for 2021 and 2020.

8.1.4 Data insurance

180. The situation as follows for the declaration forms of the collecting bodies:

[40] TLMSA submitted its 2020 and 2021 declarations in December 2022

- Although the FNRH audit report for 2015-2020 has been submitted to the IA, the 2021 accounts have not been audited or certified by the Court of Auditors. Only the bank statement was available;
- The DGTCP declaration was posted on the Data Warehouse but without certification.
- The three mining companies (SNIM, MCM and TLMSA) shared with the IA the reports of their respective auditors for the 2020 and 2021 financial years.

8.1.5 Compliance with certain EITI standards

a) REQUIREMENT 2.1

Information on the supervision of the artisanal and small-scale gold mining sector is supplemented below by a description of the role played by the MAADEN public body, its mandate and its activities.

Box 23: MAADEN MAURITANIA

MAADEN Mauritania is a public industrial and commercial establishment (EPIC), under the authority of the Ministry of Mines, with legal personality and financial autonomy, created by decree N 2020-65 dated 28 May 2020 to manage and supervise artisanal and semi-industrial mining. It is responsible for i) The granting of the necessary authorisations for the exercise of artisanal and semi-industrial mining; ii) The technical supervision of the artisanal exploitation of gold and other minerals as well as the exploitation of small-scale mines; iii) The elimination of the use of mercury and other chemicals in the processing of minerals in collaboration with the relevant departments of the Ministry the Environment and Sustainable Development (MEDD) ; iv) Regulation, under the supervision of the MEDD, of the flow of chemicals and the establishment of standards for liquid discharges; v) Regulation and monitoring/control of the marketing channels for gold and other artisanal and semi-industrial minerals;
vi) Formalising artisanal and semi-industrial activity, in particular by setting up an interface tailored to the target people; vii) Publicising good practice and training artisanal and semi-industrial operators; viiiDeveloping infrastructure and monitoring its implementation, in the event of delegation; ix) Seeking sources of finance for artisanal miners; x) Restoring and rehabilitating degraded sites and monitoring, in the event of delegation; xi) Using new technologies, in particular digitising its operations and services. MAADEN Mauritania is managed by an executive body consisting of a Managing Director and a Deputy Managing Director, both appointed by decree by the Council of Ministers. It is administered by a Board of Directors consisting a Chairman and 12 members. It has a staff of around sixty, including geologists and logistical resources.
MAADEN Mauritania manages the mining sites and provides the basic services required by gold miners (water, health, etc.). Since it was set up, it has installed freshwater boreholes and distribution tanks, and set up health centres.

b) REQUIREMENT 2.2

181. In the mining sector, the procedures for granting licences, contracts and transfers have been developed in previous reports. Pending the adoption of the draft decree, the same procedures remain in force. Among the shortcomings noted are the lack of precision in the technical and financial criteria used award permits, and the minimum financial commitment required to start a mining research project. This situation does not guarantee the transparency required in the management of mining and quarrying permits, or fair treatment for permit applicants.

182. In addition, the Mining Directorate is not involved in the assessment phase of the initial application. Technical and financial capacities are, however, assessed by the Land Registry under the provisions of the 2008 decree on mining titles and its 2017 amending on small-scale mining.

183. In addition, the deadlines for processing permit applications as defined are not always met. As recommended in the past, the DGM has published a note on granting of permits through the tendering procedure on the CN-ITIE website (http://www.cnitie.mr/itie-fr/images/textes/Note-relative-a- loctroi-des-permis-par-la-procedure-lappel-doffres.pdf.)

184. For the petroleum sector, the note describing the licensing process is available on the Ministry's website (http ://www.cnitie.gov.mr/images/textes/Matrice- Criteres-Techniques-et-financiers-Secteur-Petrolier-Avril-2020-vf.pdf).

c) REQUIREMENT 2.3

185. Appendices 9.2 to 9.4 show the list licence holders and the map of the oil blocks. In addition, the application and award dates for the mining sector are shown in the tables in the appendices. For further information, please contact: Mauritanie - Ministère du Pétrole, de l'Energie et des Mines (petrole.gov.mr)

d) REQUIREMENT 2.4

186. For the list of contracts, which indicates which are accessible and which not, see below for links to the web pages where the contracts are published:
http://www.cnitie.gov.mr/index.php/fr/contrats
https://resourcecontracts.org/countries/mr?page=1.

187. The contract disclosure policy can be consulted at:
http://www.cnitie.gov.mr/images/textes/Note-sur-la-politique-du-gouvernement-- disclosure-of-contracts.pdf.

8.2 Follow-up to recommendations in previous reports

188. The table below provides a summary of the follow-up status of the recommendations, corrective measures and reforms proposed in the pre-2020 reports (comments on the progress made in their implementation and formulation).

Table 41: Summary of follow-up to recommendations prior to 2020

Recommendation	Implementation	Comments
Recommendations for financial authorities		
Improving the efficiency of the DGTCP's information system	Some progress has been made	• The quality of the information declared by the DGTCP has improved. • Payments included in "Other" have been reduced, even though there is codification to identify operators in the extractive sector. has been put in place.
Periodic reconciliation of flows between the Treasury and reporting companies	In progress	• Periodic publications on the Treasury website (tresor.gov.mr) are a source of data to be exploited by the CN-ITIE. • A project to set up a systematic data disclosure system is currently underway. It has been partially implemented.
Discrepancies between customs and extractive companies export declarations	Not satisfied	• Differences not analysed
Issuing receipts for the FNRH	Not satisfied	• Payments to the FNRH are evidenced by (internal) treasury receipts that are not sent to the parties concerned.
Carrying out FNRH audits	Audit reports have been produced but not published	• The FNRH audit was carried out in 2015, 2016, 2017, 2018, 2019 and 2020 but has not been made public.
Eliminate errors in data entry and extraction of EITI data by financial authorities	Significant improvement	• Errors in DGTCP extractions, in particular due to incorrectly formulated and/or grouped wording, have been reduced.
Ensuring that declarations are certified and submitted on time	Was fully satisfied in December 2022	• TLMSA posted its declaration on the Data Warehouse in December 2022 • All reporting entities met the deadlines set by the National Committee for the publication of declarations.
Recommendation to the Ministry of Oil, Energy and Mines		
Harmonisation of the legal framework for the mining sector	Recommendation not met	The draft texts include the following points: • Revision of the texts applicable to the mining sector as a whole ; • Incorporation of all revisions to the Mining Code in single legislative text; • Introduction of all activities likely be carried out in Mauritania, in order to cover the entire mining chain, including the artisanal mining sub-sector; • Removal of inconsistencies between different texts; and • Adoption of implementing legislation for harmonised mining laws.

		• At the time of our intervention, the texts had not been adopted.
Clarify the criteria for assessing technical and financial capacity granting mining permits	The criteria have been identified and will be incorporated into the new mining code	• The revision intended to introduce clear and measurable criteria the appraisal of mining permits in both phases (exploration and exploitation). • The plan was to provide the DGM with the resources it needed to take part in the assessment process by issuing an opinion as part of the process of examining applications for mining permits, from the research phase onwards. The draft decree is currently adopted.
Drawing up a strategic vision for the development of the hydrocarbons sector	Satisfied recommendation	• The Strategic Vision was drawn up in May 2022
Updating the Mining Policy	The validated documents are available (support from the German Cooperation)	• The updated mining policy was drawn up and approved in May 2021, but no progress has been made since then.
Improving the state of the land register	Improvements achieved in the oil sector	• The date of the request is not systematically disclosed for the oil sector insofar as it was decided, at the CN-ITIE meeting of 8 October 2019, that for the oil sector, the date of application is deemed to be the date of signature of the 1st Minutes of the Negotiating Committee. • The date of the request is systematically disclosed for the oil sector in accordance with the tables communicated to the Administrator and following the decision taken at the CN-ITIE meeting of 8 October 2019, which stipulates that for the oil sector, the date of the request is considered to be the date of signature of the 1st PV of the negotiating commission. • In the mining sector, the opacity of the opening is being eliminated (decree at the end of the process). • The date of the request was sent with the summary tables of the land registry situation submitted to the IA.
Set up a on the extractive sector (geo-portal), including a list of operators active in the sector	Recommendation partially met	• The texts relating to the legal, fiscal and institutional framework and a signed note on the policy for publishing contracts are on the Ministry's website and that of the CN-ITIE, along with a presentation of the sector in terms of blocks and potential. • A note describing petroleum licensing process is available on the Ministry's website.

		• A database containing most of the information companies operating in the extractive sector is available. • The list of mining title holders is published. • However, the Portal is updated irregularly.
Disclose a complete list of current contracts, including those that are accessible to the public and those that are not.	Satisfied recommendation	• Nothing to report
Publish payments by project	Satisfied by the State and the Operators	• The Hydrocarbons Code introduces the principle ring fencing. As a result, each block is declared separately and is therefore considered as a project. This is the basis of the resolution of CN-ITIE meeting 8 October 2019. • All the mining companies considered that they had a single mining permit corresponding to a single project.
Other recommendations		
Ensuring the completeness of declarations by state-owned enterprises	Partially satisfied	• In order ensure the completeness of EITI declarations for future reports, the CN-ITIE may plan capacity-building activities for public company focal points, focusing in particular on requirements 2.6 and 6.2 of the 2019 EITI Standard.
Assessing breaches of licensing procedures	Not carried out	• The CN-ITIE could consider increasing the level of assurance and aligning with best practice in other EITI implementing countries by considering in future reports a review of a sample of licence awards and transfers to check for breaches. important in practice. This recommendation was not acted upon.
Catching up with the implementation of the real estate roadmap	Partially satisfied	• A study on Real Property has been carried out. An ad-hoc committee is monitoring the issue. • Adoption a form in consultation with the International Secretariat, which was communicated to companies via their supervisory bodies. • A draft decree is currently being examined.
Improving the quality and availability of employment information	An EPCV survey was carried out in 2019-2020	• This survey was used to estimate the indicators, but the specific data dates from 2017 (National Survey of Employment and the Informal Sector) and has not yet been updated.
Regularly publish detailed statistics on the number of people employed in the extractive industries in Mauritania	Partially satisfied	• There are also differences in the figures depending on the data source (BCM, ANSADE (ONS), World Bank, IMF). It is desirable to unify estimates or to refer to the same source except when it is unreliable. Recommendation not met

8.3 Conclusions/Recommendations of AI

8.3.1 General conclusions

189. By way of conclusion, we thought it would be useful to focus on three aspects that are found at several levels of this report: i) the completeness and reliability of the data; ii) the state of play in terms of the transparency of procedures; and iii) the outlook.

On completeness and reliability of the data :

190. The response rate for all the companies and state-owned entities within the scope was based on estimates due to the existence of incomplete responses. The discrepancies or shortcomings in the declarations have nevertheless been mentioned, but it is considered that their impact on the conclusions of the report is acceptable.

191. The status of the audits of the financial statements of the participating companies and State entities for the 2020 and 2021 financial years and their accessibility were reviewed, with indications of the level of public access and the options to be favoured in this respect.

On the current state of transparency :

192. The analyses detailed above show that: i) despite the efforts of the GMP and its Chairman, some recommendations have not been implemented, while others have been fully or partially implemented (see follow-up to recommendations, Chapter 8); ii) despite its proven effectiveness, the Data has not been used properly by some companies (TLMSA) and, to a lesser extent, by SNIM, which has not filled in all the fields (e.g. the destination of exports in 2020); iii) compliance with the requirements for certification of accounts (availability of audit reports) is not yet systematic or widespread; iv) the response times of some players are not yet sufficiently long to ensure that the system is working properly: the destination of exports in 2020[41]); iii) compliance with the requirements for certification of accounts (availability of audit reports) is not yet systematic or generalised; iv) the response times of certain players are sometimes too long; v) the data collected, even if not detailed, nevertheless allows conclusions to be drawn.

193. These conclusions include: i) progress in terms of knowledge of EITI requirements and standards, but also difficulties in accessing information and ii) audited or certified accounts for the financial years concerned. In addition, the social and environmental dimensions are insufficiently taken into account.

194. The shortcomings in control and audit practices were discussed at length in the 2019 EITI report. Since then, there has been little progress towards improvement, particularly in terms of (i) evaluating budgetary practices to assess the effectiveness, efficiency, sustainability and equity of public interventions; and (ii) publishing and disseminating control and audit reports.

195. In terms of overall governance of the extractive industries sector, SNIM's management system caught our attention because of its shortcomings, which present as many risks of capture of the mining rent.

[41] Finally obtained after several reminders.

Outlook:

196. An analysis historical data shows that, in order to improve transparency and the spin-offs from the extractive industries, it will be necessary act upstream and downstream by creating the conditions outlined below:

a) Upstream, through studies and renegotiations, the aim is to find a fair compromise that optimises the METR and hence the mining income accruing to the State;
b) Downstream, the aim is to improve SNIM's governance system to reduce the risks of capturing mining rents and, without interfering in the company's management, to ensure that reciprocal commitments are respected. Particular attention should be paid to developing local content.
c) Given that the revenues generated by the extractive sectors mainly benefit, directly or indirectly, the State budget, it is highly desirable that its annual execution be evaluated by independent bodies and made public, in particular to answer the crucial questions of the effectiveness, efficiency, effectiveness and equity of public spending[42]. It is at this price that citizens will give more credibility to leaders and institutions and will be more willing to contribute to efforts to implement and manage State resources.

197. We know that now takes 10 to 15 years for a deposit to be discovered and then mined. We also know that initial investments are considerable, but the mining industry is highly dependent on fluctuations in metal prices. Hence the importance of an appropriate legal and regulatory framework. This must take into account the solution to a series of equations with several unknowns, including the diversity of mining projects, their size and specificity under the constraints of competitiveness, the assurance of optimal socio-economic spin-offs over the long term and, above all, respect for the environment.

198. For the future[43] , the focus should be on : i) mining regimes; ii) the aggregates and construction materials sub-sector (quarries); iii) industrial and strategic minerals; iv) production sharing; v) incentives for the transformation of ore into metal; vi) the attitude to adopt towards speculation (surface area, duration, rights); vi) the stability of the regime (duration of the agreement); vii) permits for all substances and their retention; viii) environmental assessment (updated every two years) and the creation of a system for the conservation of the environment; vii) permits for all substances and their retention; viii) environmental assessment (updated every two years) and the creation of escrow funds for the environment; ix) the method of granting permits; xexemptions (fuel and oil); xi) limiting the time taken to examine applications for permits and the time required to obtain them; xiii) the conditions under which permits may be granted; xiii) the conditions under which permits may be granted; xiiiii) the conditions under which permits may be granted; xiii) the conditions under which permits may be granted; xiii) the conditions under which permits may be granted.
xii) transparency and publication issues.

199. Experience has shown that the traditional EITI reporting format is not sufficient to assess the level of transparency in the extractive industries. In addition to analysing historical data, it may be necessary to introduce simulations of tax and other regimes to ensure the plausibility/reliability of the data reported.

200. In addition to what has been explained above, it has to be recognised that transparency in the extractive industries cannot be dissociated from transparency in public life in general, given the strong interaction between the two aspects.

[42] This assessment supplements the settlement laws drawn up by the Court of .
[43] Most of these proposals are drawn presentations and discussions with engineer Taleb Mohamed, adviser to the Minister for Mines.

8.3.2 Recommendations from the 2020-2021 report

201. The table below sets out the new recommendations to strengthen the regularity, timeliness and completeness of future reporting and audit practices to bring them into line with international standards. In accordance with the Multi-Stakeholder Group Guidelines, we have also proposed reforms relating to the governance of the extractive sector and the impact of EITI implementation.

Table 41: Summary of recommendations in the 2020-2021 report

N°	Findings/conclusions	Recommendations/measures to be taken	Recipients	Level of priority
1	Extractive sector figures vary from one source to another, affecting their reliability and, consequently, the quality of analyses of trends and trends in the sector. comparisons.	Bringing together the main data sources to discuss the definitions, concepts and outlines of the variables to be recorded the relevant indicators for the reports EITI	CNITIE and data sources (MPME, BCM, DGTCP; DGD between others)	1
2	Mining jobs	Include the CNSS in the scope of data collection bodies (declarations, etc.). formal jobs with the CNSS) to get round the shortcomings of the SSN	CNITIE/Ministry of Labour/CNSS	2
3	Insufficient social spending	Introduce constraints on use FNRH funds to encourage productive investment and social infrastructure.	MF	1
4	Insufficient environmental expenditure	Introduce constraints on use of revenue from polluting sectors	Parliament/MF	1
5	The massive use of mercury in gold processing is a major problem because of the effects of this highly toxic product on health and the environment. the environment.	Experiment with other methods, such as separation by gravity, if conclusive, and implement the necessary measures.	MPME/MAADEN/TLMSA/MCM/Artisanals	1
6	The evolution of the METR reflects the difficulty of arbitrating between the desire to attract investors by granting tax advantages and limited income. expectations, particularly if the	Carry out a tax modelling study (TEMI) with the aim of simulating and targeting, through a "fair sharing of mining rent" model before signature of conventions.	MPME	2

	tax system is not progressive in the event of a rise in prices and if it cannot be revised because of stability clauses tax.			
7	Insufficient local mining content in the production process	Implement a local content policy based on an appropriate strategy	MPME/ MAEPSP/MF/MCIAT	1
8	The tax system is heterogeneous, unstable and complex, and its fairness is questionable.	Further simplifying and standardising the tax system in the extractive industries	MPME/MF	2
9	We suspect the existence of speculation on the securities combined with an opaque allocation process (requirement of transparency and fairness).	Introduce technical and economic eligibility criteria for mining applicants	MSME/ Decree in the process of adopted	1
10	Reliability and completeness of data	A template of EITI-compliant tables and reports should be made available to Reporting Parties.	CNITIE/Collecting bodies/Businesses subject to declaration	1
11	SNIM's governance system lacks flexibility and the ability to adapt quickly to changing circumstances	Reviewing the system of governance to promote transparency and entrepreneurship, away from political interference.	MPEM/MF/MAEPSP/SNIM	1
12	The accounts are sometimes certified by persons who are legally authorised but whose qualifications are not proven.	To improve compliance with the profile of auditors in accordance with the profession, the transparency of their choice, the publication of reports and their evaluation, and thus to encourage the emergence of a culture of accountability. Reorganise the accountancy profession.	The technical/financial supervisory bodies and the EITI National Committee	2
	Statutory ' reports are not published systematically	Stakeholders must publish the audited accounts for year n-1 at the end of the 1st quarter of year n.	Technical and financial supervisors and managers of private companies.	1
12	Some of the previous recommendations have not been acted upon	Continue efforts to raise awareness and put pressure on those responsible.	MPEM/CNITIE	1

Appendices

9.1 Basis for tax estimates

	SNIM			TLSM			MCM		
Sales		**59 277 000 000**	**45 146 000 000**		**11 340 857 000**	**26 648 943 000**		**10 150 597 000**	**9 099 472 000**
Net profit for year		**31 627 000 000**	**21 321 000 000**		**-3 156 054**	**5 215 573 000**		**2 711 886 000**	**2 201 281 000**

Estimated taxation under the 2020 tax system	**SNIM**			**TLSM**			**MCM**		
	Calculation basis	**2021**	**2020**	**Calculation basis**	**2021**	**2020**	**Calculation basis**	**2021**	**2020**
Specific fee	SNIM single annual fee, gross amount (TU SNIM) 9% of sales	**5 334 930 000**	**4 063 140 000**	Mining royalty 4% of sales on gold Other mines are assumed to be negligible	**453 634 280**	**1 065 957 720**	Mining royalty 3% of copper sales It is assumed that the quantities of gold are negligible	**406 023 880**	**363 978 880**
Tax on Salaries and Wages (ITS)	It is assumed that gross taxable salary exceeds 21 000 MRU Headcount 2019 : The STI is equal to the amount of the staff mentioned in the financial statements (specifically in the income statement) less social security charges and employer contributions	**1 850 391 406**	**1 461 501 769**	It is assumed that gross taxable salary exceeds 21 000 MRU Headcount 2019 : 3537 employees We applied the scale to this assumption, taking the amount of the costs of the profit and loss account as total gross salary, including social security charges. employers	**912 444 891**	**1 034 983 639**	Assumes gross taxable salary exceeds MRU 21,000 Workforce 2019: 852 employees The scale has been applied on this assumption, taking the amount of staff in the income statement as the total gross salary, including employer's contributions.	**423 376 457**	**493 752 667**

Redevance SNIM pays the State an annual lump sum of eight million Ouguiya (MRU 8,000,000) representing the full amount of tax compensation and taxes on benefits in kind granted. by SNIM to its staff,		**8 000 000**	**8 000 000**						
Corporation tax (IS)	2% of sales	1 185 540 000	902 920 000	2% of sales	226 817 140	532 978 860	2% of sales	203 011 940	181 989 440
	25% Profit	7 906 750 000	5 330 250 000	25% Profit	-789 014	1 303 893 250	25% Profit	677 971 500	550 320 250
	The greater of 25% of the profit and 2 of sales	**7 906 750 000**	**5 330 250 000**	**The greater of 25% of the profit and 2 of sales**	**226 817 140**	**1 303 893 250**	**The greater of 25% of profit or 2% of turnover**	**677 971 500**	**550 320 250**
					Headcount 2019	**Headcount 2019**		**Headcount 2019**	**Headcount 2019**
Workforce		6 368	6 184		3 537	3 537		852	852
Personal expenses in the income statement		5 152 000 000	4 078 000 000		2 546 253 000	2 876 766 000		1 170 024 000	1 361 362 000
Employers' CNSS		14 328 000	6 493 200		7 958 250	3 713 850		1 917 000	894 600
Employers' CNAM		244 651 048	193 881 276		120 871 179	136 812 007		55 624 143	64 784 162
Gross salary		4 893 020 952	3 877 625 524		2 417 423 571	2 736 240 143		1 112 482 857	1 295 683 238
CNSS employee		955 200	432 880		530 550	247 590		127 800	59 640
CNAM employee		195 720 838	155 105 021		96 696 943	109 449 606		44 499 314	51 827 330
Allowance		44 576 000	43 288 000		24 759 000	24 759 000		5 964 000	5 964 000
Taxable salary		4 651 768 914	3 678 799 623		2 295 437 079	2 601 783 947		1 061 891 743	1 237 832 269
		25 790 400	25 045 200		14 324 850	14 324 850		3 450 600	3 450 600
STI due		4 625 978 514	3 653 754 423		2 281 112 229	2 587 459 097		1 058 441 143	1 234 381 669
		1 850 391 406	**1 461 501 769**		**912 444 891**	**1 034 983 639**		**423 376 457**	**493 752 667**

1-Spontaneous SNIM payments		
IMPÖT	**2017 DECLARATIONS**	**PAYMENT 2018**
ITS	38 291 405	38 291 405
TU (Adjustment)	-	-
IRCM	-	-
IMPÖT	**2018 DECLARATIONS**	**PAYMENT 2019**
ITS	42 293 617	42 293 617
TU (Adjustment)	399 786 671	399 786 671
IRCM	354 194	354 194
IMPÖT	**DECLARATIONS 2019**	**PAYMENT 2020**
ITS	213 878 370	213 878 370
TU(Adjustment)	-	-
IRCM	980 421	980 421
IMPÖT	**2020 DECLARATIONS**	**PAYMENT 2021**
ITS	254 328 038	254 328 038
TU(Adjustment)	1 419 146 840	1 419 146 840
IRCM	501 126 600	501 126 600
IMPÖT	**DECLARATIONS 2021**	**PAYMENT 2022**
ITS	439 300 553	439 300 553
TU(Adjustment)	1 386 365 194	1 386 365 194
IRCM	1 238 948 550	1 238 948 550

1-Spontaneous payments MCM		
IMPÖT	**2017 DECLARATIONS**	**PAYMENT 2018**
ITS	21 840 847	21 840 847
BIC	135 981 227	135 981 227
RSI	-	-
IMPÖT	**2018 DECLARATIONS**	**PAYMENT 2019**
ITS	31 351 801	31 351 801
BIC	-	-
RSI	-	-
IMPÖT	**DECLARATIONS 2019**	**PAYMENT 2020**
ITS	24 927 757	24 927 757
BIC	135 580 889	135 580 889
RSI	-	-
IMPÖT	**2020 DECLARATIONS**	**PAYMENT 2021**
ITS	-	-
IS	622 993 309	622 993 309
RSI	-	-
IMPÖT	**DECLARATIONS 2021**	**PAYMENT 2022**
ITS	23 979 153	23 979 153
IS	755 745 183	755 745 183
RSI	-	-

1-Spontaneous payments TLMSA		
IMPÖT	**2017 DECLARATIONS**	**PAYMENT 2018**
ITS	68 909 046	68 909 046
IMPÖT	**2018 DECLARATIONS**	**PAYMENT 2019**
ITS	70 673 775	70 673 775
IMPÖT	**DECLARATIONS 2019**	**PAYMENT 2020**
ITS	122 311 957	122 311 957
IMPÖT	**2020 DECLARATIONS**	**PAYMENT 2021**
ITS	91 846 465	91 846 465
IMPÖT	**DECLARATIONS 2021**	**PAYMENT 2022**
ITS	87 185 460	87 185 460

Source: DGI

2-Payments on roll (Adjustment) SNIM				2-Payments on roll (Adjustment) MCM				2-Payments on roll (Adjustment) TLMSA			
Controlled exercise	**Payroll year ment**	**Amount of adjustment**	**Type of control**	**Controlled exercise**	**Year of payment**	**Amount of adjustment**	**Type of control**	**Controlled exercise**	**Year of payment**	**Amount of adjustment**	**Type of control**
				2018	2019	95 425 222	Coin-operated	2018	2020	1 009 735 786	Control over place
2018	2019	177 448 604	Coin-operated	2017	2020	700 357 727	On site	2019			In progress treatment
2019	2020	148 948 507	Coin-operated	2019	2020	117 737 489	Coin-operated	2020			In progress treatment
2020	2021	31 886 688	Coin-operated	2020		-	In progress treatment	2021			In progress treatment
2021	2022	-	In progress treatment	2021		-	In progress treatment				

Source: DGI

9.2 Mining permits in force[44]

9.2.1 Operating licence

Year 2020

N°	Code	Company	Date Demande	Date Granted	1.Ren	Expiry date	Wilaya
1	1 C1	SNIM	20/10/1958	20/10/1958		20/10/2033	Tiris Zemmour
2	2 C2	MCM	01/01/1968	01/01/1968		01/01/2043	Inchiri
3	3 C1	SNIM	24/09/1979	24/09/1979	01/11/2009	01/11/2024	Tiris Zemmour
4	8 C5	SOMISEL	01/04/1992	13/04/1992		13/04/2022	Inchiri-Trarza
5	229 C2	TASIAST MAURITANIA	27/10/2003	19/01/2004		19/01/2034	Inchiri
6	609 C1	EL Aouj Mining Company SA	26/03/2008	27/04/2008		27/04/2038	Tiris Zemmour
7	1372 C1	TAZADIT UNDERGROUND MINE	22/03/2011	07/06/2011		07/06/2041	Tiris Zemmour
8	1620 C1	Sphere Mauritania SA	08/11/2011	26/09/2012		26/09/2042	Tiris Zemmour
9	1788 C5	Quartz Inc Mauritania	29/04/2012	31/08/2012		31/08/2042	Inchiri
10	2018 C2	SENI SA	30/05/2013	01/12/2014		01/12/2044	Dakhlet Nouadhibou-Inchiri
11	2019 C2	SENI SA	30/05/2013	01/12/2014		01/12/2044	Dakhlet Nouadhibou
12	2119 C2	SGS - Société Générale de Service	23/03/2014	28/12/2016		28/12/2046	Trarza
13	2138 C1	Legleitat Iron Mauritanie sa	11/05/2014	07/07/2014		07/07/2044	Inchiri
14	2405 C5	Ferroquartz Mauritania	17/11/2015	02/08/2016		02/08/2046	Dakhlet Nouadhibou
15	2406 C5	Ferroquartz Mauritania	17/11/2015	02/08/2016		02/08/2046	Dakhlet Nouadhibou
16	2480 C2	TIREX SA	09/12/2016	07/12/2017		07/12/2047	Inchiri
17	2493 C5	Mauritano-Saoudeinne for phosphate	19/05/2017	17/07/2017		17/07/2047	Brakna - Gorgol
18	2491 C4	Tiris Ressources Sa	19/05/2017	08/02/2019		08/02/2049	Tiris Zemmour
19	2492 C4	Tiris Ressources Sa	07/06/2017	08/02/2019		08/02/2049	Tiris Zemmour
20	2727 C5	Mine Du Nord (MDN)	10/12/2018	13/02/2019		13/02/2049	Dakhlet Nouadhibou

[44] https://portals.landfolio.com/Mauritania/fr/, the portal: http://portailmines.gov.mr/mauritanie/index.php/situation-cadastre-2019) and the Dashboard page (http://82.151.65.199:8800/Permis/Permi),

Year 2021

		Operating licence in force 2021					
N°	Code	Company	Date From m	Grant	1.Ren	Expiration	Wilaya
1	1 C1	SNIM	20/10/1958	20/10/1958		20/10/2033	Tiris Zemmour
2	2 C2	MCM	01/01/1968	01/01/1968		01/01/2043	Inchiri
3	3 C1	SNIM	24/09/1979	24/09/1979	01/11/2009	01/11/2024	Tiris Zemmour
4	8 C5	SOMISEL	01/04/1992	13/04/1992		13/04/2022	Inchiri-Trarza
5	229 C2	TASIAST MAURITANIA	27/10/2003	19/01/2004		19/01/2034	Inchiri
6	609 C1	EL Aouj Mining Company SA	26/03/2008	27/04/2008		27/04/2038	Tiris Zemmour
7	1372 C1	TAZADIT UNDERGROUND MINE	22/03/2011	07/06/2011		07/06/2041	Tiris Zemmour
8	1620 C1	Sphere Mauritania SA	08/11/2011	26/09/2012		26/09/2042	Tiris Zemmour
9	1788 C5	Quartz Inc Mauritania	29/04/2012	31/08/2012		31/08/2042	Inchiri
10	2018 C2	SENI SA	30/05/2013	01/12/2014		01/12/2044	Dakhlet Nouadhibou-Inchiri
11	2019 C2	SENI SA	30/05/2013	01/12/2014		01/12/2044	Dakhlet Nouadhibou
12	2119 C2	SGS - Société Générale de Service	23/03/2014	28/12/2016		28/12/2046	Trarza
13	2138 C1	Legleitat Iron Mauritanie sa	11/05/2014	07/07/2014		07/07/2044	Inchiri
14	2405 C5	Ferroquartz Mauritania	17/11/2015	02/08/2016		02/08/2046	Dakhlet Nouadhibou
15	2406 C5	Ferroquartz Mauritania	17/11/2015	02/08/2016		02/08/2046	Dakhlet Nouadhibou
16	2480 C2	TIREX SA	09/12/2016	07/12/2017		07/12/2047	Inchiri
17	2493 C5	Mauritano-Saoudeinne for phosphate	19/05/2017	17/07/2017		17/07/2047	Brakna - Gorgol
18	2491 C4	Tiris Ressources Sa	19/05/2017	08/02/2019		08/02/2049	Tiris Zemmour
19	2492 C4	Tiris Ressources Sa	07/06/2017	08/02/2019		08/02/2049	Tiris Zemmour
20	2727 C5	Mine Du Nord (MDN)	10/12/2018	13/02/2019		13/02/2049	Dakhlet Nouadhibou

9.2.2 Research permits

Year 2020

No	Code	Company	Request date	Grant	1.Ren.	2. Ren	Wilaya
1	548 B1	BUMI MAURITANIA SA	14/11/2007	27/03/2008	29/05/2012	30/01/2017	Inchiri
2	555 B1	BUMI MAURITANIA SA	14/11/2007	27/03/2008	29/05/2012	15/06/2017	Adrar-Inchiri
3	934 B2	International Mining Group Sarl	26/11/2009	15/03/2010	18/08/2013	31/05/2017	Dahklet Nouadhibou_Trarza
4	1016B1	Mauritanie Ressources Limited Sarl	14/04/2010	25/04/2011	19/09/2019		Tiris Zemmour
5	1024B1	TAYSSIR RESOURCES SAS	25/04/2010	02/12/2010	06/07/2014	25/09/2019	Tiris Zemmour
6	1025B2	WAFA MINING S.a	25/04/2010	31/08/2010	21/11/2013	11/12/2017	Adrar - Inchiri
7	1063B1	International Trading	06/06/2010	01/12/2010	14/12/2017		Tiris Zemmour
8	1077B2	Mauritanian Exploration Company (SME)	05/07/2010	23/11/2010	12/01/2014	03/07/2017	Dakhlet Nouadhibou - Inchiri
9	1117B2	TIREX SA	04/08/2010	24/01/2011	07/09/2014	07/08/2018	Inchiri
10	1154B4	AGRINEQ S.a	14/09/2010	05/06/2017			Tiris Zemmour
11	1155B4	AGRINEQ S.a	14/09/2010	20/03/2018			Tiris Zemmour
12	1174B2	Mauritanides Mining Sa	03/10/2010	08/06/2011	03/10/2018		Dakhlet Nouadhibou - Inchiri
13	1217B1	Elite Earth Minerals and Metals (E.E.M.M.)	08/11/2010	26/01/2011	06/10/2016		Adrar
14	1291B2	Mineralis	06/01/2011	30/03/2011	22/04/2015	01/10/2018	Inchiri
15	1323B4	Karfahane Co.Ltd	26/01/2011	30/11/2011	20/08/2015	04/12/2018	Dakhlet Nouadhibou and the Inchi
16	1352B2	Société Mauritanienne de l'Industrie Minière (SMIM)	02/03/2011	15/08/2017			Tiris Zemmour
17	1353B2	Société Mauritanienne de l'Industrie Minière (SMIM)	02/03/2011	27/10/2017			Tiris Zemmour
18	1415B2	Orecorp Mauritania Sarl	27/04/2011	21/07/2011	30/07/2015	21/03/2019	Adrar
19	1416B2	Orecorp Mauritania Sarl	27/04/2011	21/07/2011	30/07/2015	21/03/2019	Adrar
20	1482B4	AURA ENERGY LTD	30/05/2011	18/01/2017			Tiris Zemmour
21	1841 B1	El Hajera Sarl	02/08/2012	21/07/2013	25/06/2018		Gorgol
22	2002B4	Aura Energy Limited	08/05/2013	18/01/2017			Tiris Zemmour
23	2043B2	TAFOLI MINERALS	23/06/2013	01/08/2013	07/06/2016	29/07/2019	Trarza - Adrar
24	2104B2	BIG-Consulting Group Sarl	02/10/2013	18/01/2017			Tiris Zemmour
25	2128B2	Minerals Resources Development	06/04/2014	22/07/2019			Assaba-Gorgol

26	2143B4	TAFOLI MINERALS	28/05/2014	09/01/2020			Trarza-Adrar
27	2155B2	Soho Properties Natural Resources	11/08/2014	15/11/2016			Gorgol
28	2156B2	Soho Properties Natural Resources	11/08/2014	15/11/2016			Assaba - Gorgol
29	2170B2	Taoudeni Resources	31/08/2014	29/06/2017			Adrar
30	2189B1	Sahara Investments Ltd	03/09/2014	03/07/2017			Tiris Zemmour
31	2208B2	AYA Sarl	08/09/2014	09/07/2019			Assaba - Gorgol

Year 2021

Research permit in force 2021							
N°	Code	Company	Date.Dem	Grant	1. Ren	2. Ren	Wilaya
1	548 B1	BUMI MAURITANIA SA	14/11/2007	27/03/2008	29/05/2012	30/01/2017	Inchiri
2	555 B1	BUMI MAURITANIA SA	14/11/2007	27/03/2008	29/05/2012	15/06/2017	Adrar-Inchiri
3	934 B2	International Mining Group Sarl	26/11/2009	15/03/2010	18/08/2013	31/05/2017	Dahklet Nouadhibou_Trarza
4	1016B1	Mauritanie Ressources Limited Sarl	14/04/2010	25/04/2011	19/09/2019		Tiris Zemmour
5	1024B1	TAYSSIR RESOURCES SAS	25/04/2010	02/12/2010	06/07/2014	25/09/2019	Tiris Zemmour
6	1025B2	WAFA MINING S.a	25/04/2010	31/08/2010	21/11/2013	11/12/2017	Adrar - Inchiri
7	1063B1	International Trading	06/06/2010	01/12/2010	14/12/2017		Tiris Zemmour
8	1077B2	Mauritanian Exploration Company (SME)	05/07/2010	23/11/2010	12/01/2014	03/07/2017	Dakhlet Nouadhibou - Inchiri
9	1117B2	TIREX SA	04/08/2010	24/01/2011	07/09/2014	07/08/2018	Inchiri
10	1154B4	AGRINEQ S.a	14/09/2010	05/06/2017			Tiris Zemmour
11	1155B4	AGRINEQ S.a	14/09/2010	20/03/2018			Tiris Zemmour
12	1174B2	Mauritanides Mining Sa	03/10/2010	08/06/2011	03/10/2018		Dakhlet Nouadhibou - Inchiri
13	1217B1	Elite Earth Minerals and Metals (E.E.M.M.)	08/11/2010	26/01/2011	06/10/2016		Adrar
14	1291B2	Mineralis	06/01/2011	30/03/2011	22/04/2015	01/10/2018	Inchiri
15	1323B4	Karfahane Co.Ltd	26/01/2011	30/11/2011	20/08/2015	04/12/2018	Dakhlet Nouadhibou and the Inchi
16	1352B2	Société Mauritanienne de l'Industrie Minière (SMIM)	02/03/2011	15/08/2017			Tiris Zemmour
17	1353B2	Société Mauritanienne de l'Industrie Minière (SMIM)	02/03/2011	27/10/2017			Tiris Zemmour

18	1415B2	Orecorp Mauritania Sarl	27/04/2011	21/07/2011	30/07/2015	21/03/2019	Adrar
19	1416B2	Orecorp Mauritania Sarl	27/04/2011	21/07/2011	30/07/2015	21/03/2019	Adrar
20	1482B4	AURA ENERGY LTD	30/05/2011	18/01/2017			Tiris Zemmour
21	1841 B1	El Hajera Sarl	02/08/2012	21/07/2013	25/06/2018		Gorgol
22	2002B4	Aura Energy Limited	08/05/2013	18/01/2017			Tiris Zemmour
23	2043B2	TAFOLI MINERALS	23/06/2013	01/08/2013	07/06/2016	29/07/2019	Trarza - Adrar
24	2104B2	BIG-Consulting Group Sarl	02/10/2013	18/01/2017			Tiris Zemmour
25	2128B2	Minerals Resources Development	06/04/2014	22/07/2019			Assaba-Gorgol
26	2143B4	TAFOLI MINERALS	28/05/2014	09/01/2020			Trarza-Adrar
27	2155B2	Soho Properties Natural Resources	11/08/2014	15/11/2016			Gorgol
28	2156B2	Soho Properties Natural Resources	11/08/2014	15/11/2016			Assaba - Gorgol
29	2170B2	Taoudeni Resources	31/08/2014	29/06/2017			Adrar
30	2189B1	Sahara Investments Ltd	03/09/2014	03/07/2017			Tiris Zemmour
31	2208B2	AYA Sarl	08/09/2014	09/07/2019			Assaba - Gorgol

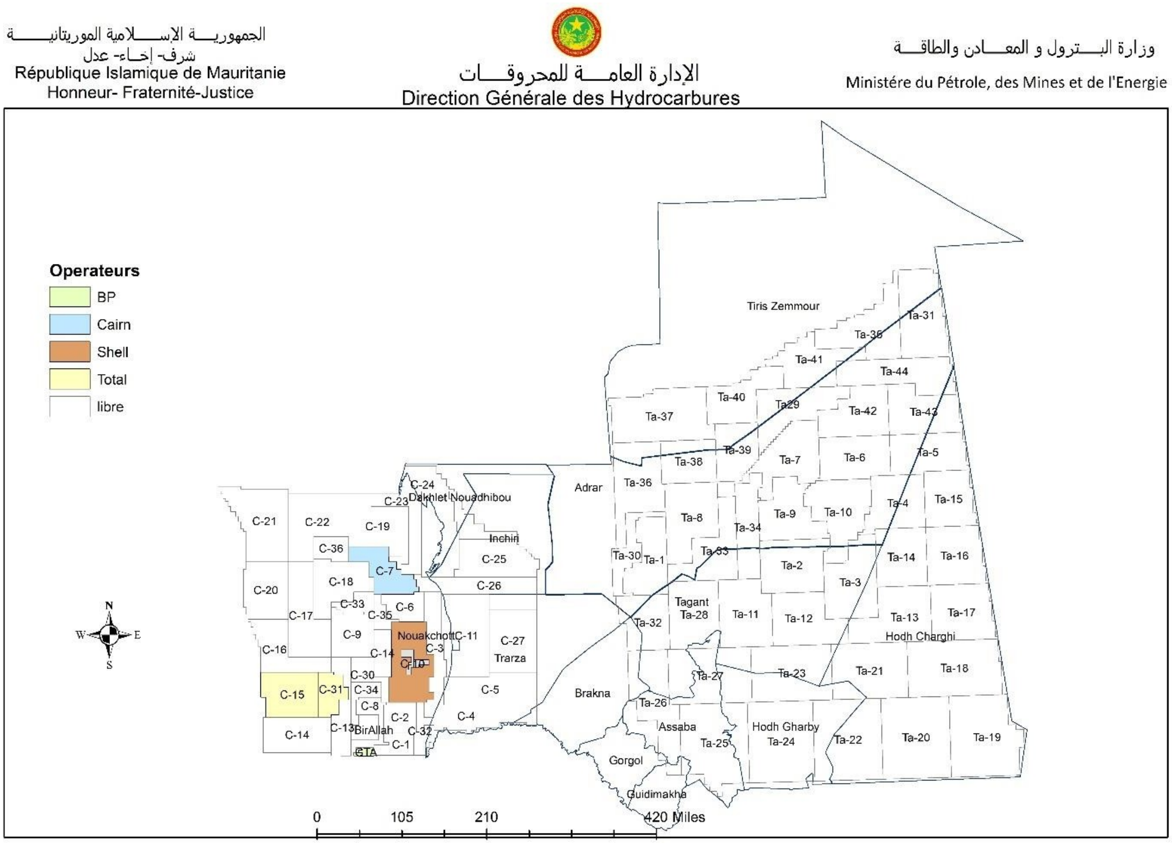
9.3 Oil register situation for 2020 and 2021

Oil register for 2020	Oil register for 2021
1. BP (C8-C12-C13-C6) 2. ExxonMobil (C14-C17-C22) 3. Shell (C10-C19) 4. Total (C7- C18- C15 -C31) 5. Tullow (C3)	1. BP (C8-C12-C13) 2. ExxonMobil (C14-C17-C22) 3. Shell (C10-C19) 4. Total (C15-C31) 5. Cairn (C7)

9.4 List of oil operators

COMPANY	Blocks	LOCAL REPRESENTATION
TOTAL, E&P	C15 and C31	Alexandre MAILLARD
		Chief Executive Officer Total E&P
		Tel:+222 33 19 98 21
		Fax: 4 524 42 94
		Block O n° 91-92 Rue Mamadou Konté
		BP : 5111 Tavragh-zeina Nouakchott- Mauritania
		Email:alexandre-marie.maillard@total.com
BP Mauritania	C8 and C12 +GTA	Mr Mohamed Limam
		Managing Director BP Mauritania
		Tel 45 25 15 35 / 42 68 11 15
		Immeuble El Emel ZRA n°433 Nouakchott-Mauritania
		e-mailmohamed.limam@bp.com
Shell Exploration and Production Mauritania(C10)	C-10	Turker Sengonul
		Managing Director Shell E&P Mauritania (C10)
		Tel:+222 41204297
		Emailmauritanie@shell.com
CAIRN	C7	Mohamed Mahmoud ABDELLAHI
		Country Representative Capricrn Mauritania Cairn
		Tel 43153483
		Block O n° 91-92 Rue Mamadou Konté
		BP: 4973 Nouakchott- Mauritania
PETRONAS		Izrie Ghazali
		Managing Director
		Email: izrie_ghazali@petronas.com
		Tél:45245155/45254510
		405 not route Nouadhibou,Tevragh Zeina, Nouakchott- Mauritania

9.5 Map of oil blocks



9.6 Companies selected in the 2020 and 2021 perimeters

The perimeters were defined by applying the criteria on the basis of tax revenues declared by DGD/MF and DGI/MF.

9.4.1 Hydrocarbons perimeter 2020 and 2021

2021 perimeter

In MRU

BP	1 016 339 324,23
CAPRICORN	119 174 157,89
EXXON	38 933 279,42
KOSMOS	11 687 879,04
SHELL	109 439 203,17
SMH	17 720 900,71
TOTAL, E&P	430 102 623,40
TOTAL, GENERAL	1 743 397 367,86

Coverage rate: 100%.
Total payments by oil companies included in the scope amounted to MRU 1,743,397,367, of which MRU 335,689,188 related to oil companies excluded from the scope (TULLOW and PETRONAS).

2020 perimeter

In MRU

BP MAURITANIA INVESTEMENTS LIMITED SARL	397 345 017,08
Shell	219 372 241,56
TOTAL, E&P	149 159 691,57
EXXON MOBIL	148 271 712,59
KOSMOS	15 603 500,02
SMH	15 391 621,44
TOTAL, GENERAL	945 143 784,26

The coverage rate is 100%. Total payments by the oil companies included in the scope amounted to MRU 945,143,784, including MRU 642,667,752 for the excluded companies (TULLOW and PETRONAS).

9.4.2 Mining companies

Year: 2021

In MRU

SNIM	12 538 138 169,93
TASIAST MAURITANIA LIMITED SA (TMLSA)	2 790 868 636,19
MCM	2 028 783 027,52
SENI-SA	22 196 054,93
TIJIRIT RESEARCH AND EXPLORATION - SA	19 684 471,55
SOCIETE D'EXTRACTION DE TAMAYA - SA	6 895 092,71
TIREX SA	5 060 000,00
SPHERE MAURITANIA SA	4 575 053,33
TOTAL, GENERAL	17 416 200 506,16

The Treasury's single account recorded MRU 18,941,184,633.30, of which MRU 17,416,200,506.16 was included in the scope, representing a rate of 92% for a materiality criterion of USD 100,000 (MRU 3,550,000).

Year: 2020

In MRU

SNIM	5 596 747 866,31
TASIAST MAURITANIA LIMITED SA (TMLSA)	4 388 090 554,43
MCM	1 082 831 819,13
SENI-SA	8 269 791,92
El Aouj	3 958 598,00
Grand total	11 079 898 629,79

A total of MRU 12,250,493,824 was recovered, of which MRU 11,079,898,629 was paid companies included in the scope, representing a rate of 90%.

9.7 Procedure renewing, extending, transferring and assigning mining licences

	Research permits	Operating licence
Renewal	- The application must be submitted to the Mining Registry 4 months before the expiry date of the permit. - In addition to the information provided for the initial application, the application must include the identification code and proof of the work carried out, issued by the Direction des Mines et de la Géologie, or proof of payment to the Treasury of an amount representing one third of these costs. - The procedures for processing renewal applications are the same as those for granting a licence (art. 29 of the decree). Renewal of the licence is automatically granted to the licence holder who has fulfilled his or her obligations.	Ditto The application must be submitted within 6 months of the renewal date.
Extension	- The application must be made at least 6 months before the renewal date. The application is made in the same way as the renewal application. - It should be pointed out that if the exploration licence surrounds the perimeter covered by another licence, whatever its nature, but which is due to expire or is terminated, the holder of the surrounding licence will have the right to extend his licence there, provided his application is submitted within three months of the date expiry or termination of this licence.	Ditto
Mutation/Cession	To be accepted, the application must be accompanied by a receipt for payment of reception fees and the following documents: • The identity and domicile of the transferor and transferee ; • The licence identification ; • A copy of the agreement between the parties (assignor and assignee) ; • Proof of work or receipt from the Treasury ; • A written and signed undertaking by the transferee to respect and comply with the terms and conditions of the contract.	Ditto the application must be submitted one year before the expiry date of the licence, and within 30 days of the signing of the deed of transfer. The assignment or leaseback contract must be attached to the application file.

	continue the works programme ; • A description of the project manager's skills and professional experience; • A description of the technical resources and the programme work envisaged; • A written and signed undertaking by the transferee to make the minimum expenditure; • The transferee's bank statements; and • A certified copy of the transferee's financial statements for the last three financial years or, failing that, an entry in the Commercial Register. In accordance with the provisions of Decree 2008-159, as amended by Decree 2009-051 of 4 February 2009, the procedure for processing the transfer application is the same as for the initial application, with the only differences being that the land registry must check the date of signature of the transfer deed and the date of granting. The transfer request must be made within 30 days of the transfer deed, in accordance with article 17 of the Mining Law, and within 12 months of the date on which the permit was granted, failing which it will be refused. The transfer is authorised by decree if the application is approved. The transfer order will be notified to the transferee within 2 months of the date on which the application was submitted. The letter of notification informs the transferee of the amount of the remuneration fee provided for article 106 of the Mining Law and of the period of 15 days from the date of notification in which to submit the receipt for payment of this fee to the Cadastre. Signature of the letter of receipt on presentation of the payment receipt makes the transfer of the licence valid. Once the name and address of the transferee have been recorded in the Register of Exploration Licences, the Mines and Geology Department is informed so that control and supervision can be implemented. If the transferee fails to appear within the period specified in the letter of notification, the authorisation is	

	If the licence is cancelled and the interested party is notified, the licence will remain in force in the name of the original holder.	
Switching off	Two months before the expiry of the exploration licence, the Mining Registry informs the Direction des Mines so that it can ensure that the holder carries out the closure work in accordance with the provisions of the Mining Code. Once the permit has expired, the land registry prepares a letter terminating the permit. This does not release the licence holder from his responsibility to carry out the rehabilitation work.	Ditto the request must be submitted within 18 months of the termination date
Licence suspension and cancellation	Work on a permit may be suspended by the Minister on the basis of a reasoned opinion from the technical services, in the event of serious breaches of the provisions of the Mining Code. The permit may be cancelled if the work carried out under the permit is less than the minimum costs set out in article 26 of the decree, or for failure to pay the Treasury an amount representing one third of these costs. The same applies to failure to pay the annual surface royalty on time, as in the case of the development of operating activities within an exploration licence.	Ditto

9.8 The tax system applicable to the extractive industries

a) Taxation in the hydrocarbons sector

Taxation of the upstream hydrocarbon sector in Mauritania is governed by the following legislation:

- Law No. 2010-033 on the crude hydrocarbons code, which incorporates the provisions of Law No. 2004-29 on the simplified tax regime for oil operators;
- Certain provisions of the General Tax Code of 1982, regularly amended by the provisions of the initial and amending Finance Acts;
- The tax provisions of production sharing contracts (PSCs) still in force.

The texts in question can be consulted on the websites of the Ministry of Petroleum, Mines and Geology[45].

The tax regimes applicable to contractors, subcontractors and transport companies in the upstream sector are as follows:

[45] Sourcehttp://www.petrole.gov.mr/spip.php?article174

Tax regime applicable to contractors

In terms of taxation, oil contractors are subject to :

Tax instruments	Rates and basis of assessment
Production Sharing	In accordance with the provisions Article 38 of the Hydrocarbons Code, production shall be apportioned during the term of the exploration and production contract in accordance with the following principles: a) A fraction of the annual production, the maximum of which is fixed in the contract, and which in any case may not exceed 60% for crude oil fields and 65% for dry gas fields, is reserved for the reimbursement of oil costs. The cost stop is negotiable within these limits and is specified in the PSC. Exploration and Production Contracts (CEP) specify the recoverable oil costs. The same applies to the terms and conditions for their recovery, as well as the terms and conditions for collection or payment in cash by the State, as the latter may receive its share of production either in kind or in cash; b) The balance is shared between the State and the contractor in accordance with the rules set out in the contract, which are based on a profitability factor "R" agreed in the PRC; c) The State may receive its share of production either in kind or in cash; d) Each exploration and production contract contains a clause giving the State an option to participate in the rights and obligations of the contractor in any exploitation perimeter; e) The exploration and production sets out the terms and conditions for exercising this option and specifies the maximum percentage of the interest that the State may acquire in this way, provided that this percentage is at least equal to ten per cent (10%); and f) For each exploitation perimeter where the option is exercised, the State shall bearpro rata to its participation, all the oil costs incurred from the date on which its participation takes effect and shall reimburse the contractor, pro rata to its participation, the oil costs previously incurred and not yet recovered under the terms and conditions specified in the exploration and production contract.
Tax on industrial and commercial profits (BIC)	The contractors are subject to industrial and commercial income tax the net profits they make in connection with their petroleum operations in accordance with the actual system provided for in the General Tax Code, subject to the specific terms and conditions provided for in the Hydrocarbons Code. Tax is assessed separately each year for each entity included in the contract and for the results of each exploration and production contract. The exploration and production contract specifies the rules and basis for charging profits and expenses to the income statement. The tax rate applicable for the entire term of the exploration-production contract is specified in the contract. It is at least equal to the standard rate in force on the date the contract is signed. It may be stipulated contractually that the share of hydrocarbon production that accrues to the State as part production includes the portion corresponding to the amount of tax on industrial and commercial profits payable by the contractor.
Area royalties	Contractors must pay annual area royalties, calculated on the basis of the area of the contractual perimeter on the due date of each payment. Surface royalties are not a deductible expense for the purpose of calculating BIC, nor are they a recoverable oil cost. The rate and basis of

	Royalties are specified for each exploration phase and for the exploitation period in the exploration-production contract.
Signing bonus/Production bonus	Contractors are liable for a signature bonus on the date the exploration comes into force, as well a production bonus when the quantity of hydrocarbons produced reaches certain thresholds set out in the exploration and production contract. Signing and production bonuses are not deductible for income tax purposes, nor are they recoverable oil costs. Bonuses are negotiable and the amounts are stated in the contracts.
Annual administrative contribution	It is intended for the training and development of the Ministry's staff, the monitoring of oil operations and the promotion of the oil sector. It is a deductible expense but not a recoverable oil cost. The contribution is negotiable and its amount is mentioned in the contracts.
VAT	VAT is charged on local purchases of goods and services. Exports of hydrocarbons are subject to zero rate VAT. However, imports are subject to VAT either at the standard rate or under temporary admission with suspension of VAT for goods admitted under this customs regime in accordance with Article 91 of the Hydrocarbons Code. Any VAT credit repayable in accordance with the regulations in force and which has been charged on local purchases and imports is, after verification, repaid within ninety (90) days of the request for repayment.
ITS withholding tax	The contractors are required to deduct at source and pay to the public treasury the tax salaries and wages (ITS) provided for in the General Tax at the rates and according to the rules in force. However, for expatriate staff working in Mauritania, the rate is capped at thirty-five per cent (35%).

Tax regime applicable to subcontractors and other oil operators

This regime amended in 2010 by Law 2010-033 on the Hydrocarbons Code. Notwithstanding the provisions of the General Tax Code, foreign companies providing services on behalf of contractors are eligible for a simplified tax regime under the following terms and conditions:

- The simplified regime is reserved for foreign companies with a temporary presence whose services are specific to petroleum operations and which have signed with a contractor, a service provider or a direct subcontractor of a contractor a service leasing contract for petroleum operations in Mauritania for a period of less than 12 months; and
- The simplified scheme is subject to approval by the tax authorities at the request of the taxpayer before the start of services.

The simplified tax system consists of :

Tax instruments	Rates and basis of assessment	Tax collection
Industrial and commercial profits (BIC)	The applicable rate is the standard rate. The BIC base has been simplified to make it easier to collect. BIC is calculated on the basis of a profit estimated at a flat rate of 16% of turnover. Turnover (turnover) is equal to the amount invoiced by the taxpayer to the contractor, as at	The method of collection is withholding tax levied by the oil company on each service invoice received, regardless of the duration of the transaction invoiced and regardless of the method of payment (instalments or a single payment).

	in respect of services rendered to the latter in Mauritania, with the exception of sums received in respect of transfers outside Mauritania and reimbursements	The oil company is responsible for the liquidation of tax (basis and calculation), tax deduction (withholding from the amount to be paid) and its payment to the . The BIC tax and the ITS are retained monthly by the contractor on each invoice and the amounts deductions must be paid back to the Trésor public before the 15th of the month, accompanied by a statement of deductions made during the month previous invoices and copies corresponding.
Withholding tax source of ITS	The applicable rate is the rate of duty common. The tax base, while preserving the rights of the Treasury, has been simplified for that the is easy to perceive. The STI is calculated on the base of a payroll payroll estimated 10% of sales. Turnover is equal to the amount invoiced by the taxpayer to the contractor, in respect of services it provides to the latter in Mauritania, with the exception of sums received à from transfer excluding from Mauritania and refunds.	

Tax regime for companies transporting hydrocarbons

Companies other than contractors engaged in the transport hydrocarbons by pipeline or any other downstream activity not covered by Hydrocarbons Code are subject to the general tax regime in force.

However, by decree of the Council of Ministers, they may be entitled to the privileges and exemptions provided for in the Hydrocarbons Code.

b) <u>Mining taxation</u>

Mining taxation in Mauritania is governed by the following texts:

- Law No. 2008-011 on the Mining Code, which repealed and replaced Law No. 99.013 of 23 June 1999 on the Mining Code;
- Law No. 2002.02 of 20 January 2002 on the Standard Mining Convention; and
- Decree no. 2003-002 /PM/MMI amending and supplementing certain provisions of decree no. 96.067 dated 9 October 1996 amending certain provisions of decree no. 80.121 dated 9 June 1980 setting mining taxes and royalties.

According to article 141 of law 2008-011, the State guarantees the stability of the legal, fiscal, customs and environmental conditions attached to research and exploitation permits and industrial quarry authorisations as these conditions derive from law 2008-011 and, to this end, signs a mining agreement with the holder.

A holder who signed a mining agreement may benefit from any more favourable legal rules that come into force after this stabilisation.

Taxes under ordinary law

Tax instruments	Rates and basis of assessment
Industrial and commercial profit (BIC)	Operating benefit an exemption on industrial and commercial profits (BIC) until the end of the third financial year following that in which their first operating licence was granted. (Art 6 of Law 2002/02 on mining agreements). The holder industrial quarrying permit or authorisation is exempt from this tax for a period thirty-six (36) months from the start of the sub-phase known as the "tax holiday". (Art 113.3 of Law 2008/011 on the Mining Code, the legal and tax regime applicable to the mining sector, Art 90.2 of Law 99 013 on the Mining Code).

	The BIC tax rate is set at twenty-five per cent (25%) for the entire term of the agreement. (Art 113.1 law 2008/011 on the mining code, art 7 law 2002/02 on mining conventions).
Flat-rate minimum tax (IMF)	Pursuant to Article 115 of the Mining Code, the holder of an exploitation permit is exempt from the MFI on any sale or export made during the period beginning at the start of the sub-phase known as the "tax holiday". On expiry of the above exemption period, the annual rate of MFI applicable to sales is half the rate of MFI prescribed for the given financial year, but never more than 1.75%. The MFI paid in a financial year under this paragraph by the holder of an industrial quarrying permit or authorisation on its exports or sales is only deductible from the BIC tax for the same financial year.
Capital gains tax	Article 43 of the 2012 Act of 22 February 2012 amending certain provisions of the Mining Code provides that any capital gain arising from the transfer of an operating licence is subject to a capital gains tax payable to the Treasury when the transfer of the operating licence is declared. A capital gain arises when sale price exceeds the cost of the investments made in the area covered by the operating licence. The capital gain realised on the sale of an operating licence is considered to be income from transferable securities. The capital gain is determined in accordance with the Mauritanian chart of accounts and the provisions the Tax Code. It is set at a maximum threshold of ten per cent (10%).
Value Added Tax (VAT)	Under the standard mining agreement (law 2002-02), value added tax is payable at the rates set out in the General Tax Code. In addition, the holder and the operating company are exempt from turnover and consumption tax. Under Article 10 of Decree 2003-002, exports and imports by holders of exploration licences or exploitation licences where more than 90% of the production is or will be exported are subject to the 0% rate. This rate does not affect the deduction rights of holders of research licences or operating licences. The Value Added Tax (VAT) rules set out in the General Tax Code apply to mining and quarrying activities, subject to the specific rules set out below in Articles 111 and 112 of Law 2008-011, which take precedence where there is a contradiction. Exported mineral substances are subject to zero rate VAT (art 111 of law 2008-011). Pursuant Article 112 of Law 2008-011, holders an exploration licence, a mining licence, a small-scale mining licence or an industrial quarrying licence are subject to VAT on imports accordance with Table 2 attached to Law 2008-011. Holders of an exploration , a mining , a small-scale mining permit, an industrial quarrying and an artisanal quarrying permit are subject to VAT on local purchases of goods and services in accordance with terms of Table 3 attached to Law 2008-011. For the purposes of this article, the VAT payable on fuel oil is suspended where the fuel oil is intended for heavy equipment, whether mobile or not, used in mining or quarrying, as the case may be.

	To the extent that mining or quarrying production is exported, any VAT credit will be refunded by the State, after verification, within a maximum of 3 months from the date of the request. Holders of an exploration permit, an operating permit, a small-scale mining permit or an industrial quarrying permit are subject to and liable for VAT on imports in accordance with Table 2 attached to Law 2008-011. Direct contractors and direct subcontractors as defined by Law 2008-011 are eligible for the benefits Article 112 of Law 2008-011.
Tax on income from transferable securities (IRCM)	Under Article 91 of Law 99-013, dividends reinvested by the holder of exploration or production licence and its affiliates and subcontractors are exempt from tax. Dividends exported are subject to a 16% withholding tax. Under Article 114 of Law 2008-011, a withholding tax, calculated at the rate in force at the time of payment but not exceeding the maximum rate of 10%, is applied to dividends paid by the holder of an exploration licence, a mining licence, a small-scale mining licence or an industrial quarrying licence, unless the dividend is paid to an affiliated company or a parent company incorporated under the laws of the country in which the dividend is paid, a small-scale mining permit or industrial quarrying permit, unless the dividend is paid to an affiliated or parent company incorporated under the laws of Mauritania, in which case the rate of withholding tax on payment of the dividend is zero. The dividend withholding tax provided for in the preceding paragraph applies to dividend payments made during any phase of mining activity described in paragraph (2) of Article 103 of Law 2008-011.
Tax on salaries and wages (STI)	Under article 25 of Decree 2003-002, in accordance with the General Tax Code, tax on salaries, wages, pensions and life annuities is payable on the income of expatriates domiciled and employed in Mauritania by the holder of an exploration licence or exploitation licence. However, the applicable tax rates are reduced by half. Under Article 116 of Law 2008-011, expatriate staff working directly for a holder of a mining agreement or working for a direct contractor or direct subcontractor of the holder are subject to tax on salaries and wages (ITS) at the standard rate in force for the year of employment, reduced by half but capped at a maximum of 20%. This rate applies to the salary paid in cash and to 40% of the value of the benefits in kind allocated by the employer.
Withholding tax	All sums paid to natural or legal persons who do not have a permanent establishment in Mauritania are subject to withholding tax at a rate of 15%.
Other miscellaneous taxes	According to the standard mining convention (2002), in addition to the taxes and levies mentioned above, holders of an exploration permit, a mining permit, a small-scale mining permit, an industrial quarrying permit and the holder of an artisanal quarrying permit are subject to all other taxes and levies in accordance with the provisions of the General Tax Code. These include - Patent; - Property tax ; - Motor vehicle tax ; - Tax on property income, etc.

Mining taxes and royalties

Tax instruments	Rates and basis of assessment
Remuneration tax	A remuneration tax is levied, the amount of which determined by the mining law and collected as follows: a) When issuing, renewing or transferring a prospecting permit: eight hundred thousand ouguiyas (800,000 UM) in accordance article 31-1 of law 2002/02 on the mining agreement, whereas article 86.1 of law 99-013 on the mining code set this amount at 400,000UM). ; b) When an operating licence is issued, renewed, transferred or incorporated: two million five hundred thousand ouguiyas (UM 2,500,000) in accordance with art 31.2 of Law 2002/02 on the mining code and art 86.2 of Law 99 013 on the mining code; c) Issuance and renewal of small-scale mining permits: one million ouguiyas (UM 1,000,000); (art 86.3 of law 99 013 on the mining code); d) Declaration of exploitation of a large-scale quarry: one million five thousand ouguiyas (1,500,000 UM); (art 86.4 of law 99 013 on the mining code. The collection of these taxes is specified by the decree on mining taxes and royalties.
Surface fee	At the end of each financial year, any holder of an exploration or exploitation licence is required to pay a surface royalty, the amount of which is determined by Mauritanian law as follows: a) Research permits : - 1st period of validity : 250 MU/Km² - 2nd period of validity : 500 UM/Km² - 3rd period of validity : 1.000UM/Km² b) Exploitation permit : 25,000 UM/Km² The procedures for collecting this royalty are set out in the decree on mining taxes and royalties.
Mining royalties	Under article 88 of law 99-013, the holder of a mining licence is also required to pay a mining royalty calculated on selling price of the product resulting from the final stage ore processing in Mauritania. They will pay this royalty on all sales made from the time the product begins to be marketed. The rate of this fee is set as follows: - For groups 6 and 7: 3 to 7% ; - For gold and substances in groups 3 and 5 other than industrial or ornamental rock: 3% ; - For substances in groups 1, 2 (other than gold) and 4: 1.5 to 2.5%. ; - For industrial or ornamental rock: 1 to 1.5%; - For quarries: 0%. (Art 88 law 99 013 on the mining code). Under article 108 of Act 2008-011, the holder of an exploitation permit, a small-scale mining permit or an industrial quarrying permit is liable to pay an exploitation royalty calculated on the basis of the sale price of the product resulting from the final stage of ore processing in Mauritania, or the FOB value of the ore if it is exported before being sold. The combination of this selling price and FOB value is used to determine "the chargeable value" for purposes of this Article. The rate of this charge is set according to groups of substances as follows: - Group 1: iron, manganese, titanium (in rock), chromium, vanadium: 2%.

	– Group 2: copper, lead, zinc, cadmium, germanium, indium, selenium, tellurium, molybdenum, tin, tungsten, nickel, cobalt, platinoids, silver, magnesium, antimony, barium, boron, fluorine, sulphur, arsenic, bismuth, strontium, mercury, titanium and zirconium (in sand), rare earths: 3%; except gold and PGM at 4%. – Group 3: coal and other fossil fuels: 1.50%. – Group 4: uranium and other radioactive elements: 3.50%. – Group 5: phosphate, bauxite, sodium and potassium salts, alum, sulphates other than alkaline earth sulphates and any other metallic mineral substance exploited industrial uses; any industrial or ornamental rock, excluding quarried mineral substances, exploited for industrial uses, such as asbestos, talc, mica, graphite, kaolin, pyrophyllite, onyx, chalcedony and opal: 2.50%. – Group 6: ruby, sapphire, emerald, garnet, beryl, topaz and all other semi-precious stones: 5%. – Group 7: diamonds: 6%.

It should be noted that all mining taxes are under ordinary law and payable in cash.

Special scheme for SNIM

SNIM's tax regime is governed by a special agreement signed in 1979 and renewed in 1998 and again in 2018. The latest version can be consulted on the CN-ITIE website[46]. Under this agreement, the company benefits from various advantages, including exemption from VAT on capital goods used exclusively for mining. The main tax provisions of the agreement are as follows:

SNIM tax regime	Description
	By way of derogation from the fiscal and customs regime of entry and exit duties and direct and indirect taxes in force on the date of effect of this agreement, SNIM shall benefit for the entire duration of this agreement total and complete exemption from all customs duties, taxes on imports and exports, and direct and indirect taxes. import duties and similar taxes, as well as all direct and indirect, national and local taxes, duties and fees of any kind.
Exemption system for operations	Subject to the provisions of article 19.2 below relating to VAT, SNIM shall benefit, for the entire duration of this Agreement, from full and complete exemption: a) all customs duties and assimilated taxes on the import of all products, materials, equipment, capital goods and supplies of all kinds intended for SNIM, excluding products intended for resale as such and consumer products for use by members of its staff b) All direct and indirect, national and local taxes, duties, levies and fees of any kind, including all registration, stamp and land registration fees in all forms and assimilated taxes borne by SNIM. This exemption also applies to SNIM's social activities, in particular the operation of housing and all buildings of a social nature, the running of schools and hospitals, vocational and technical training centres, and the organisation of cultural and leisure activities for its staff and residents of the housing estates. c) all customs duties and similar taxes on the export of all products, goods, materials and equipment from SNIM's operations
	a) SNIM is subject to the common VAT system for all purchases of goods and services, subject to the following specific provisions concerning the scope of VAT, deductibility and refunds.

(46)http://www.cnitie.mr/itie-fr/images/textes/convention-snim.pdf

	b) VAT is payable by SNIM on imports and purchases made on the local market, with the exception of purchases of goods, equipment and works contracts specific to its activity. The list of these capital goods and specific works contracts is set out appendix i to this Amendment. This list may be updated in the event of a change in SNIM's activities. c) VAT credits resulting from SNIM's tax liability, duly declared, will be systematically and quarterly deducted from the single fee provided for in article 23 of the Special Agreement.
SNIM's sub-contractor regime	Materials, supplies and consumables imported by companies and their subcontractors and intended for work carried out on behalf of SNIM are admitted free of all customs duties and assimilated taxes, insofar as they are specified in terms of value and quantity in the contracts concluded with SNIM. Re-exportable company equipment brought in by companies and their subcontractors for the execution of SNIM works contracts is admitted under exceptional temporary admission regime with full suspension customs duties and similar taxes and without the need for a deposit.
	Dividends distributed to non-resident shareholders, proceeds from the liquidation of SNIM, interest and proceeds loans contracted by SNIM are exempt from personal income tax and all other taxes. Directors' fees and other remuneration paid to non-resident members of the Board of Directors are exempt from personal income tax and all other taxes.
Sale of shares	Transfers of shares by Group B and C shareholders and capital increases are exempt from all duties, taxes and charges, including stamp duty and registration fees.
	1. SNIM pays the State a single annual royalty equal to nine per cent (9%) of the FOB turnover from the export of iron ore. 2. In addition to the above royalty, SNIM pays the State an annual lump sum eight million Ouguiya (MRU 8,000,000) representing total tax compensation on benefits in kind granted by SNIM to its staff, 3. Repayment of capital and loans granted by foreign investors and payment of interest and agios on debts contracted by SNIM always take priority over payment of the royalty provided for in paragraph 1 above, without any reference to the ratio between equity capital and loan capital.

Source: EITI Report Summary 2018

c) <u>Benefits granted to mining contractors</u>

According to the data available and the interviews that IA had with the public services concerned, the tax and customs provisions are in principle an incentive for the development local content, even if they have been reduced over time. The tax and customs advantages enjoyed by mining subcontractors are linked to the Mining Code, with an extension of the provisions relating to mining companies. Their nature and evolution are shown in the table below (source: DGI).

Customs and tax benefits granted to subcontractors of the three main mining companies

Company	Reference	Benefits granted to subcontractors
SNIM	Art 20	Equipment, materials, supplies and consumables imported by companies and their subcontractors and intended for work carried out on behalf of SNIM are admitted free of all customs duties and similar taxes, insofar as they are specified in terms of value and quantity in the contracts awarded. with SNIM.
TASIAST	Art 23 and 24	Subcontractors other than those recognised as exclusive are exempt tax in accordance with articles 61 and 23 of the agreement.
	Art 61	Subcontractors acting within the framework of the agreement and whose activity on the national territory results exclusively from contracts concluded with the holder and/or the operating company benefit from all the provisions of the agreement, i.e. : - exemption from income tax until the end of the third financial year following that in which the company (TASIAST) made its first production (art 6); - the subcontractor may use declining balance depreciation and may defer such depreciation for an unlimited during a loss-making period (art 8); - the subcontractor is also exempt from the flat-rate minimum tax until the end of the third financial year following that in which the first operating permit was granted to TASIAST (art 18); - tax on salaries and wages is levied on all income received by expatriate employees employed by the subcontractor for the activity carried out in Mauritania at the standard rate reduced by half (art 20); - the subcontractor is also exempt from registration and stamp duties; - it benefits from total exemption from apprenticeship tax; - for customs purposes, the subcontractor benefits from exemption from all customs duties and all other imports and import taxes until the expiry of a period of five years from the date on which the company (TASIAST) goes into production, for the movable property, equipment and materials intended for use in the business and appearing on the following lists mining companies established for this purpose. At the end of this period, these goods are imported at a single rate of 5%.
MCM	3.7a.iii	MCM's subcontractors are exempt from all customs duties and assimilated taxes on equipment, supplies and consumer goods imported to carry out the work they must carry out for the company, including goods imported under temporary admission, provided that their quantity and value be specified in the supply contracts concluded with the company.

Other tax incentives are planned for iron ore processing and a possible reduction in export taxes, but this has not yet been achieved (SCAPP 2016-2030).

9.6 Payment flows reported by the Directorate General of the Treasury and Public Accounts (DGTCP)

Payment flow	2021	2020
SNIM single annual fee, gross amount (TU SNIM)	4 695 867 787,54	1 889 746 377,75
SNIM dividends (DS)	4 510 139 400,00	-
Tax on Salaries and Wages (ITS)	2 122 136 964,79	2 409 515 666,18
Operating fee (R. EXPLOIT)	1 958 351 007,98	-
Value Added Tax (VAT)	1 632 862 194,03	1 791 806 743,27
Superficiary Royalty (RS)	843 982 341,00	-
Tax on industrial and commercial profits, including advance payments (BIC)	693 766 897,00	425 868 089,13
Tax on Income from Transferable Securities (IRCM)	648 795 065,92	447 518 547,26
Corporation tax (IS)	623 293 309,26	-
Flat-rate minimum tax (IMF)	431 817 945,71	836 637 909,05
Customs duties (DD)	352 955 403,38	88 176,35
Special Tax (RSI)	144 798 939,07	-
Other customs duties (Other T.DGD)	54 159 308,35	681 701 434,72
Tax on Imported Tonnage Tax on Imported Tonnage (TTI)	30 004 163,51	1 671,75
Gross margin tax on companies (TMB)	28 597 822,79	-
Other significant payment flows (AFS)	26 014 488,80	1 646 111,31
Statistical licence fee (RST)	4 788 187,32	51 619,98
Remuneration Tax (RT)	4 400 000,00	-
IT fees (RIF)	1 971 600,00	1 200,00
Patent	-	3 119 800,00
Apprenticeship tax (TA)	-	2 520 000,00
Import tax law (DFI)	939 354,20	20 608 982,66
Statistical licence fee (RST)		51 619,98

9.7 Payment flows declared by the National Hydrocarbon Revenue Fund (FNRH)

(In MRU)

Year		2021	2 020
Signature bonus		105 000 000,00	-
Capacity building		-	138 964 040,00
Environmental Commission		115 500 000,00	114 747 182,50
Training funds		100 967 825,00	152 533 595,50
Penalties		1 132 249 825,00	355 000 000,00
Tax on Salaries and Wages (ITS)		315 428 268,20	385 990 446,46
Tax on industrial and commercial profits, including advance payments (BIC)		241 822 585,62	295 665 865,59
Special tax (RSI)		29 475 736,58	75 562 653,49
Value Added Tax (VAT)		4 025 091,07	1 203 312,04
Flat-rate minimum tax (IMF)		2 258 839,97	857 362,85
Customs duties		1 983 783,43	-
Other significant payment flows (AFS)		838 629,54	226 272,62
Other customs duties (Other T.DGD)		332 510,74	1 521 027,84
IT fees (RIF)		287 100,00	-
Tax on Imported Tonnage (TTI)		266 521,81	-
Import tax law (DFI)		-	94 644,80
Statistical licence fee (RST)		226 143,84	-
Tax on Property Income (IRF)		20 393,00	-
Sale of seismic data (VDS)		-	52 514 897,24

9.8 Macroeconomic indicators 2013-2021

Indicators (sources: ANSADE; BCM; MAEPSP; IMF)	2013	2014	2015	2016	2017	2018	2019	2020	2021
Nominal GDP in billions of MRO (MRU since 2018)	1249,8	1533,5	1539,1	1647,3	1760,7	186,9	278,9	312,6	360,5
Economic growth rate	5,7	6,4	1,9	1,7	3,5	3,6	5,9	-0,9	2,4
Nominal GDP (in millions of dollars)					6784	7048	7930	8176	9239
GDP per capita in current US dollars (estimate)			1284	1243	1223	1290	1889	1817	2008
Incidence of poverty	...	...	31%	...	...	...	28,20 %	...	...
Overall budget revenue (excluding grants, MRO billions and MRU from 2018)	422,8	424,00	460,20	464,9	493,3	56,7	57,6	63,8	76,9
Total budget expenditure (MRO/MRU billion since 2018)	436,7	479,1	513,7	465,9	494,1	508	51,7	36,8	43,3
Non-oil budget balance (MRO billions)	-13,9	-55,2	-53,5	-0,9	-0,8	6	5,9	6,9	7,8
Non-oil budget balance (as % of GDP)	-1,10%	-3,7	-5,6	-0,1	-0,05	3,2	2,1	2,21	2,16
Current account balance (in ') of GDP)	-25,1%	-29,0%	- 20,8%	- 15,30%	- 14,5%	-34,8%	- 10,90 %	-6,90%	-8,10%
Gross official reserves in months of imports	5,7	4,5	5,1	5,4	5,0	5	5,3	5,3	8,3
External debt in millions of dollars (outstanding debt excluding Kuwaiti debt)	1190,6	3 398,2	3 831,8	3 889,8	4 061,6	4059	4101,1	4342	4397,2
Public sector debt (% of GDP excluding Kuwaiti debt)	65,60 %	66,90 %	82,9%	83,4%	82,2%	79,00 %	54,00 %	50,40 %	44,20 %
Consumer price index, Inflation (end of period in %)	4,5	3,5	5	1,5	2,3	3,2	2,3	2,4	3,6
Average MRO/USD exchange rate (MRU from 2018)	296,2	301,7	323,9	351,5	35,7	35,7	36,7	37,2	36,4

9.10 Bibliographical references

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